

City of Sanibel, Florida

Comprehensive  
Annual Financial  
Report



For the Fiscal Year  
Ended  
September 30,  
2005

## On the Cover

Sanibel Island has long been a tourist destination attracting people from all over the world who are drawn by the lure of balmy, tropical evenings and the protected natural environment which embodies the Sanibel vision of living in harmony with nature.

This beautiful cover photograph, of a reddish egret, was taken by photographer, David Meardon, who shares the community's love of nature and the environment.

David Meardon  
[www.sanibelphoto.com](http://www.sanibelphoto.com)

**CITY OF SANIBEL, FLORIDA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED SEPTEMBER 30, 2005**

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# INTRODUCTORY SECTION

This section contains the following subsections:

Letter or Transmittal

Certificate of Achievement for Excellence in  
Financial Reporting

City of Sanibel Organizational Chart

List of City Elected and Appointed Officials

March 31, 2006

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



## City of Sanibel

800 Dunlop Road  
Sanibel, Florida 33957-4096

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

### AREA CODE - 239

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

The Comprehensive Annual Financial Report of the City of Sanibel, Florida, for the fiscal year ended September 30, 2005 is respectfully submitted. Chapter 218.39, Florida Statutes and the City Charter require that a complete set of financial statements be published within one year of the fiscal year end and be presented in conformance with accounting principles generally accepted in the United State of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by licensed independent certified public accountants.

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

The City of Sanibel's financial statements have been audited by Schultz Chaipel Redovan Baker and Co., 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, 2005 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2005 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

## ***SUMMARY OF PRESENTATION***

The Comprehensive Annual Financial Report (CAFR) is presented in four sections:

**INTRODUCTORY SECTION** – includes the table of contents, this letter of transmittal, which is designed to complement the Management's Discussion and Analysis (MD&A) and should be read in conjunction with it, the City's organizational chart and the list of City officials.

**FINANCIAL SECTION** – includes the auditors' opinion, Management's Discussion and Analysis (MD&A), Basic Financial Statements, Required Supplemental Information, and Combining Financial Statements and Schedules. GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. The MD&A can be found immediately following the report of the independent auditors.

**STATISTICAL SECTION** – includes selected financial and general information presented on a multi-year comparative basis. This information is designed to reflect social and economic data, financial trends and the fiscal capacity of the City.

**SINGLE AUDIT SECTION** – is required in order for the City to be in conformity with the provisions of the Single Audit Act and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and in conformity with the Florida Single Audit Act (Section 215.97, Florida Statutes) and Chapter 27D-1, Rules of the Executive Office of the Governor, Florida Administrative Code. Included in this section are the Schedule of Expenditures of Federal Awards and the auditors' reports on internal control and compliance with applicable laws and regulations.

### ***THE CITY***

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

The City Council is responsible, among other things, for passing ordinances and resolutions, adopting the annual budget, appointing committees and hiring the City's Manager and Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City and for appointing the heads of the various departments. The City provides a comprehensive range of municipal services including general government, public safety (police

protection, emergency management and building inspection, however, fire services are provided by an independent taxing district), natural resource management, including an environmentally sensitive land acquisition and restoration program, sewer utility services (water service is provided to City residents by a water cooperative), transportation, including road, bridge and multi-use path construction and maintenance, a below market rate housing program and culture/recreation activities.

### **REPORTING ENTITY**

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

### **ECONOMIC CONDITION AND OUTLOOK**

The City of Sanibel, located in Lee County, is a highly desirable tourist destination. Lee County is also one of the fastest growing counties in Florida in both absolute and percentage population growth and in total housing starts.

The City's population of permanent residents and registered voters continues to grow with the permanent resident population more than doubling and the number of registered voters more than tripling since incorporation 31 years ago.

<u>YEAR</u>	<u>RESIDENTS</u>	<u>VOTERS</u>
1974	2,875	1,306
1984	4,375	3,029
1994	5,672	4,520
2004	6,335	4,906
2005	6,272	5,114

The City has a tremendous impact on the area economy because Sanibel Island contributes significantly to the attraction of tourism to the southwest Florida area. Sanibel has miles of beautiful beaches, which are world-renowned for shelling. Seventy-seven percent (77%) of the island is either within a federal wildlife preserve or otherwise classified as conservation lands. The protection of the environment is a paramount priority of the City and its residents.

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

and persons receiving a city-issued hurricane pass were allowed on the island due to public safety concerns including no electricity and over 253,000 cubic yards of debris blocking roadways and other public accesses. Debris removal and structural safety inspections proceeded rapidly and by September 2, 2004 the island was reopened to the general public.

Beginning November 1, 2004, Lee County doubled the toll it charges for crossing the Sanibel Causeway from \$3.00 per roundtrip to \$6.00 per roundtrip. The City and most island businesses reimburse their employees, many of whom live off-island, for their commuting toll expenses. This additional cost to employers has made employee recruiting much more challenging. Tourism has been negatively impacted by the combined impact of an active hurricane season, higher fuel prices and the higher tolls, which is evidenced by slightly lower occupancy rates than in previous years.

Also during fiscal year 2005, the City settled its lawsuit against Lee County with regard to the Sanibel Causeway. The terms of the settlement included the City pledging its share (21% of net revenues) towards toll reduction until the County's junior lien on the Causeway is satisfied in the year 2010 at which time the City will again receive its share of Causeway revenue. In response to this settlement, beginning November 2005, the County reduced tolls for commuters (the discount program), but maintained the \$6.00 per roundtrip toll for non-discounted trips.

These factors have had a large economic impact to island businesses as well as on tourism at gulf-front resorts and condominiums. This impact can easily be noted by the decrease in causeway traffic shown in the statistics below.

<u>Calendar Year</u>	<u>Causeway Traffic</u>	<u>Percent Increase (Decrease)</u>
1975	793,373	N/A
1980	1,553,281	95.78%
1985	2,290,961	47.49%
1990	3,020,181	31.83%
1995	3,199,822	5.95%
2000	3,433,769	7.31%
2005	2,890,855	-15.81%

In order to address the financial impact of the City's hurricane recovery expenses incurred for debris removal, emergency protective services and other damage repair costs, the City borrowed \$10 million from the Florida Local Government Commercial Paper program. The four-year, variable rate debt is being repaid from federal and state reimbursements as they are received pursuant to the guidelines of Federal Emergency Management Administration (FEMA). Unreimbursable costs, estimated to be \$4,500,000, are to be repaid over three years from City funds at \$1.5 million per year until the note is satisfied in September 2008.

The damage to resorts, homes and businesses, has impacted the tax base of the island upon which the City levies taxes. Between tax years 2004 and 2005, existing property values continued to increase. However, the Lee County Property Appraiser took

individual properties made uninhabitable by storm-incurred damage, off the tax base for several months, until repairs were made restoring their habitability. The net effect of this action decreased the City's gross valuation by 3.7%. After adding new construction of \$25,349,352 to the tax roll, gross property value equaled \$4,092,905,540. Even with this decline in gross property value, the City is still able to maintain a millage rate far below the State-regulated ten (10) mill cap:

<u>TAX YEAR (*)</u>	<u>TAXABLE VALUATION</u>	<u>MILLAGE RATE</u>
2001	3,226,396,010	1.7291
2002	3,655,765,340	1.7291
2003	3,999,633,810	1.7291
2004	4,223,982,460	2.5000
2005	4,092,905,540	2.4801

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

Due to these combined factors, which are currently impacting island business, City Council is developing a Small Business Initiative during fiscal year 2006. Another major initiative for Sanibel is redevelopment. To maintain the unique architectural character and small town atmosphere, the City is currently proceeding with a Redevelopment Study.

Since the cost of services to the community continues to grow and property taxes comprised approximately 35.6% of fiscal year 2005 revenues from governmental activities, the City continues to explore new methods for financing operational services and infrastructure maintenance. Such methods include instituting new fees and/or increasing existing fees, more aggressive program of seeking grant revenue and increasing charges for services to insure economic recovery of costs associated with providing certain governmental services such as building and development permit issuance.

### ***SANIBEL VISION STATEMENT***

The major and future initiatives described below were undertaken to further the adopted City Vision Statement, as follows:

***“Sanibel is and shall remain a Barrier Island Sanctuary, one in which a diverse population lives in harmony with the Island’s wildlife and natural habitats.”***

### ***MAJOR INITIATIVES***

The City's first and foremost initiative during fiscal year 2005 was the clean-up from Hurricane Charley. Except for the rebuilding of beach walk-overs, which was delayed due to turtle nesting season, all emergency protective, debris removal and permanent work was completed by September 30, 2005. Other major initiatives during the year were:

- Adoption of a Build-back Ordinance
- Development of a Water Quality letter.
- Connection of customers to the Sanibel Sewer Reuse System, which provides treated effluent, rather than potable water, for irrigation purposes.
- Phase 3A expansion project of the Sanibel Sewer System, was put in service during fiscal year 2005 although contractor punch list items remain to be completed during fiscal year 2006. The approximate final project cost is \$7 million. The project is adding 523 equivalent residential connections (ERC's) to the system.
- Phase 3B expansion project of the Sanibel Sewer System, estimated at \$6.973 million began construction during fiscal year 2005. The estimated date of service availability is September 2006, which will add 389.5 ERC's to the system.

### *FUTURE INITIATIVES*

The wastewater master plan includes a 4-phase plan to substantially sewer the entire island to eliminate leaching septic tanks from contaminating the ground water. Phase 4, the final expansion phase, is under design and if economically feasible will be completed by December 2007.

Design plans have been developed by an architect to build a new recreation facility. The current recreation facility, built in 1981 from community donations, includes an outdoor swimming pool, an un-air-conditioned gymnasium, weight room and multi-purpose building. The estimated project cost for the new facility is nearly \$14 million. During the fall of 2005, City Council placed a referendum on the April 4, 2006 ballot for a decision on general obligation bond financing for this project.

City Council has also given staff direction to pursue the following projects and has included funding in the fiscal year 2006 budget:

- Increasing to \$2,000,000 the Disaster Reserve to address future storm season events.
- Allocation of an additional \$1,000,000 to the Reserve for the Recreation Facility to address potential escalation of construction costs if the General Obligation (GO) referendum should pass or existing facility upgrades if the GO referendum should fail.
- Initial funding for re-planting the City's main street, Periwinkle Way, from the severe damage sustained to vegetation from Hurricane Charley (\$250,000)
- Continuation of the Exotic Plant Eradication (\$220,000)

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

## **FINANCIAL INFORMATION**

### **BUDGETARY CONTROL**

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

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

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

### **CASH MANAGEMENT**

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

The City maintains three (3) pooled cash accounts with the State of Florida LGSFTF. This investment vehicle allows flexibility and earns favorable interest rates for the City's investments. There was \$15,663,946, \$7,002,128 and \$1,723,522 respectively deposited in the General, Sewer System and Hurricane Charley LGSFTF accounts at September 30, 2005. There were nine investments with US Government Agency securities having a market value of \$2,809,120. The two pension trusts combined had \$14,320,038 of investments as of September 30, 2005.

### **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	\$ 2,454,063	\$ 1,240,296	\$ 3,694,359
Other operating revenue	19,123	925,113	944,236
Interest earnings	288,691	176,247	464,938
Total gross revenues	<u>2,761,877</u>	<u>2,341,656</u>	<u>5,103,533</u>
Operating expenses	4,720,766	-	4,720,766
Less: Depreciation and amortization	(2,064,299)	-	(2,064,299)
Indirect costs	(359,239)	-	(359,239)
Net operating expenses	<u>2,297,228</u>	<u>-</u>	<u>2,297,228</u>
Net Revenues available for Debt Service (excluding Connection Fees)	<u>\$ 464,649</u>	<u>\$ 2,341,656</u>	<u>\$ 2,806,305</u>
Available Connection and Transmission Main Fees			
Connection fees	78,014	81,840	159,854
Transmission main fees	-	1,283,998	1,283,998
Total Available Connection and Transmission Main Fees	<u>78,014</u>	<u>1,365,838</u>	<u>1,443,852</u>
Net Revenue & Connection Fees Available for Debt Service	<u>\$ 542,663</u>	<u>\$ 3,707,494</u>	<u>\$ 4,250,157</u>
Annual Debt Service Requirement	<u>\$ 422,408</u>	<u>\$ 3,441,053</u>	<u>\$ 3,863,461</u>
Debt Service Coverage from Net Revenues excluding Connection Fees	110%	N/A	
(A) Coverage Requirement from Net Revenues excluding Connection Fees	110%	N/A	
Debt Service Coverage from Net Revenues & Connection Fees	128%	108%	
(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 \$13,582,750 of reserved assets in the Sanibel Sewer System Fund for Assessments Receivable, pledged to the State Revolving Loans above. The annual collection of receivables is used in addition to Operating Revenue and Ad Valorem Tax-Voted Debt Service Levy to make principal and interest payments on these loans.

Pursuant to the results of the annual financial feasibility study and the above factors, City Council adopted a rate increase ordinance prior to September 30, 2005, which increases sewer user fees by 3% effective October 1, 2005.

### ***RISK MANAGEMENT***

The City continues its risk management program for workers' compensation, property, general and other liability insurance coverages. The City participates in a pre-

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

### ***PENSION BENEFITS***

The City sponsors two single-employer defined benefit pension plans, one for its general employees and the other for police officers. The plan benefits of the Municipal Police Officers Pension Plan remained constant in 2005. However, the General Employees Pension Plan was amended to provide that as of January 1, 2005, existing employees could elect participation in Plan A, a contributory plan, which provides an improved benefit calculation or in Plan B the non-contributory plan which retained the same benefits as previously defined. All new employees as of January 1, 2005 are required to participate in Plan A. A seven (7) member Board of Trustees administers the General Employees' Pension Plan. A separate seven (7) member Board of Trustees administers the Police Officers' Pension Plan. Each year, an independent actuary is engaged by the respective Boards of Trustees to calculate the annual required contribution amount which the City must make to ensure that the plans will be able to fully meet their obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contribution to the pension plans as determined by the actuary. The City offers no other post-employment benefits.

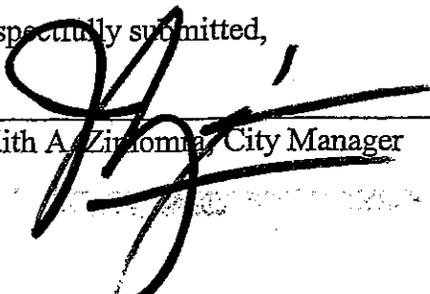
### ***AWARDS AND ACKNOWLEDGEMENTS***

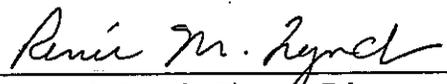
The City of Sanibel has been awarded the Certificate of Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for its comprehensive annual financial reports each year since fiscal year 1986. In order to be awarded a Certificate of Achievement, the City publishes easily readable and efficiently organized comprehensive annual financial reports. These reports satisfy both generally accepted accounting principles and applicable legal requirements. It is our belief that this fiscal year 2005 report continues to meet program standards and it will be submitted to the GFOA for their review.

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

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

Respectfully submitted,

  
Judith A. Zimmom, City Manager

  
Renee M. Lynch, Finance Director



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, 2004.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Sanibel,  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2004

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.



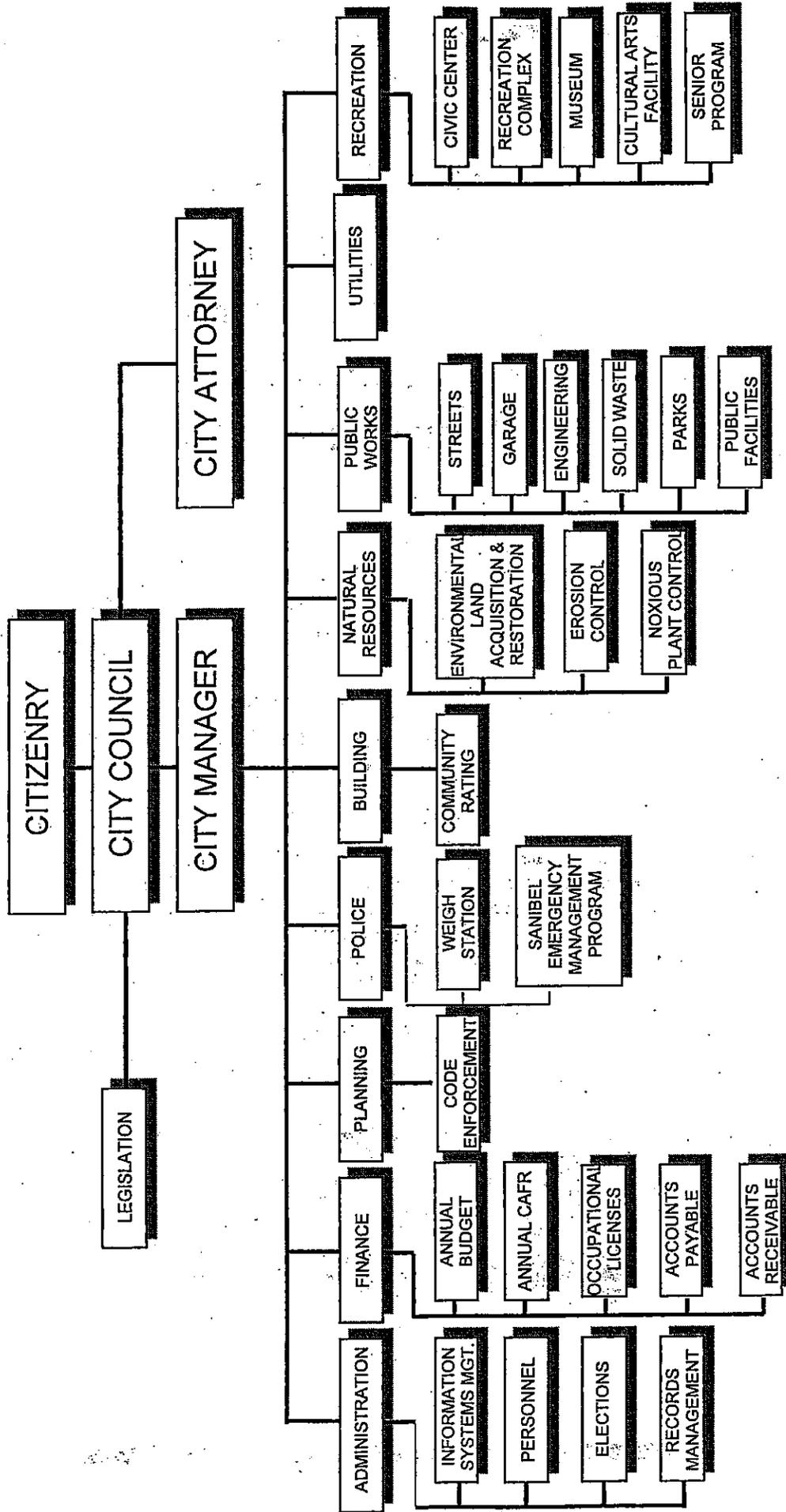
*Carla E. Perry*

President

*Jeffrey R. Emmer*

Executive Director

# CITY OF SANIBEL ORGANIZATIONAL CHART - 2005



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

**AT SEPTEMBER 30, 2005**

**CITY COUNCIL**

**MAYOR**  
Carla Brooks Johnston

**VICE MAYOR**  
Mick Denham

**COUNCILMEMBER**  
Steve Brown

**COUNCILMEMBER**  
Tom Rothman

**COUNCILMEMBER**  
Jim Jennings

**APPOINTED OFFICIALS**

**CITY MANAGER**  
Judith A. Zimomra

**CITY ATTORNEY**  
Kenneth B. Cuyler

**DEPARTMENT HEADS**

**DIRECTOR OF PLANNING**  
Robert Duffy

**CHIEF OF POLICE**  
William Tomlinson

**DIRECTOR OF FINANCE**  
Renee M. Lynch

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

**DIRECTOR OF RECREATION**  
Helene Phillips

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

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

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# FINANCIAL SECTION

This section contains the following subsections:

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Combining and Individual Fund Statements and Schedules

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

\*Regulated by the State of Florida



## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council  
City of Sanibel, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Sanibel, Florida (the "City"), as of and for the year ended September 30, 2005, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

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1  
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In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sanibel, Florida, as of September 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund, Hurricane Charley 8/13/04 fund and the 2004 \$10 M commercial paper debt service fund 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 March 30, 2006, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (MD&A) on pages 3 through 14 and schedules of funding progress and schedules of contributions from employer and other contributing entities on pages 70 through 71, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements and budget and actual schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and is not a required part of the basic financial statements. The combining and individual nonmajor financial statements, budget to actual schedules and schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Schultz Chaipel Redovan Baker & Co., LLP*

Schultz Chaipel Redovan Baker & Co., LLP  
March 30, 2006

MANAGEMENT'S DISCUSSION  
AND ANALYSIS  
SECTION

DISCUSSION & ANALYSIS

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

Discussion and analysis of the City of Sanibel's financial statements is intended to provide a narrative introduction to the basic financial statements and an analytical overview of the City's financial activities for the fiscal year ended September 30, 2005.

### ***FINANCIAL HIGHLIGHTS***

- The assets of the City of Sanibel exceeded its liabilities at September 30, 2005 by \$70,394,880 (net assets). Of this amount, \$7,490,429 is unrestricted net assets in the Governmental Activities, which may be used to meet the City's ongoing obligations to citizens and creditors. The negative \$3,497,749 of unrestricted net assets in the Business-type activities reflects the Sanibel Sewer System's significant investment in capital assets, financed by debt for which most of the system's assets must be restricted per debt covenants.
- The City's total net assets increased by \$6,275,348 for fiscal year 2005.
- As of September 30, 2005, the City of Sanibel's governmental funds reported combined ending fund balances of \$21,674,652 and approximately 75% of this amount is unreserved. This is an increase of \$2,855,926 over the September 30, 2004 ending fund balances.
- The City of Sanibel's total debt decreased by \$2,962,300 during fiscal year 2005. This decrease is discussed further in the debt administration section of this letter.

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

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

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

The **Fund Financial Statements**, which report by fund type, begin on page 18. The governmental funds measure and report activities using the current financial resources measurement focus and the modified accrual basis of accounting. Therefore you will find the reconciliation on pages 19 and 21 that converts this data to an economic resources measurement focus and the accrual basis of accounting for use in the entity-wide financial statements. The Fund Financial Statements present information in more detail than in the Entity-wide financial statements. Except for the General Fund, the Hurricane Charley 8/13/2004 Fund and the 2004 \$10M Commercial Paper Debt Service 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 2005. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as uncollected taxes and earned but not used vacation leave.

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

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

### **Fund Financial Statements**

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

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

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found beginning on page 35.

### **Required Supplementary Information**

Generally accepted accounting principles (GAAP) call for certain unaudited information to accompany the audited basic financial statement and accompanying footnotes. This information is called required supplementary information (RSI) and includes this analysis, called the MD & A, budgetary comparisons, and trend data on pension funding.

## THE CITY AS A WHOLE

The City's combined net assets as of September 30, 2005 were \$70,394,880. The City's combined revenues, including contributions, grants, charges for services and taxes, were \$40,808,262. Total expenses city-wide were \$29,717,460. The increase to city-wide net assets was \$6,275,348. The following Table 1 reflects a condensed Statement of Net Assets for the fiscal year ending September 30, 2005.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$23,412,034	\$27,946,025	\$21,983,059	\$17,021,756	\$45,395,093	\$44,967,781
Capital assets, net of depreciation	35,061,220	35,409,913	57,048,450	55,700,475	92,109,670	91,110,388
Total assets	<u>58,473,254</u>	<u>63,355,938</u>	<u>79,031,509</u>	<u>72,722,231</u>	<u>137,504,763</u>	<u>136,078,169</u>
Long-term liabilities	14,944,530	19,401,757	48,559,552	47,044,396	63,504,082	66,446,153
Other liabilities	1,492,635	4,475,749	2,113,165	1,036,735	3,605,800	5,512,484
Total liabilities	<u>16,437,166</u>	<u>23,877,506</u>	<u>50,672,717</u>	<u>48,081,131</u>	<u>67,109,883</u>	<u>71,958,637</u>
Net assets:						
Invested in capital assets, net of related debt	28,657,933	28,706,225	8,262,922	8,397,260	36,920,855	37,103,485
Restricted	5,887,726	3,195,021	23,593,619	20,264,636	29,481,345	23,459,657
Unrestricted	<u>7,490,429</u>	<u>7,577,186</u>	<u>(3,497,749)</u>	<u>(4,020,796)</u>	<u>3,992,680</u>	<u>3,556,390</u>
Total net assets	<u>\$42,036,088</u>	<u>\$39,478,432</u>	<u>\$28,358,792</u>	<u>\$24,641,100</u>	<u>\$70,394,880</u>	<u>\$64,119,532</u>

Capital assets, such as land, buildings, roads, bridges, machinery and equipment, less the outstanding debt used to acquire those assets are the largest portion (52%) 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 42% of total net assets, are subject to external restrictions on how they may be used. Unrestricted net assets of \$3,992,680 are 5.67% of total net assets. In the governmental activities, \$7,490,429 or 18% of net assets are unrestricted and used to meet the City's ongoing obligations to citizens and creditors. The negative amount of unrestricted net assets, \$3,497,749 in the business-type activities is due to the sewer system's significant investment in capital assets, financed by debt for which most of the system's assets must be restricted per debt covenants. Other contributing factors to the negative unrestricted net assets in the Business-Type Activities is the delay in new customer hook-ups to the Sanibel Sewer system caused by the impact of Hurricane Charley on the completion of the expansion projects to provide service to new customers.

In recognition of these impacts and based on the results of the annual financial feasibility study of the sewer system, City Council adopted a rate increase ordinance prior to September 30, 2005 to increase sewer rates by 3% effective October 1, 2005.

Table 2 is the condensed Statement of Activities for the fiscal year ended September 30, 2005.

<b>Table 2</b>						
<b>Changes in Net Assets</b>						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
<b>Revenues:</b>						
<b>Program revenues</b>						
Charges for services	\$ 3,117,725	\$ 2,010,174	\$ 4,560,451	\$ 4,045,780	\$ 7,678,176	\$ 6,055,954
Operating grants and contributions	4,074,297	6,908,629	673,888	158,257	4,748,185	7,066,886
Capital grants and contributions	1,818,965	1,038,591	4,801,626	200,578	6,620,591	1,239,169
<b>General revenues</b>						
Property taxes	10,447,129	6,901,250	925,113	1,263,404	11,372,242	8,164,654
Other taxes	2,564,405	2,485,318	-	-	2,564,405	2,485,318
Intergovernmental revenues	873,700	1,209,139	-	-	873,700	1,209,139
Other	1,358,980	431,485	471,952	415,329	1,830,932	846,814
<b>Total revenues</b>	<u>24,255,201</u>	<u>20,984,586</u>	<u>11,433,030</u>	<u>6,083,348</u>	<u>35,688,231</u>	<u>27,067,934</u>
<b>Expenses (including indirect expenses):</b>						
General government	(572,367)	1,444,933	-	-	(572,367)	1,444,933
Public safety	7,518,900	4,821,904	-	-	7,518,900	4,821,904
Physical environment	3,664,027	3,601,032	-	-	3,664,027	3,601,032
Sewer	-	-	6,309,686	6,232,816	6,309,686	6,232,816
Public works	4,612,148	2,600,998	-	-	4,612,148	2,600,998
Beach parking	-	-	1,405,652	1,195,117	1,405,652	1,195,117
Economic development	753,531	805,318	-	-	753,531	805,318
Human services	580	-	-	-	580	-
Culture/recreation	5,109,649	5,028,692	-	-	5,109,649	5,028,692
Interest on long-term debt	611,077	410,016	-	-	611,077	410,016
<b>Total expenses</b>	<u>21,697,545</u>	<u>18,712,893</u>	<u>7,715,338</u>	<u>7,427,933</u>	<u>29,412,883</u>	<u>26,140,826</u>
<b>Increase (decrease) in net assets</b>	<u>2,557,656</u>	<u>2,271,693</u>	<u>3,717,692</u>	<u>(1,344,585)</u>	<u>6,275,348</u>	<u>927,108</u>
<b>Net assets-beginning</b>	<u>39,478,432</u>	<u>37,206,739</u>	<u>24,641,100</u>	<u>25,985,685</u>	<u>64,119,532</u>	<u>63,192,424</u>
<b>Net assets-ending</b>	<u>\$42,036,088</u>	<u>\$39,478,432</u>	<u>\$28,358,792</u>	<u>\$24,641,100</u>	<u>\$70,394,880</u>	<u>\$64,119,532</u>

Total net assets increased by \$6,275,348. In the governmental activities net assets increased by \$2,557,656; net assets in the business-type activities increased by \$3,717,692.

### 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 \$22.3 million. As shown in the Statement of Activities (see page 17), the net cost ultimately paid through taxes was \$12.7 million. The remaining \$9.7 million was provided by:

- \$3.7 million in charges for services, of which \$797,778 was from various fees for general government services, the most significant of which were occupational license fees of \$270,004 and development-type fees of \$325,550. Building-type permits of \$1,342,189 and traffic/parking violations of \$69,787 were the significant charges for services in the public safety activity.
- \$4.1 million was from operating grants, of which \$1.6 million was from Lee County for the operation of the Sanibel Public Library and \$1.31 million from the Federal Emergency Management Administration (FEMA) for public assistance in the recovery from Hurricane Charley.
- \$1.8 million was from capital grants and contributions, the most significant of which was \$659,337 from the Natural Resources Conservation Service (NRCS) for debris removal from canals and \$360,893 for beach re-vegetation as a result of damage from Hurricane Charley.

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

	Total Cost Of Services		Net Cost (Earnings) Of Services	
	2005	2004	2005	2004
Public safety	\$ 3,890,750	\$ 4,163,563	\$ 6,008,514	\$ 3,319,806
Physical environment	3,644,778	3,568,109	1,580,900	(140,396)
Public works	4,243,015	2,230,481	3,280,485	1,857,356
Economic development	739,460	794,495	706,097	775,032
Human services	580	-	580	-
Culture/Recreation	4,783,272	4,723,022	3,200,151	1,923,198
All Others	4,952,833	3,849,441	(2,090,169)	1,020,503
<b>Totals</b>	<b>\$ 22,254,688</b>	<b>\$ 19,329,111</b>	<b>\$ 12,686,558</b>	<b>\$ 8,755,499</b>

### Business-type Activities

Revenues of the City's business-type activities as shown on Table 2, above, totaled \$11,433,030. Expenses totaled \$7,715,338, which shows an increase in net assets of \$3,717,692. This is a result of both the 15% rate increase which became effective October 1, 2004 and new customers being added to the system with the system availability of Phase 3A. Prior to September 30, 2005, City Council passed an ordinance increasing Sewer service charges by 3% beginning October 1, 2005 to address inflationary factors impacting plant operations.

Beach Parking rates remained at \$2.00 per hour. Hurricane Charley necessitated the closing of certain parks after the storm event, which resulted in a loss of revenue of \$130,547 (13.3%) from the prior year. Although operating expenses of the beach parking facilities increased by \$210,535 (17.6%), these costs were associated with intergovernmental grants received in the amount of \$623,888 to restore vegetation at the beach parks to their pre-storm condition.

## THE CITY'S FUNDS

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

### Governmental Funds

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

The *General Fund* is the chief operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund. At the end of the current fiscal year, unreserved fund balance of the general fund was \$9,752,261, while total fund balance reached \$13,273,842. The fund balance of the City's general fund increased \$3,739,890 during the current fiscal year. Key factors in this increase are as follows:

- Property tax revenue increased by \$3,526,778 (52.86%) over prior year tax revenue due to City Council increasing the property tax rate from 1.7291 mills to 2.5000 mills to augment the disaster reserve to address the unknown recovery costs associated with natural disasters. This increased rate plus the increase in assessed property value and new construction increased the ad valorem tax revenue.
- Intergovernmental revenue decreased by \$1,416,009 (35.8%) due to the City's settlement of a lawsuit with Lee County whereby the City pledged its share of causeway toll revenue, which had historically averaged \$800,000 per year, toward toll reduction on the County-owned Sanibel Causeway.
- Other revenue increased by \$874,983 (399.3%) due to increased investment income from investing additional funds received from the higher tax levy and from the sale of land to the US Fish and Wildlife Service for \$750,000.

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

The *2004 \$10M Commercial Paper Debt Service Fund* is used to account for the City's other major governmental fund. This debt service fund accounts for the repayment of principal and interest for the \$10 million, 4 year, variable rate note secured to finance the recovery from Hurricane Charley. This fund was established by budget amendment early in fiscal year 2005, since the originally adopted budget for the year was already prepared at the time Hurricane Charley hit the island. Repayment of this debt is from reimbursements of eligible costs received from the Federal Emergency Management

Administration (FEMA), the State of Florida, and other granting agencies. Administrative and ineligible recovery costs, estimated to be \$4.5 million are planned to be repaid at \$1.5 million per year for three years beginning in fiscal year 2006.

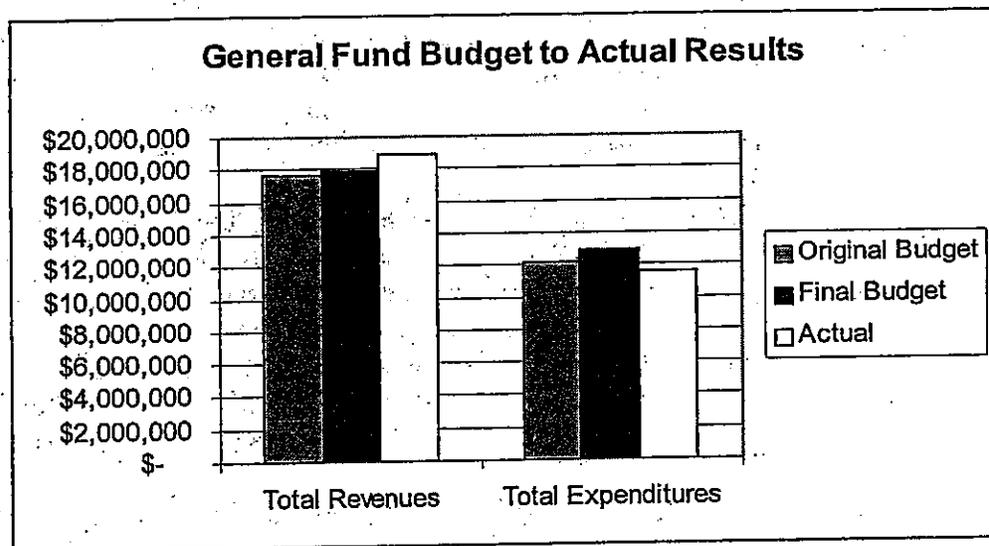
All other governmental funds are accounted for in the column entitled *Other Governmental Funds*. Included in Other Governmental Funds are Special Revenue, Debt Service and Capital Project Funds. There were no significant changes in fund balances or net assets in any of the Special Revenue Funds, the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

### Proprietary Funds

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

### Budgetary Highlights-Governmental Activities

#### General Fund



During the year, there was a \$227,895 (1.29%) increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$34,015 – Grant from the Lee County School Board for the City's participation in the School Resource Program.
- \$20,000 – Grant from the West Coast Inland Navigation District for marine law enforcement.
- \$15,879 – Grant from the West Coast Inland Navigation District for assistance with the boat ramp replacement.
- \$1,207 – Grant from the Florida Department of Law Enforcement for five radio modules in the undercover vehicles.

- \$23,426 – To recognize the increase in building and development permit revenues realized from additional permits issued due to Hurricane Charley for updating the user fee study for building-type and development-type permit rates.
- \$113,900 – To recognize the increase in building permit revenue realized from the additional permits issued to citizens repairing their homes from hurricane damage to hire an additional building inspector.

Budget to actual results in the General Fund resulted in a \$889,717 (4.96%) positive revenue variance (actual exceeds budget) due to the \$750,000 sale of land which occurred late in the fiscal year and the funds were appropriated in the subsequent year's budget as beginning fund balance. Budget to actual results for expenditures resulted in a \$1,265,474 (9.84%) positive variance (actual less than budget) due to the Redevelopment Study budgeted at \$250,000 not able to commence during the year due to the retirement of the Planning Director in January 2005, which, because the position remained vacant until November 2005 also resulted in actual expenditures in the Planning Department being less than budgeted by approximately \$100,000. The other significant budget to actual variance (\$485,796) occurred in the Library division whereby the contractual arrangement with the Sanibel Library, a private not-for-profit corporation, required that the City contribute less than the amount budgeted.

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

#### **Hurricane Charley 8/13/04 Special Revenue Fund**

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

#### **2004 \$10 M Commercial Paper Debt Service Fund**

As described earlier in this discussion, the \$10 million Commercial Paper Debt Service Fund was established by budget amendment from intergovernmental revenues to be received from FEMA and the State of Florida for the repayment of principal and interest on the 4-year, variable rate note, the proceeds of which were used for recovery costs associated with Hurricane Charley.

#### **Other Governmental Funds**

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

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The City's capital assets as of September 30, 2005 reflect an investment of \$92,109,670, 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.

<b>Table 4</b>					
<b>Capital Assets at Year End</b>					
<b>(net of depreciation)</b>					

	Governmental Activities		Business-type Activities		Totals	
	2005	2004	2005	2004	2005	2004
Land	\$24,841,579	\$25,002,715	\$1,502,478	\$1,350,051	\$26,344,057	\$26,352,766
Buildings	1,478,269	2,155,272	168,254	199,147	1,646,523	2,354,419
Improvements other than buildings	1,038,832	115,910	226,150	257,403	1,264,982	373,313
Vehicles and equipment	1,727,464	1,555,429	1,239,835	1,062,357	2,967,299	2,617,786
Infrastructure	5,657,405	5,979,811	51,137,049	47,296,193	56,794,454	53,276,004
Construction work in progress	317,671	600,776	2,774,684	5,535,324	3,092,355	6,136,100
<b>Total Capital Assets</b>	<b>\$35,061,220</b>	<b>\$35,409,913</b>	<b>\$57,048,450</b>	<b>\$55,700,475</b>	<b>\$92,109,670</b>	<b>\$91,110,388</b>

Significant changes in assets this fiscal year include:

- Sale of two parcels of environmentally sensitive land to the US Fish and Wildlife Service for preservation in conjunction with the J.N. "Ding" Darling National Wildlife Refuge. The book value of these parcels was \$440,000.
- Although the project was not complete, the service availability for system flow was put into service on February 1, 2005 for the Phase 3A sewer expansion project, thereby reclassifying \$5.5 million from construction work in progress to infrastructure.
- Sewer Expansion Phase 3B project was begun during the year and \$30,500 of donated easements were received and \$2.45 million of construction work in progress was recognized.

### Long-term Debt

As of September 30, 2005, the City had \$63,006,876 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	
	2005	2004	2005	2004	2005	2004
<b>Bonds:</b>						
General Obligation Bonds	\$ 3,610,000	\$ 3,695,000	\$ -	\$ -	\$ 3,610,000	\$ 3,695,000
Revenue Bonds	1,944,149	2,030,111	4,833,446	5,054,392	6,777,595	7,084,503
Notes	8,791,081	13,055,893	43,675,528	41,933,215	52,466,609	54,989,108
Leases	152,672	200,565	-	-	152,672	200,565
<b>Total</b>	<b>\$ 14,497,902</b>	<b>\$ 18,981,569</b>	<b>\$ 48,508,974</b>	<b>\$ 46,987,607</b>	<b>\$ 63,006,876</b>	<b>\$ 65,969,176</b>

The following debt was issued during fiscal year 2005:

- \$3.8 million of draws against State Revolving Fund notes were made during fiscal year 2005 to finance the two phases (3A and 3B) of the Sewer expansion projects under construction.

Additional information about the City's capital assets and long-term debt can be found beginning on page 52 in Note 3. (g) and (i) of the Notes to the Financial Statements.

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

Although the City has always enjoyed a healthy economy because of the island's desirability as a tourist destination, the August 2004 hurricane has had significant economic impact to the City, its residents and businesses. Not only did the City incur recovery costs, but also a loss of revenue, particularly from beach parking funds. An additional impact to the City's economic health has been Lee County's increase to the toll structure on the Sanibel Causeway, a county-owned facility. Effective in November 2004, tolls were increase from \$3.00 to \$6.00 per round trip. This factor in addition to the reduced resort occupancy as a result of hurricane damage has caused employee recruitment for both the City and its many small business employers to be extremely difficult. City Council began discussing the most effective way to assist the business community and is developing a small business initiative for implementation in subsequent fiscal years.

These factors were a paramount consideration when preparing the City's fiscal year 2006 budget. The fiscal year 2006 budget is being funded at the same tax rate as fiscal year 2005. The City recognizes that expenses continue to rise and the City remains prudent in protecting the reserves that have been slowly and carefully accumulated and to match current revenues with current expenditures.

## **Requests for Information**

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

# BASIC FINANCIAL STATEMENTS

BASIC FINANCIAL  
STATEMENTS

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CITY OF SANIBEL, FLORIDA  
STATEMENT OF NET ASSETS  
September 30, 2005

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Community Housing & Resources, Inc.
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,309,667	\$ 1,323,055	\$ 14,632,722	\$ 342,624
Investments	2,777,891	31,229	2,809,120	-
Receivables	223,646	292,762	516,408	1,600
Due from other governments	3,219,399	125,889	3,345,288	-
Internal balances	3,515,940	(3,515,940)	-	-
Inventories	3,207	-	3,207	-
Prepays	2,434	-	2,434	24,299
Net pension asset	185,706	-	185,706	-
Restricted assets:				
Cash and cash equivalents	-	10,010,870	10,010,870	72,570
Receivables	-	13,582,750	13,582,750	-
Unamortized bond issue costs	174,144	132,444	306,588	-
Capital assets (net of accumulated depreciation):				
Land	24,841,579	1,502,478	26,344,057	350,296
Buildings	1,478,269	168,254	1,646,523	2,219,969
Improvements other than buildings	1,038,832	226,150	1,264,982	-
Vehicles and equipment	1,727,464	1,239,835	2,967,299	18,060
Infrastructure / System	5,657,405	51,137,049	56,794,454	-
Construction in progress	317,671	2,774,684	3,092,355	1,943,584
Total assets	<u>58,473,254</u>	<u>79,031,509</u>	<u>137,504,763</u>	<u>4,973,002</u>
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities	1,011,136	1,318,047	2,329,183	53,879
Accrued interest payable	115,103	359,816	474,919	1,717
Deferred revenue	366,396	-	366,396	-
Liabilities payable from restricted assets		435,302	435,302	-
Long-term liabilities:				
Due within one year	1,028,416	2,226,801	3,255,217	-
Due in more than one year	13,916,114	46,332,751	60,248,865	150,000
Total liabilities	<u>16,437,166</u>	<u>50,672,717</u>	<u>67,109,883</u>	<u>205,596</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	28,657,933	8,262,922	36,920,855	-
Restricted for:				
Capital projects	4,040,005	-	4,040,005	-
Debt service	1,847,721	22,830,457	24,678,178	-
Other purposes	-	763,162	763,162	72,570
Unrestricted	7,490,429	(3,497,749)	3,992,680	4,694,836
Total net assets	<u>\$ 42,036,088</u>	<u>\$ 28,358,792</u>	<u>\$ 70,394,880</u>	<u>\$ 4,767,406</u>

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended September 30, 2005

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets			Component Unit	
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government				Community Housing & Resources, Inc.
						Governmental Activities	Business-type Activities	Total		
<b>Primary government:</b>										
Governmental activities:										
General government	\$ 4,341,756	\$ (4,914,123)	\$ 797,778	\$ 1,331,101	\$ -	\$ 2,701,246	\$ 2,701,246	\$ 2,701,246		
Public safety	3,890,750	3,628,150	1,455,164	55,222	-	(6,008,514)	(6,008,514)	(6,008,514)		
Physical environment	3,644,778	19,249	254,036	72,126	1,756,965	(1,580,900)	(1,580,900)	(1,580,900)		
Public works	4,243,015	369,133	456,414	850,249	25,000	(3,280,485)	(3,280,485)	(3,280,485)		
Economic development	739,460	14,071	47,434	-	-	(706,097)	(706,097)	(706,097)		
Human services	580	-	-	-	-	(580)	(580)	(580)		
Culture/Recreation	4,783,272	326,377	106,899	1,765,599	37,000	(3,200,151)	(3,200,151)	(3,200,151)		
Interest on long-term debt	611,077	-	-	-	-	(611,077)	(611,077)	(611,077)		
Total governmental activities	22,254,688	(557,143)	3,117,725	4,074,297	1,818,965	(12,686,558)	(12,686,558)	(12,686,558)		
<b>Business-type activities:</b>										
Sewer	5,950,447	359,239	3,713,482	50,000	4,801,626	-	\$ 2,255,422	2,255,422		
Beach Parking	1,207,748	197,904	846,969	623,888	-	-	65,205	65,205		
Total business-type activities	7,158,195	557,143	4,560,451	673,888	4,801,626	-	2,320,627	2,320,627		
Total primary government	\$ 29,412,883	\$ -	\$ 7,678,176	\$ 4,748,185	\$ 6,620,591	(12,686,558)	2,320,627	(10,365,931)		
<b>Component unit:</b>										
Community Housing & Resources, Inc.	\$ 685,359	\$ -	\$ 273,032	\$ 265,183	\$ 646,976			\$ 499,832		
<b>General revenues:</b>										
Property taxes, levied for general purpose						\$ 10,198,461	\$ 925,113	\$ 10,198,461		
Property taxes, levied for debt service						248,668	-	1,173,781		
Gas taxes						1,574,183	-	1,574,183		
Franchise taxes						478,475	-	478,475		
Communications taxes						511,747	-	511,747		
Intergovernmental revenues, not restricted to specific programs						873,700	-	873,700		
Investment earnings						515,342	471,952	987,294	5,362	
Miscellaneous						843,638	-	843,638	156,867	
Total general revenues and transfers						15,244,214	1,397,065	16,641,279	162,229	
Change in net assets						2,557,656	3,717,692	6,275,348	662,061	
Net assets - beginning						39,478,432	24,641,100	64,119,532	4,105,345	
Net assets - ending						\$ 42,036,088	\$ 28,358,792	\$ 70,394,880	\$ 4,767,406	

CITY OF SANIBEL, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2005

	General	Hurricane Charley 8/13/2004	2004 \$10 M Commercial Paper Debt Service	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,958,846	\$ 1,525,215	\$ 246,217	\$ 5,579,389	\$ 13,309,667
Investments	2,749,891	-	-	28,000	2,777,891
Accounts receivable	81,907	22,606	-	119,133	223,646
Due from other funds	3,955,131	-	-	-	3,955,131
Due from other governments	933,514	360,893	1,054,857	870,135	3,219,399
Inventories	3,207	-	-	-	3,207
Prepays	2,434	-	-	-	2,434
<b>Total assets</b>	<b>\$ 13,684,930</b>	<b>\$ 1,908,714</b>	<b>\$ 1,301,074</b>	<b>\$ 6,596,657</b>	<b>\$ 23,491,375</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	197,973	75,493	-	404,988	678,454
Retainages payable	1,245	-	-	113,318	114,563
Due to other funds	-	-	-	439,191	439,191
Due to other governments	-	-	-	118	118
Accrued liabilities	208,479	-	-	9,522	218,001
Deferred revenue	3,391	-	-	363,005	366,396
<b>Total liabilities</b>	<b>411,088</b>	<b>75,493</b>	<b>-</b>	<b>1,330,142</b>	<b>1,816,723</b>
<b>Fund balances:</b>					
Reserved for:					
Inventories	3,207	-	-	-	3,207
Prepays	2,434	-	-	-	2,434
Debt service	-	-	1,301,074	546,647	1,847,721
Long-term loans to other funds	3,515,940	-	-	-	3,515,940
Unreserved, reported in:					
General fund	9,752,261	-	-	-	9,752,261
Special revenue funds	-	1,833,221	-	679,863	2,513,084
Capital project funds	-	-	-	4,040,005	4,040,005
<b>Total fund balances</b>	<b>13,273,842</b>	<b>1,833,221</b>	<b>1,301,074</b>	<b>5,266,515</b>	<b>21,674,652</b>
<b>Total liabilities and fund balances</b>	<b>\$ 13,684,930</b>	<b>\$ 1,908,714</b>	<b>\$ 1,301,074</b>	<b>\$ 6,596,657</b>	<b>\$ 23,491,375</b>

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2005

Fund balance totals:		\$ 21,674,652
Amounts reported for governmental activities in the statement of net asset are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		35,061,220
Unamortized bond issue costs and underwriter's discounts are not current financial resources and, therefore, are not reported in the funds.		174,144
Net pension asset resulting from overfunding of the general and police pension plans is not reported in the funds.		185,706
Debt interest payable that will not be liquidated with current financial resources, is not reported in the funds.		(115,103)
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	\$ (14,345,230)	
Capital leases payable	(152,672)	
Compensated absences	(446,628)	(14,944,530)
Net assets of governmental activities		<u>\$ 42,036,088</u>

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 For the Fiscal Year Ended September 30, 2005

	General	Hurricane Charley 8/13/2004	2004 \$10 M Commercial Paper Debt Service	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes					
Property	\$ 10,198,461	\$ -	\$ -	\$ 248,668	\$ 10,447,129
Gas	1,574,183	-	-	-	1,574,183
Franchise	-	-	-	478,475	478,475
Communications services	511,747	-	-	-	511,747
Licenses and permits	1,346,367	-	-	654,854	2,001,221
Intergovernmental revenues	2,542,752	1,357,339	5,446,331	1,481,270	10,827,692
Charges for services	1,435,434	36,210	-	52,150	1,523,794
Fines and forfeitures	139,161	-	-	10,692	149,853
Other revenue	1,094,107	227,984	-	539,047	1,861,138
<b>Total revenues</b>	<b>18,842,212</b>	<b>1,621,533</b>	<b>5,446,331</b>	<b>3,465,156</b>	<b>29,375,232</b>
<b>EXPENDITURES</b>					
Current					
General government	3,357,334	632,806	-	49,089	4,039,229
Public safety	3,481,576	241,383	-	79,913	3,802,872
Physical Environment	260,581	2,690,260	-	630,761	3,581,602
Transportation	1,539,258	939,604	-	1,272,346	3,751,208
Economic environment	-	-	-	739,460	739,460
Human services	-	-	-	580	580
Culture/Recreation	2,900,403	403,687	-	1,099,460	4,403,550
Debt service					
Principal retirement	47,893	-	3,933,000	502,774	4,483,667
Interest and fiscal charges	6,151	-	212,257	390,342	608,750
Capital outlay	-	-	-	1,108,388	1,108,388
<b>Total expenditures</b>	<b>11,593,196</b>	<b>4,907,740</b>	<b>4,145,257</b>	<b>5,873,113</b>	<b>26,519,306</b>
Excess (deficiency) of revenues over (under) expenditures	7,249,016	(3,286,207)	1,301,074	(2,407,957)	2,855,926
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	-	409,900	-	4,161,226	4,571,126
Operating transfers out	(3,509,126)	-	-	(1,062,000)	(4,571,126)
<b>Total other financing sources (uses)</b>	<b>(3,509,126)</b>	<b>409,900</b>	<b>-</b>	<b>3,099,226</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>3,739,890</b>	<b>(2,876,307)</b>	<b>1,301,074</b>	<b>691,269</b>	<b>2,855,926</b>
Fund balances, October 1, 2004	9,533,952	4,709,528	-	4,575,246	18,818,726
Fund balances, September 30, 2005	<u>\$ 13,273,842</u>	<u>\$ 1,833,221</u>	<u>\$ 1,301,074</u>	<u>\$ 5,266,515</u>	<u>\$ 21,674,652</u>

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 For the Fiscal Year Ended September 30, 2005

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

Net change in fund balances - total governmental funds	\$ 2,855,926
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p>	
Capital Outlay	\$ 1,696,195
Depreciation	<u>(1,534,870)</u>
	161,325
<p>Net effect of various miscellaneous transactions involving capital and intangible assets (i.e. disposals, transfers, donations) which decrease net assets</p>	
	(510,018)
<p>The repayment of the principal of long-term debt consumes current financial resources of the governmental funds.</p>	
Principal debt payments	4,483,667
<p>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.</p>	
	(7,469)
<p>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 9/30/04 to 9/30/05.</p>	
	(26,440)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
	(4,122,730)
<p>Pension contributions were less than annual pension cost and therefore decreased the net pension asset on the statement of net assets.</p>	
	(281,747)
<p>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 9/30/05 than at 9/30/04.</p>	
	<u>5,142</u>
Change in net assets of governmental activities	<u>\$ 2,557,656</u>

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
GENERAL FUND

For the Fiscal Year Ended September 30, 2005

	Budgets		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues</b>				
<b>Taxes</b>				
Property taxes	\$ 10,561,155	\$ 10,561,155	\$ 10,198,461	\$ (362,694)
Gas taxes	1,475,000	1,475,000	1,574,183	99,183
Casualty insurance premium tax	40,000	40,000	-	(40,000)
Communications services tax	400,000	400,000	511,747	111,747
Licenses and permits	479,850	608,511	1,346,367	737,856
Intergovernmental revenues	3,049,461	3,140,031	2,542,752	(597,279)
Charges for services	1,348,734	1,357,398	1,435,434	78,036
Fines and forfeitures	185,000	185,000	139,161	(45,839)
Miscellaneous	185,400	185,400	1,094,107	908,707
<b>Total revenues</b>	<u>17,724,600</u>	<u>17,952,495</u>	<u>18,842,212</u>	<u>889,717</u>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Legislative	270,835	276,670	330,864	(54,194)
Administrative	505,269	584,254	611,635	(27,381)
Management information systems	347,918	363,334	390,338	(27,004)
Finance	554,966	586,440	586,021	419
Legal	490,926	495,128	448,277	46,851
Planning	1,029,380	1,058,488	705,390	353,098
Insurance	297,630	297,630	284,809	12,821
<b>General government</b>	<u>3,496,924</u>	<u>3,661,944</u>	<u>3,357,334</u>	<u>304,610</u>
<b>Public safety</b>				
Police	2,904,144	3,051,547	2,897,789	153,758
SEMP	20,840	20,840	27,493	(6,653)
Building	405,728	570,722	556,294	14,428
<b>Public safety</b>	<u>3,330,712</u>	<u>3,643,109</u>	<u>3,481,576</u>	<u>161,533</u>
<b>Physical Environment</b>				
Garbage recycling	44,020	61,020	44,738	16,282
Natural resources management	214,996	239,156	215,843	23,313
<b>Physical Environment</b>	<u>259,016</u>	<u>300,176</u>	<u>260,581</u>	<u>39,595</u>
<b>Transportation-Public works</b>	<u>1,557,214</u>	<u>1,650,209</u>	<u>1,539,258</u>	<u>110,951</u>
<b>Culture/Recreation</b>				
Library	2,060,000	2,060,000	1,574,204	485,796
<b>Parks &amp; Recreation</b>				
Recreation complex	807,048	915,872	851,340	64,532
Public facilities	410,821	450,711	377,497	73,214
Seniors program	100,236	102,905	91,312	11,593
Performing arts facility	19,700	19,700	6,050	13,650
<b>Culture/Recreation</b>	<u>3,397,805</u>	<u>3,549,188</u>	<u>2,900,403</u>	<u>648,785</u>
<b>Debt Service</b>				
Principal	47,893	47,893	47,893	-
Interest	6,151	6,151	6,151	-
<b>Total expenditures</b>	<u>12,095,715</u>	<u>12,858,670</u>	<u>11,593,196</u>	<u>1,265,474</u>
<b>Excess revenues over expenditures</b>	<u>5,628,885</u>	<u>5,093,825</u>	<u>7,249,016</u>	<u>2,155,191</u>
<b>Other financing uses</b>				
Reserve for contingencies	(1,583,921)	(788,060)	-	788,060
Operating transfers out	(2,718,847)	(3,509,126)	(3,509,126)	-
Reserve for undercollection	(369,600)	(369,600)	-	369,600
<b>Total other financing uses</b>	<u>(4,672,368)</u>	<u>(4,666,786)</u>	<u>(3,509,126)</u>	<u>1,157,660</u>
<b>Net change in fund balances</b>	<u>956,517</u>	<u>427,039</u>	<u>3,739,890</u>	<u>3,312,851</u>
<b>Fund balances, October 1, 2004</b>	<u>2,346,678</u>	<u>2,876,157</u>	<u>9,533,952</u>	<u>6,657,795</u>
<b>Fund balances, September 30, 2005</b>	<u>\$ 3,303,195</u>	<u>\$ 3,303,196</u>	<u>\$ 13,273,842</u>	<u>\$ 9,970,646</u>

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
HURRICANE CHARLEY 8/13/04  
For the Fiscal Year Ended September 30, 2005

	Budgets		Actual	Variance with
	Original	Final		Final Budget
				(Negative)
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 1,436,600	\$ 1,357,339	\$ (79,261)
Charges for services	-	-	36,210	36,210
Miscellaneous	-	154,519	227,984	73,465
Total revenues	<u>-</u>	<u>1,591,119</u>	<u>1,621,533</u>	<u>30,414</u>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Legislative	-	9,078	9,558	(480)
Administrative	-	373,795	426,063	(52,268)
Management information systems	-	2,792	2,791	1
Finance	-	6,345	22,050	(15,705)
Legal	-	528	528	-
Planning	-	157,295	171,816	(14,521)
General government	<u>-</u>	<u>549,833</u>	<u>632,806</u>	<u>(82,973)</u>
<b>Public safety</b>				
Police	-	217,687	216,068	1,619
SEMP	-	4,763	4,763	-
Building	-	20,552	20,552	-
Public safety	<u>-</u>	<u>243,002</u>	<u>241,383</u>	<u>1,619</u>
<b>Physical Environment</b>				
Garbage recycling	-	4,365,703	2,593,924	1,771,779
Wastewater facility	-	59,012	64,112	(5,100)
Natural resources management	-	32,225	32,224	1
Physical Environment	<u>-</u>	<u>4,456,940</u>	<u>2,690,260</u>	<u>1,766,680</u>
<b>Transportation</b>				
Public works	-	378,999	593,128	(214,129)
Beach parking facilities	-	680,228	346,476	333,752
Transportation	<u>-</u>	<u>1,059,227</u>	<u>939,604</u>	<u>119,623</u>
<b>Culture/Recreation</b>				
<b>Parks &amp; Recreation</b>				
Recreation complex	-	50,155	50,155	-
Public facilities	-	345,950	348,093	(2,143)
Seniors program	-	1,848	1,848	-
Museum	-	630	630	-
BIG Arts facility	-	2,961	2,961	-
Culture/Recreation	<u>-</u>	<u>401,544</u>	<u>403,687</u>	<u>(2,143)</u>
Total expenditures	<u>-</u>	<u>6,710,546</u>	<u>4,907,740</u>	<u>1,802,806</u>
Excess revenues over expenditures	<u>-</u>	<u>(5,119,427)</u>	<u>(3,286,207)</u>	<u>1,833,220</u>
<b>Other financing sources</b>				
Operating transfer in	-	409,900	409,900	-
Net change in fund balances	<u>-</u>	<u>(4,709,527)</u>	<u>(2,876,307)</u>	<u>1,833,220</u>
Fund balances, October 1, 2004	-	4,709,527	4,709,528	1
Fund balances, September 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,833,221</u>	<u>\$ 1,833,221</u>

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 2004 \$10 M COMMERCIAL PAPER DEBT SERVICE FUND  
 For the Fiscal Year Ended September 30, 2005

	Budgets		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 4,211,479	\$ 5,446,331	\$ 1,234,852
Expenditures				
Debt service	-	(4,211,479)	(4,145,257)	66,222
Net change in fund balances	-	-	1,301,074	1,301,074
Fund balances, October 1, 2004	-	-	-	-
Fund balances, September 30, 2005	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,301,074</u>	<u>\$ 1,301,074</u>

See Accompanying Notes.

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CITY OF SANIBEL, FLORIDA  
STATEMENT OF NET ASSETS  
ENTERPRISE FUNDS  
September 30, 2005

	Sanibel Sewer System	Beach Parking	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 757,288	\$ 565,767	\$ 1,323,055
Restricted cash and cash equivalents	3,021,919	-	3,021,919
Receivables	292,762	-	292,762
Investments	31,229	-	31,229
Due from other governments	90	125,799	125,889
Total current assets	<u>4,103,288</u>	<u>691,566</u>	<u>4,794,854</u>
<b>Noncurrent assets</b>			
Restricted assets:			
Cash and cash equivalents	6,988,951	-	6,988,951
Assessments receivable	13,582,750	-	13,582,750
Total noncurrent restricted assets	<u>20,571,701</u>	<u>-</u>	<u>20,571,701</u>
Unamortized bond issue costs	<u>132,444</u>	<u>-</u>	<u>132,444</u>
Capital assets			
Land	1,113,259	389,219	1,502,478
Buildings	273,216	123,024	396,240
Improvements other than buildings	-	486,776	486,776
Vehicles and equipment	2,196,806	417,623	2,614,429
Infrastructure/System	59,179,775	-	59,179,775
Construction in progress	2,774,684	-	2,774,684
Less accumulated depreciation	<u>(9,452,427)</u>	<u>(453,505)</u>	<u>(9,905,932)</u>
Total capital assets, net	<u>56,085,313</u>	<u>963,137</u>	<u>57,048,450</u>
Total noncurrent assets	<u>76,789,458</u>	<u>963,137</u>	<u>77,752,595</u>
Total assets	<u>\$ 80,892,746</u>	<u>\$ 1,654,703</u>	<u>\$ 82,547,449</u>

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA  
STATEMENT OF NET ASSETS  
ENTERPRISE FUNDS  
September 30, 2005

	Sanibel Sewer System	Beach Parking	Total
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Account payable and other current liabilities	\$ 1,130,817	\$ 126,528	\$ 1,257,345
Accrued payroll	48,017	12,685	60,702
Payable from restricted assets			
Contracts payable	435,302	-	435,302
Accrued interest payable	359,816	-	359,816
Debt:			
Revenue bonds	265,000	-	265,000
Notes	1,961,801	-	1,961,801
Total debt	<u>2,226,801</u>	<u>-</u>	<u>2,226,801</u>
Total current liabilities payable from restricted assets	<u>3,021,919</u>	<u>-</u>	<u>3,021,919</u>
Total current liabilities	<u>4,200,753</u>	<u>139,213</u>	<u>4,339,966</u>
<b>Noncurrent liabilities</b>			
Compensated absences	41,132	9,446	50,578
Due to other funds	3,515,940	-	3,515,940
Debt:			
Revenue bonds	4,568,446	-	4,568,446
Notes	41,713,727	-	41,713,727
Total debt	<u>46,282,173</u>	<u>-</u>	<u>46,282,173</u>
Total noncurrent liabilities	<u>49,839,245</u>	<u>9,446</u>	<u>49,848,691</u>
Total liabilities	<u>54,039,998</u>	<u>148,659</u>	<u>54,188,657</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	7,299,785	963,137	8,262,922
Restricted for:			
Debt service	22,830,457	-	22,830,457
Renewal and replacement	159,634	-	159,634
Construction	603,528	-	603,528
Unrestricted	<u>(4,040,656)</u>	<u>542,907</u>	<u>(3,497,749)</u>
Total net assets	<u>\$ 26,852,748</u>	<u>\$ 1,506,044</u>	<u>\$ 28,358,792</u>

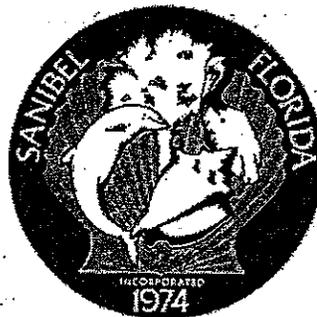
See Accompanying Notes.

CITY OF SANIBEL, FLORIDA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
ENTERPRISE FUNDS  
For the Fiscal Year Ended September 30, 2005

	Sanibel Sewer System	Beach Parking	Total
<b>OPERATING REVENUE</b>			
Licenses and permits	\$ -	\$ 72,311	\$ 72,311
Charges for services	3,694,359	774,628	4,468,987
Fines and forfeitures	18,965	30	18,995
Miscellaneous	158	-	158
Total operating revenue	<u>3,713,482</u>	<u>846,969</u>	<u>4,560,451</u>
<b>OPERATING EXPENSES</b>			
Personal services	1,014,117	594,495	1,608,612
Contractual services, materials & supplies	765,154	444,166	1,209,320
Utilities	322,319	26,336	348,655
Depreciation	2,064,299	86,721	2,151,020
Insurance	9,947	8,461	18,408
Administrative charges	359,239	197,904	557,143
Repairs and maintenance	185,691	47,569	233,260
Total operating expenses	<u>4,720,766</u>	<u>1,405,652</u>	<u>6,126,418</u>
Operating loss	<u>(1,007,284)</u>	<u>(558,683)</u>	<u>(1,565,967)</u>
<b>NON-OPERATING REVENUE (EXPENSE)</b>			
Taxes	925,113	-	925,113
Interest income	288,691	7,014	295,705
Special assessment interest income	176,247	-	176,247
Intergovernmental	50,000	623,888	673,888
Interest expense and fiscal charges	<u>(1,588,920)</u>	<u>-</u>	<u>(1,588,920)</u>
Total non-operating revenue (expenses)	<u>(148,869)</u>	<u>630,902</u>	<u>482,033</u>
Income (Loss) before contributions	<u>(1,156,153)</u>	<u>72,219</u>	<u>(1,083,934)</u>
<b>CAPITAL CONTRIBUTIONS</b>			
Change in net assets	<u>4,801,626</u>	<u>-</u>	<u>4,801,626</u>
	<u>3,645,473</u>	<u>72,219</u>	<u>3,717,692</u>
Total net assets, October 1, 2004	<u>23,207,275</u>	<u>1,433,825</u>	<u>24,641,100</u>
Total net assets, September 30, 2005	<u>\$ 26,852,748</u>	<u>\$ 1,506,044</u>	<u>\$ 28,358,792</u>

See Accompanying Notes.

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CITY OF SANIBEL, FLORIDA  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
For the Fiscal Year Ended September 30, 2005

	Sanibel Sewer System	Beach Parking	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 3,643,670	\$ 917,425	4,561,095
Cash payments to suppliers for goods and services	(1,413,162)	(724,436)	(2,137,598)
Cash payments to employees for services	(1,000,168)	(590,548)	(1,590,716)
Net cash provided by (used in) operating activities	<u>1,230,340</u>	<u>(397,559)</u>	<u>832,781</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Advances from/to other funds, net	(614,147)	-	(614,147)
Subsidy from local agency grants	50,000	594,029	644,029
Net cash provided by (used in) non-capital financing activities	<u>(564,147)</u>	<u>594,029</u>	<u>29,882</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Collection of taxes for bond debt service	925,113	-	925,113
Proceeds from capital debt	3,823,589	-	3,823,589
Capital contributions	163,137	-	163,137
Collection of special assessments	1,466,075	-	1,466,075
Acquisition/Construction of capital assets	(2,564,643)	(54,806)	(2,619,449)
Principal paid on capital debt	(2,341,276)	-	(2,341,276)
Interest paid on capital debt	(1,522,185)	-	(1,522,185)
Net cash (used in) capital and related financing activities	<u>(50,190)</u>	<u>(54,806)</u>	<u>(104,996)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from maturities of investments	15,904	-	15,904
Interest and dividends received	288,691	7,014	295,705
Net cash provided by investing activities	<u>304,595</u>	<u>7,014</u>	<u>311,609</u>
Net increase in cash and cash equivalents	920,598	148,678	1,069,276
Cash and equivalents, October 1, 2004	9,847,560	417,089	10,264,649
Cash and equivalents, September 30, 2005	<u>\$ 10,768,158</u>	<u>\$ 565,767</u>	<u>\$ 11,333,925</u>

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
For the Fiscal Year Ended September 30, 2005

	Sanibel Sewer System	Beach Parking	Total
<b>Reconciliation of operating loss to net cash provided by operating activities</b>			
Operating loss	\$ (1,007,284)	\$ (558,683)	\$ (1,565,967)
Adjustments to reconcile operating loss to net cash provided by operating activities			
Depreciation	2,064,299	86,721	2,151,020
Net (increase) decrease in assets:			
Accounts receivables	(69,812)	-	(69,812)
Net increase (decrease) in liabilities:			
Accounts payable	229,188	70,456	299,644
Accrued payroll and compensated absences	13,949	3,947	17,896
<b>Net cash provided by (used in) operating activities</b>	<b><u>\$ 1,230,340</u></b>	<b><u>\$ (397,559)</u></b>	<b><u>\$ 832,781</u></b>

**Noncash investing, capital, and financing activities:**

Special assessments levied \$4,502,639

Amortization of bond issuance costs, discount, and accounting loss \$57,570

Contributions of capital assets \$135,850

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
September 30, 2005

	Pension Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 416,824	\$ 35,604
Investments, at market value		
Corporate stocks	4,168,426	-
Mutual funds:		
Equity and equity index	3,042,312	-
Pooled/Common/Commingled Funds:		
Fixed income	5,400,755	-
Equity	1,708,545	-
Total investments at fair value	14,320,038	-
Receivables	35,355	-
Total assets	14,772,217	35,604
<b>LIABILITIES</b>		
Refunds payable and other liabilities	139,885	-
Due to other governments	-	35,604
Total liabilities	139,885	35,604
<b>NET ASSETS</b>		
Held in trust for pension benefits	\$ 14,632,332	\$ -

See Accompanying Notes.

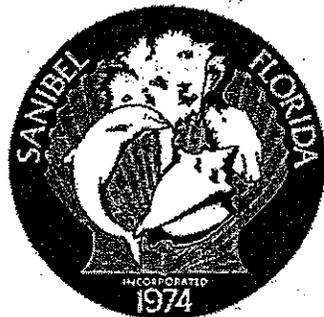
CITY OF SANIBEL, FLORIDA  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

For the Fiscal Year Ended September 30, 2005

	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 1,254,222
Plan members	<u>290,198</u>
Total contributions	<u>1,544,420</u>
Investment income	
Net increase in fair value of investments	421,110
Interest, dividends and miscellaneous	<u>1,219,554</u>
Total investment earnings	1,640,664
Less investment expense	<u>(92,032)</u>
Net investment earnings	<u>1,548,632</u>
Total additions	<u>3,093,052</u>
<b>DEDUCTIONS</b>	
Benefits paid	685,787
Refunds of contributions	9,352
Administrative expenses	<u>54,502</u>
Total deductions	<u>749,641</u>
Change in net assets	2,343,411
Net assets held in trust for pension benefits	
Net assets - beginning	12,569,946
Prior period adjustment	<u>(281,025)</u>
Net assets - beginning, as restated	<u>12,288,921</u>
Net assets - ending	<u>\$ 14,632,332</u>

See Accompanying Notes.

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CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2005

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**Note 1. Summary of Significant Accounting Policies**

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

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

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

**(a) Defining the Governmental Reporting Entity**

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

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

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

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2005

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Note 1. Summary of Significant Accounting Policies, Continued

(b) Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The *government-wide financial statements* are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2005

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Note 1. Summary of Significant Accounting Policies, Continued

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

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

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

*The City reports the following major Governmental Funds*

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

The Hurricane Charley 8/13/2004 Fund accounts for use of the \$10,000,000 borrowed to finance recovery from the natural disaster that impacted the island August 13, 2004.

The 2004 \$10M Commercial Paper Debt Service Fund accounts for the payment of principal and interest on the \$10 million Florida Local Government Commercial Paper 4-year note which bears interest at a variable rate.

*The City reports the following major Proprietary Funds*

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

*Additionally, the City reports the following fund type:*

The Pension Trust Fund accounts for the activities of the General Employees' and Municipal Police Officers' retirement plans, which accumulate resources for pension benefit payments to qualified employees

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2005

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Note 1. Summary of Significant Accounting Policies, Continued

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

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

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

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

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

1) Deposits and investments

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

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

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

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2005

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Note 1. Summary of Significant Accounting Policies, Continued

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

2) Receivables and payables

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

3) Inventories and prepaid items

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

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

4) Restricted assets

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

5) Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, bike paths, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial individual cost of more than \$750 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at an estimated fair market value at the date of donation.

All capital assets, including those acquired prior to the implementation of GASB-S34 have been reported.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2005

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Note 1. Summary of Significant Accounting Policies, Continued

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

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

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

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

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

6) Compensated absences

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

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

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2005

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Note 1. Summary of Significant Accounting Policies, Continued

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

7) Long-term obligations

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

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

8) Unamortized Losses

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

9) Utility connection (Impact) fees

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

10) Special assessments

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

11) Deferred revenue

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

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2005

Note 1. Summary of Significant Accounting Policies, Continued

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

- 12) **Intragovernmental allocation of administrative expenses**  
 The General Fund incurs certain administrative expenses for other funds, including accounting, legal, data processing, personnel administration, and other services. The governmental funds that received these services were charged \$159,603 and the enterprise funds that received these services were charged \$557,143 fiscal year 2005. Administrative expenses not directly charged to a fund are allocated as Indirect Expenses on the Statement of Activities.
- 13) **Fund equity and deficit fund equity**  
 In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Note 2. Stewardship, compliance and accountability

(a) Budgets - Legal Compliance

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

<u>FUND TYPE and NAME</u>	<u>REASON</u>
<b>Special Revenue Fund</b>	
Flexible Spending Account	No expenditures were planned for the year
<b>Capital Project Funds</b>	
Gulf Pines/Gulf Shores/West Gulf Drive Beach Restoration	No expenditures were planned for the year
Beach Road Paving Special Assessment	No expenditures were planned for the year
Periwinkle Landscaping	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, certain capital project funds, and enterprise funds. All annual appropriations lapse at fiscal year end and are not automatically re-appropriated the following fiscal year. On July 1st of each year, the Lee County Property Appraiser supplies the City with the assessed taxable valuation of the property located within the City on which the City's millage (property tax) rate for the next budget year will be based. Prior to July 31st, a public hearing is held at which a proposed budget is presented to City Council and, by Resolution, City Council

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2005

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Note 2. Stewardship, compliance and accountability, Continued

(a) Budgets - Legal Compliance, continued

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

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

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

The level of control whereby expenditures cannot exceed appropriations is at the fund level. During the fiscal year ended September 30, 2005, various supplemental appropriations were approved by City Council in accordance with this policy.

(b) Excess of expenditures over appropriations

For the year ended September 30, 2005, expenditures exceeded appropriations in the following funds, the legal level of budgetary control:

**Governmental activities:**

Vehicle Weight Permits	\$ (9,983)
Father Madden estate	(580)
Below Market Rate Housing Fund	(7,542)
2002 \$3.825M General Obligation Debt Service	(299)
SunTrust Notes for BMRH	(16,408)

These over-budget expenditures were funded by available fund balance and/or revenues exceeding amounts budgeted except for the 2002 \$3.825M Debt Service Fund which will be funded by the subsequent fiscal year's voted debt service tax levy.

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

There were no individual funds which had a deficit fund balance or total net assets as of September 30, 2005.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2005

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Note 2. Stewardship, compliance and accountability, Continued

(d) Property taxes

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

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

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

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

The City is, in general, permitted by the State to levy property taxes up to \$10 per \$1,000 of assessed valuation for general governmental services. The general operating, sewer and pond apple park voted debt service tax rates for the year ended September 30, 2005 were 2.5000, 0.2268 and 0.0625, respectively, per \$1,000 of assessed property valuation.

Note 3. Detailed notes on all funds

(a) Deposits and investments

*Deposits*

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

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2005

Note 3. Detailed notes on all funds, Continued

(a) Deposits and investments, continued

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

*Investments*

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

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

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
GNMA	\$ 9,652	16.3
FNMA	1,018,039	4.1
FHLMC	31,229	5.0
FFCB	1,256,450	3.5
FHLB	493,750	4.5
	<u>\$ 2,809,120</u>	3.9

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

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2005

Note 3. Detailed notes on all funds, Continued

(a) Deposits and investments, continued

*Credit Risk.* At September 30, 2005, the City's investments in FNMA, FHLMC, FFCB and FHLB were all rated as AAA by Standards & Poor's. The City's investment in the Local Government Surplus Funds Trust Fund investment pool was not rated as of September 30, 2005.

*Concentration of Credit Risk.* The City does not have a limit on the amount it may invest in one issuer. At September 30, 2005, it held the following concentrations in its Government Agency Securities portfolio:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Portfolio</u>
FNMA	\$1,018,039	36.24%
FHLMC	31,229	1.11%
FFCB	1,256,450	44.73%
FHLB	493,750	17.58%

*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, 2005, the City's investment portfolio was held with a third-party custodian as required by the City's investment policy.

**Pension Trust Funds**

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

*a. Cash and Cash Equivalents*

At September 30, 2005, the carrying amount of the Pension Funds' cash and cash equivalents was \$416,824.

Cash equivalents consists of \$199,899 placed with Goldman Sachs Fin Sq Prime Obligation, a "AAA" rated money market fund; \$155,835 placed with SunTrust Retirement Reserve Fund, an unrated fund; and \$21,674 placed with Federated Treasury Obligation Fund, a "AAA" rated mutual fund.

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2005

Note 3. Detailed notes on all funds, Continued

(a) Deposits and investments, continued

*b. Investment Portfolio*

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

As of September 30, 2005, the City's Pension Funds had the following investment types:

<u>General Employees'</u>	<u>Fair Value</u>
Corporate stocks	\$ 4,168,426
Mutual Funds	829,576
Florida Municipal Investment Trust*	<u>3,453,149</u>
	<u>\$ 8,451,151</u>
<u>Police Officers'</u>	
Mutual Funds	\$ 2,212,736
Common and Collective Funds	<u>3,656,151</u>
	<u>\$ 5,868,887</u>

\* External investment pool

*c. Credit Risk*

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

Equity Securities

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

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

Fixed Income Securities

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

The General Employees' Pension Trust investment in the Florida Municipal Investment Trust external investment pool was not rated as of September 30, 2005.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2005

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Note 3. Detailed notes on all funds, Continued

(a) Deposits and investments, continued

*d. Custodial Credit Risk*

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

As of September 30, 2005, the General Employees' Pension Trust Fund equity investments were held with a third-party custodian as required by Florida Statutes. Its investments in the external investment pools and in mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

As of September 30, 2005, the Police Officers' Pension Trust Fund investment in mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. Its investment in Common and Collective Funds securities are uninsured, are not registered in the name of the government, and are held by the counterparty.

*e. Concentration of Credit Risk*

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

Equity Securities

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

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

Fixed Income Securities

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

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

See Note 4 (b) for details of the Pension Funds concentration of investments at September 30, 2005.

*f. Foreign Currency Risk*

As of September 30, 2005 the Pension Funds had \$829,576 invested in the International Capital Appreciation HLS Fund and \$602,858 in the STI Classic FD-International Equity Index.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2005

Note 3. Detailed notes on all funds, Continued

(a) Deposits and investments, continued

Type	Fair Value
US Government Agency Securities	\$ 2,809,120
Pension Investment Pool	14,320,038
Local Government Surplus Funds Trust Fund Investment Pool (SBA)	<u>24,389,596</u>
Total Investments	<u>41,518,754</u>
Plus Deposits:	
Checking Accounts	289,040
Cash and Cash equivalents: Pension trust funds	<u>416,824</u>
Total Deposits	<u>705,864</u>
TOTAL Deposits and Investments	<u>42,224,618</u>
Plus: Cash on Hand	<u>560</u>
TOTAL Cash and Cash Equivalents and Investments	<u>\$ 42,225,178</u>

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

	Current		Restricted		TOTAL Cash & Investments
	Cash & Equivalents	Investments	Cash & Equivalents	Investments	
<b>GOVERNMENTAL ACTIVITIES</b>					
General	\$ 5,958,846	\$2,749,891	\$ -	\$ -	\$8,708,737
Hurricane Charley	1,525,215	-	-	-	1,525,215
2004 \$10M Commercial Paper	246,217	-	-	-	246,217
Other Governmental	<u>5,579,389</u>	<u>28,000</u>	-	-	<u>5,607,389</u>
Total Governmental	<u>13,309,667</u>	<u>2,777,891</u>	-	-	<u>16,087,558</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Sewer System	757,288	31,229	10,010,870	-	10,799,387
Beach Parking	<u>565,767</u>	-	-	-	<u>565,767</u>
Total Business-type	<u>1,323,055</u>	<u>31,229</u>	<u>10,010,870</u>	-	<u>11,365,154</u>
<b>FIDUCIARY FUNDS</b>					
Pension Funds	-	-	416,824	14,320,038	14,736,862
Agency Funds	-	-	<u>35,604</u>	-	<u>35,604</u>
Total Fiduciary	-	-	<u>452,428</u>	<u>14,320,038</u>	<u>14,772,466</u>
<b>TOTAL</b>	<u>\$14,632,722</u>	<u>\$2,809,120</u>	<u>\$10,463,298</u>	<u>\$14,320,038</u>	<u>\$42,225,178</u>

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2005

Note 3. Detailed notes on all funds, Continued

(b) Restricted Cash and Investments

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

	Sanibel Sewer System
Restricted for Debt Service	\$ 9,247,708
Restricted for Renewal and Replacement	159,634
Restricted for Capital Projects	603,528
Total restricted assets	\$ 10,010,870

(c) Accounts and special assessments receivable

	General	Hurricane Charley 8/13/04	2004 \$10 M Commercial Paper Debt Service	Other Governmental Funds	Total
<b>GOVERNMENTAL ACTIVITIES</b>					
Accounts receivable	\$ 81,907	\$ 22,606	\$ -	\$ 119,133	\$ 223,646
Due from other funds	3,515,940	-	-	-	3,515,940
Due from other governments	933,514	360,893	1,054,857	870,135	3,219,399
Total receivables	\$ 4,531,361	\$ 383,499	\$ 1,054,857	\$ 989,268	\$ 6,958,985

	Sanibel Sewer System	Beach Parking Fund	Total
<b>BUSINESS-TYPE ACTIVITIES</b>			
Unrestricted			
Accounts receivable	\$ 292,762	\$ -	\$ 292,762
Due from other governments	90	125,799	125,889
Total unrestricted	292,852	125,799	418,651
Restricted			
Assessments receivable	13,582,750	-	13,582,750
Total net receivables	\$ 13,875,602	\$ 125,799	\$ 14,001,401

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2005

Note 3. Detailed notes on all funds, Continued

(d) Accounts payable and other accrued liabilities

	General	Hurricane Charley 8/13/04	2004 \$10 M Commercial Paper Debt Service	Other Governmental Funds	Total
<b>GOVERNMENTAL ACTIVITIES</b>					
Accounts and contracts payable	\$ 199,218	\$ 75,493	\$ -	\$ 518,306	\$ 793,017
Due to other governments	-	-	-	118	118
Accrued Liabilities	208,479	-	-	9,522	218,001
<b>Total</b>	<b>\$ 407,697</b>	<b>\$ 75,493</b>	<b>\$ -</b>	<b>\$ 527,946</b>	<b>\$ 1,011,136</b>
	Sanibel Sewer System	Beach Parking Fund			Total
<b>BUSINESS-TYPE ACTIVITIES</b>					
Accounts and contracts payable	\$ 1,130,817	\$ 126,528			\$ 1,257,345
Accrued Liabilities	48,017	12,685			60,702
<b>Total</b>	<b>\$ 1,178,834</b>	<b>\$ 139,213</b>			<b>\$ 1,318,047</b>

(e) Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2005 is as follows:

**Due to/from other funds**

Receivable Fund	Payable Fund	Purpose for Balance	Amount
General	NRCS #69420951644	Awaiting grant reimbursement	\$ 368,581
General	WCIND-Tarpon Bay Dredging	Awaiting grant reimbursement	69,227
General	Beach Road Paving Special Assessment	Awaiting final assessment payment	1,383
General	Sanibel Sewer System	City's support of the sewer system primarily related to effluent disposal/reuse as required by regulatory agencies. Funds are not anticipated to be collected within the the next fiscal year.	3,515,940
		<b>Total</b>	<b>\$ 3,955,131</b>

**Interfund transfers**

<b><u>Transfers Out</u></b>	<b><u>Transfers In</u></b>		
	Hurricane Charley 8/13/04	Nonmajor Governmental	Total
General	\$ 409,900	\$ 4,161,226	\$ 4,571,126

Transfers out from the General and from Nonmajor Governmental Funds, are used to provide funding for Debt Service Funds for which either a specific revenue or any legally non-ad valorem revenue source is pledged as well as for funding certain other Special Revenue Funds and Capital Projects Funds.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2005

Note 3. Detailed notes on all funds, Continued

(f) Intergovernmental Revenues

	2004 \$10 M				Total
	General	Hurricane Charley 8/13/04	Commercial Paper Debt Service	Other Governmental Funds	
<b>GOVERNMENTAL ACTIVITIES</b>					
<b>Operating Grants &amp; Contributions</b>					
General Government	\$ 7,500	\$ -	\$ 5,446,331	\$ -	\$ 5,453,831
Public Safety	55,222	-	-	-	55,222
Physical Environment	32,126	-	-	40,000	72,126
Transportation	-	801,946	-	48,303	850,249
Culture/Recreation	1,574,204	-	-	191,395	1,765,599
<b>Capital Grants &amp; Contributions</b>					
Physical Environment	-	555,393	-	1,201,572	1,756,965
Other Inter-local Agreements	873,700	-	-	-	873,700
<b>Total</b>	<b>\$ 2,542,752</b>	<b>\$ 1,357,339</b>	<b>\$ 5,446,331</b>	<b>\$ 1,481,270</b>	<b>\$ 10,827,692</b>
<b>BUSINESS-TYPE ACTIVITIES</b>					
<b>Operating Grants &amp; Shared Revenues</b>					
Physical Environment			\$ 50,000	\$ -	\$ 50,000
Transportation			-	623,888	623,888
<b>Total</b>			<b>\$ 50,000</b>	<b>\$ 623,888</b>	<b>\$ 673,888</b>

(g) Capital Assets

Capital asset activity for the year ended September 30, 2005 was as follows:

<u>Governmental activities</u>	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 25,002,715	\$ 279,022	\$ (440,158)	\$ 24,841,579
Construction in progress	600,776	307,523	(590,628)	317,671
Total capital assets, not being depreciated	25,603,491	586,545	(1,030,786)	25,159,250
Capital assets, being depreciated:				
Buildings	3,810,039	233,653	(71,888)	3,971,804
Improvements other than buildings	3,086,986	973,209	-	4,060,195
Infrastructure	8,957,148	-	-	8,957,148
Vehicles and equipment	4,040,124	493,416	(200,385)	4,333,155
Total capital assets, being depreciated	19,894,297	1,700,278	(272,273)	21,322,302
Less accumulated depreciation for:				
Buildings	(1,654,767)	(871,117)	32,349	(2,493,535)
Improvements other than buildings	(2,971,076)	(50,287)	-	(3,021,363)
Infrastructure	(2,977,337)	(322,406)	-	(3,299,743)
Vehicles and equipment	(2,484,695)	(291,060)	170,064	(2,605,691)
Total accumulated depreciation	(10,087,875)	(1,534,870)	202,413	(11,420,332)
Total capital assets, being depreciated, net	9,806,422	165,408	(69,860)	9,901,970
<b>Governmental activities capital assets, net</b>	<b>\$ 35,409,913</b>	<b>\$ 751,953</b>	<b>\$ (1,100,646)</b>	<b>\$ 35,061,220</b>

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2005

Note 3. Detailed notes on all funds, Continued

(g) Capital assets, continued

<b><u>Business-type activities</u></b>	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 1,350,051	\$ 152,427	\$ -	\$ 1,502,478
Construction in progress	<u>5,535,324</u>	<u>2,724,878</u>	<u>(5,485,518)</u>	<u>2,774,684</u>
Total capital assets, not being depreciated	<u>6,885,375</u>	<u>2,877,305</u>	<u>(5,485,518)</u>	<u>4,277,162</u>
Capital assets, being depreciated:				
Buildings	396,240	-	-	396,240
Improvements other than buildings	486,776	-	-	486,776
Infrastructure	53,430,541	5,749,234	-	59,179,775
Vehicles and equipment	<u>2,265,985</u>	<u>374,518</u>	<u>(26,074)</u>	<u>2,614,429</u>
Total capital assets, being depreciated	<u>56,579,542</u>	<u>6,123,752</u>	<u>(26,074)</u>	<u>62,677,220</u>
Less accumulated depreciation for:				
Buildings	(197,093)	(30,893)	-	(227,986)
Improvements other than buildings	(229,373)	(31,253)	-	(260,626)
Infrastructure	(6,134,348)	(1,908,378)	-	(8,042,726)
Vehicles and equipment	<u>(1,203,628)</u>	<u>(180,496)</u>	<u>9,530</u>	<u>(1,374,594)</u>
Total accumulated depreciation	<u>(7,764,442)</u>	<u>(2,151,020)</u>	<u>9,530</u>	<u>(9,905,932)</u>
Total capital assets, being depreciated, net	<u>48,815,100</u>	<u>3,972,732</u>	<u>(16,544)</u>	<u>52,771,288</u>
Business-type activities capital assets, net:	<u>\$ 55,700,475</u>	<u>\$ 6,850,037</u>	<u>\$ (5,502,062)</u>	<u>\$ 57,048,450</u>

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

**Governmental activities:**

General government	\$ 511,062
Public safety	89,103
Physical environment	63,176
Transportation	491,807
Culture/recreation	<u>379,722</u>
Total depreciation expense-governmental activities	<u>\$ 1,534,870</u>

**Business-type activities:**

Sanibel Sewer System	\$ 2,064,299
Beach Parking	<u>86,721</u>
Total depreciation expense-business-type activities	<u>\$ 2,151,020</u>

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2005

Note 3. Detailed notes on all funds, Continued

(h) Construction Commitments

The City has active construction projects as of September 30, 2005. At year-end, the City's commitments with contractors are as follows:

<u>GOVERNMENTAL ACTIVITIES</u>	<u>Total Contract</u>	<u>Spent to Date</u>	<u>Remaining Contract</u>
Special Revenue Funds			
Pavilion at School	\$ 250,575	\$ (238,127)	\$ 12,448
Tarpon Bay Dredging	90,490	(76,919)	13,571
Capital Project Funds			
Ballfield Relocation	723,466	(687,293)	36,173
Road Resurfacing	158,037	(144,245)	13,792
Clam/Dinkins Box Culvert	649,280	(304,147)	345,133
Sanibel-Captiva Road Improvements	569,910	(330,144)	239,766
Total governmental activities	<u>\$ 2,441,758</u>	<u>\$ (1,780,875)</u>	<u>\$ 660,883</u>
 <u>BUSINESS-TYPE ACTIVITIES</u>			
Utility Plant Upgrades			
Pre-treatment Odor Control	\$ 222,000	\$ (199,800)	\$ 22,200
Utility Expansions (1)			
Phase 3A	5,139,367	(4,913,943)	225,424
Phase 3B	5,831,899	(2,127,647)	3,704,252
Total business-type activities	<u>\$ 11,193,266</u>	<u>\$ (7,241,390)</u>	<u>\$ 3,951,876</u>

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

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2005

Note 3. Detailed notes on all funds, Continued

(i) Long-term Debt

The following is a summary of changes in the City's bonded and other indebtedness for the year ended September 30, 2005:

Governmental Activities	General	Revenue		Capital	Total
	Obligation	Bonds	Notes Payable	Leases	
	Bonds	Bonds	Notes Payable	Payable	
Original amounts	\$ 3,825,000	\$ 3,190,000	\$ 14,330,997	\$ 252,842	\$ 21,598,839
Debt payable-beginning	\$ 3,695,000	\$ 2,030,111	\$ 13,055,893	\$ 200,565	\$ 18,981,569
Debt retired	(85,000)	(85,962)	(4,264,812)	(47,893)	(4,483,667)
Debt payable-ending	3,610,000	1,944,149	8,791,081	152,672	14,497,902
Less amounts recorded as current liabilities	(85,000)	(90,229)	(410,089)	(49,362)	(634,680)
Long-term debt-ending	\$ 3,525,000	\$ 1,853,920	\$ 8,380,992	\$ 103,310	\$ 13,863,222
<b>Business-type Activities</b>					
		Revenue			Total
		Bonds	Notes Payable		
Original amounts		\$ 5,620,000	\$ 49,063,127		\$ 54,683,127
Debt payable-beginning		\$ 5,370,000	\$ 41,933,215		\$ 47,303,215
Debt issued		-	3,823,589		3,823,589
Debt retired		(260,000)	(2,081,276)		(2,341,276)
Debt payable-ending		5,110,000	43,675,528		48,785,528
Less deferred amounts for:					
Issuance discounts		(16,742)	-		(16,742)
Loss on refunding		(259,812)	-		(259,812)
		4,833,446	43,675,528		48,508,974
Less amounts recorded as current liabilities		(265,000)	(1,961,801)		(2,226,801)
Long-term debt-ending		\$ 4,568,446	\$ 41,713,727		\$ 46,282,173

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2005

Note 3. Detailed notes on all funds, Continued

(i) Long-term Debt, continued

**General Long-Term Debt**

General Obligation Bonds

\$3,825,000 General Obligation Bonds, Series 2002, interest payable varying from 2.0% to 4.750% due semiannually on August 1 and February 1, principal payments due annually on August 1, collateralized with Voted Debt Service Ad Valorem Taxes, final payment due December 2031 \$3,610,000

Revenue Bonds Payable

\$3,190,000 - Revenue bonds, Series 1979, collateralized by land, franchise fees and occupational licenses, annual payments of \$187,477 including interest payable at 5%, final payment due December 17, 2020. \$1,944,149

Notes Payable

\$1,250,000 Promissory Note dated September 1997, collateralized by any legally available non-ad valorem revenue, annual payments of \$120,260 including interest payable at 4.9794%, due September 2012. 696,466

\$10,000,000 note payable dated September 29, 2004, collateralized by any legally available non-ad valorem revenue, annual payments of \$2,000,000 and a final payment of \$4,000,000, accrued interest at a variable rate, due September 2008 6,067,000

\$1,082,000 note payable to a financial institution, collateralized by any legally available non-ad valorem revenue, accrued interest payable at 3.348%, due February 2019. 1,009,867

\$1,348,997 note payable to a financial institution, collateralized by the Sanibel Causeway Surplus revenues, accrued interest payable at 3.85%; due July 2009. 583,970

\$650,000 note payable to a financial institution, collateralized by any legally available non-ad valorem revenue, monthly payments of \$5,006 including interest payable at 4.21%, due July 2014 433,778

\$ 8,791,081

Capital Leases Payable

\$252,842 capital lease payable to Leasing 2, Inc. for a vegetation grinder. The lease is collateralized by the related equipment that was capitalized in the amount of the lease and included as part of the capital assets of the City. The lease requires annual debt service payment of \$54,044 including principal and interest accruing at 3.07% through November 2007. \$ 152,672

Total General Long-Term Debt \$14,497,902

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2005

Note 3. Detailed notes on all funds, Continued

(i) Long-term Debt, continued

**Enterprise Funds - Long-term Debt**

**Revenue Bonds Payable**

\$5,620,000 Sanibel Sewer Utility Revenue Refunding Bonds, Series 2003, collateralized by the net revenues of the sewer system, which are serial bonds with interest from 2.0% to 3.9% payable semi-annually, principal payable from 2004 through 2021.	\$ 5,110,000
Less: Deferred loss on refunding	(259,812)
Unamortized discount	(16,742)
	<b><u>\$ 4,833,446</u></b>

**Notes Payable**

Disbursements, service fees and capitalized interest on the \$14,429,365 State of Florida revolving loan #080, collateralized by the net revenues of the sewer system, accrued interest payable at 1.54%; due August, 2022.	13,257,293
Disbursements, service fees and capitalized interest for a \$5,886,759 State of Florida revolving loan #504P, collateralized by special assessments, ad valorem taxes and the net revenues of the sewer system, accrued interest payable at 1.59%; due February, 2020.	4,618,941
Disbursements, service fees and capitalized interest for a \$7,980,398 State of Florida revolving loan #060, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 1.56%; due October, 2021.	6,915,189
Disbursements, service fees and capitalized interest for a \$5,424,184 State of Florida revolving loan #090, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 1.54%; due December, 2022.	4,670,269
Disbursements, service fees and capitalized interest for a \$8,501,591 State of Florida revolving loan #WWG120, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 1.56%; due June, 2023.	7,796,122
Disbursements, service fees and capitalized interest for a \$5,455,412 State of Florida revolving loan # WWG51-1A, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 1.335%, due August, 2023.	5,083,708
Disbursements, service fees and capital interest for a \$1,334,006 State of Florida revolving loan # WW83512S, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 1.7 % due December, 2026.	1,334,006
	<b><u>\$ 43,675,528</u></b>
Total Enterprise Funds Long-Term Debt	<b><u>\$48,508,974</u></b>

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2005

Note 3. Detailed notes on all funds, Continued

(i) Long-term Debt, continued

Year ending September 30,	Governmental Activities					
	General Obligation Bonds		Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 85,000	\$ 154,858	\$ 90,229	\$ 97,248	\$ 410,089	\$ 266,423
2007	85,000	152,945	94,740	92,737	2,354,874	212,223
2008	90,000	150,735	99,477	88,000	4,367,112	157,570
2009	90,000	148,125	104,451	83,025	352,556	62,296
2010	95,000	145,425	109,673	77,804	225,080	50,497
2011-2015	520,000	676,423	636,316	301,069	792,839	119,298
2016-2020	630,000	564,515	809,263	128,092	288,531	24,149
2021-2025	785,000	406,408	-	-	-	-
2026-2030	1,000,000	201,875	-	-	-	-
2031-2035	230,000	10,925	-	-	-	-
Total	<u>\$ 3,610,000</u>	<u>\$ 2,612,234</u>	<u>\$ 1,944,149</u>	<u>\$ 867,975</u>	<u>\$ 8,791,081</u>	<u>\$ 892,456</u>

Year ending September 30,	Business-type Activities			
	Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2006	\$ 265,000	\$ 157,209	\$ 1,961,801	\$ 1,606,755
2007	270,000	151,909	2,135,986	1,588,589
2008	270,000	146,509	2,208,728	1,515,836
2009	275,000	140,839	2,284,003	1,440,561
2010	285,000	134,651	2,361,894	1,362,672
2011-2015	1,535,000	549,162	12,138,151	5,502,840
2016-2020	1,810,000	281,630	13,884,247	2,992,550
2021-2025	400,000	15,600	6,700,718	665,519
Total	<u>\$ 5,110,000</u>	<u>\$ 1,577,509</u>	<u>\$ 43,675,528</u>	<u>\$ 16,675,322</u>

Capital Leases - The capital lease is recorded at the total present value of future minimum lease payments. The following schedule shows the present value of these payments at September 30, 2005. There are no capital leases extending beyond 2008.

Year Ending September 30,	Governmental Activities
2006	\$ 54,044
2007	54,044
2008	54,044
	<u>162,132</u>
Less imputed interest	<u>(9,460)</u>
Total present value of net minimum lease	<u>\$ 152,672</u>

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2005

Note 3. Detailed notes on all funds, Continued

(i) Long-Term Debt, continued

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2005, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Long-term debt	\$ 18,981,569	\$ -	\$ (4,483,667)	\$ 14,497,902	\$ 634,680
Compensated absences	420,188	370,721	(344,281)	446,628	393,736
Total Governmental	<u>\$ 19,401,757</u>	<u>\$ 370,721</u>	<u>\$ (4,827,948)</u>	<u>\$ 14,944,530</u>	<u>\$ 1,028,416</u>
<b>Business-type Activities</b>					
Long-term debt	\$ 46,987,607	\$ 3,823,589	\$ (2,302,222)	\$ 48,508,974	\$ 2,226,801
Compensated absences	56,789	41,733	(47,944)	50,578	-
Total Business-type activities	<u>\$ 47,044,396</u>	<u>\$ 3,865,322</u>	<u>\$ (2,350,166)</u>	<u>\$ 48,559,552</u>	<u>\$ 2,226,801</u>

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

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

Note 4. OTHER INFORMATION

(a) Risk Management

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

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

The Florida League of Cities, Inc. published financial report for the year ended September 30, 2005, can be obtained from Florida League of Cities, Inc., Public Risk Service, 135 East Colonial Drive, Orlando, Florida 32853-0065.

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2005

Note 4. OTHER INFORMATION, Continued

(b) Pension Plans

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

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

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

STATEMENT OF FIDUCIARY NET ASSETS

	Pension Trust Funds		Total Pension Trust Funds
	General Employees'	Municipal Police Officers'	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 260,989	\$ 155,835	\$ 416,824
Investments, at market value			
Corporate stocks	4,168,426	-	4,168,426
Mutual funds:			
Equity and equity index	829,576	2,212,736	3,042,312
Pooled/Common/Commingled Funds:			
Fixed income	3,453,149	1,947,606	5,400,755
Equity	-	1,708,545	1,708,545
Total investments at fair value	<u>8,451,151</u>	<u>5,868,887</u>	<u>14,320,038</u>
Receivables	-	35,355	35,355
<b>Total assets</b>	<b>8,712,140</b>	<b>6,060,077</b>	<b>14,772,217</b>
<b>LIABILITIES</b>			
Refunds payable and other liabilities	<u>139,885</u>	-	<u>139,885</u>
<b>NET ASSETS</b>			
Held in trust for pension benefits	<u>\$ 8,572,255</u>	<u>\$ 6,060,077</u>	<u>\$ 14,632,332</u>

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2005

Note 4. OTHER INFORMATION, Continued

(b) Pension Plans, continued

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

	Pension Trust Funds		Total Pension Trust Funds
	General Employees'	Municipal Police Officers'	
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 802,887	\$ 451,335	\$ 1,254,222
Plan members	170,716	119,482	290,198
Total contributions	<u>973,603</u>	<u>570,817</u>	<u>1,544,420</u>
Investment income			
Net increase in fair value of investments	-	421,110	421,110
Interest, dividends and miscellaneous	957,085	262,469	1,219,554
Total investment earnings	<u>957,085</u>	<u>683,579</u>	<u>1,640,664</u>
Less investment expense	<u>(38,997)</u>	<u>(53,035)</u>	<u>(92,032)</u>
Net investment earnings	<u>918,088</u>	<u>630,544</u>	<u>1,548,632</u>
Total additions	<u>1,891,691</u>	<u>1,201,361</u>	<u>3,093,052</u>
<b>DEDUCTIONS</b>			
Benefits paid	318,820	366,967	685,787
Refunds of contributions	-	9,352	9,352
Administrative expenses	34,216	20,286	54,502
Total deductions	<u>353,036</u>	<u>396,605</u>	<u>749,641</u>
Change in net assets	<u>1,538,655</u>	<u>804,756</u>	<u>2,343,411</u>
Net assets held in trust for pension benefits			
Net assets - beginning	7,314,625	5,255,321	12,569,946
Prior period adjustment	(281,025)	-	(281,025)
Net assets - beginning, as restated	<u>7,033,600</u>	<u>5,255,321</u>	<u>12,288,921</u>
Net assets - ending	<u>\$ 8,572,255</u>	<u>\$ 6,060,077</u>	<u>\$ 14,632,332</u>

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2005

Note 4. OTHER INFORMATION, Continued

(b) Pension Plans, continued

Restatement

The General Employees' Pension Trust Fund net assets as of October 1, 2004, have been restated to correct an error in the recording of employer contributions. This correction had the following effect on beginning net assets for the General Employees' Pension Trust Fund and the Combined Pension Trust:

	General Employees' Pension Trust Fund	Combined Pension Trust Funds
Beginning net assets, as previously reported	\$ 7,314,625	\$ 12,569,946
Adjustment for over recognition of employer contribution	(281,025)	(281,025)
Beginning net assets, as restated	\$ 7,033,600	\$ 12,288,921

**General Employees' Pension Plan**

Current membership is comprised of the following:

Active employees	96
Retirees and beneficiaries of deceased retirees currently receiving benefits:	26
Terminated employees entitled to benefits but not yet receiving them	<u>29</u>
Total	<u>151</u>

**Plan Description**

All full-time employees, except the City Manager and City Attorney, who are non-sworn police officers, and who have attained age 18 but not attained age 65, are required to participate in one of the City's two (2) General Employees' Pension Plans. The City Manager and City Attorney have the option of participating in either the General Employees' Pension Plan or receiving an equivalent percentage contribution to a 401 (a) defined contribution plan. 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 calculates Average Compensation over all years of service. Cost-of-living adjustments are not provided for by either plan. The Plans and any amendments thereto were adopted by Ordinance of the City Council of the City of Sanibel. Although the City, which is responsible for the management of plan assets, has delegated the authority to manage plan assets to General Employees' Pension Board of Trustees. All costs of administering the plans are paid from plan assets.

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2005

Note 4. OTHER INFORMATION, Continued

(b) Pension Plans, continued

**General Employees' Pension Plan, continued**

Funding Policy

Active members of Plan A are required to contribute 5% of base wages to the Plan. Active members of Plan B are not required to contribute to the Plan. The City contributes the balance of the actuarially determined amount designated to accumulate sufficient assets to pay benefits when due. The current rate is 20.2% 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, 2003 actuarial valuation using the Aggregate Actuarial Cost method which was changed to the Entry Age Normal method on October 1, 2004. The actuarial assumptions included (a) 7.5% investment rate of return, and (b) projected salary increases per the following schedule:

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

The projected salary increases also include an inflationary factor of 3.0%. The actuarial value of assets was determined using fair market values. The Aggregate Actuarial Cost method determines the total cost of the projected pension benefits of all employees combined. This total cost is then spread over the average future remaining years to retirement for the employees. If benefits are related to compensation, the cost is spread as a level percentage of compensation, on a closed basis. The remaining amortization period at September 30, 2005 was 30 years. If benefits are not related to compensation, the cost is spread as a level dollar amount each year. The Aggregate Actuarial Cost Method does not identify 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, 2005 was \$802,887, which equaled the City's actual contribution.

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 2005	\$ 802,887	100%	\$ (119,979)
September 30, 2004	534,121	100%	(121,927)
September 30, 2003	404,488	100%	(118,483)

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2005

Note 4. OTHER INFORMATION, Continued

(b) Pension Plans, continued

**General Employees' Pension Plan, continued**

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

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

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

	<u>9/30/05</u>
Actuarially Determined Contribution (A)	\$ 802,887
Interest on NPA	(9,145)
Adjustment to (A)	<u>11,093</u>
Annual Pension Cost	804,835
Contributions Made	<u>802,887</u>
Decrease in NPA	1,948
NPA-Beginning of Year	<u>(121,927)</u>
NPA-Ending of Year	<u>\$ (119,979)</u>

**Concentration of Investments**

At September 30, 2005, the following are investments (other than U.S. Government and U.S. Government guaranteed obligations), in any one organization that represents five percent or more of net assets available for benefits:

Florida Municipal Investment Trust Fixed Income	40.86%	\$3,453,148
International Capital Appreciation HLS Fund	9.82	829,576

**Municipal Police Officers' Pension Plan**

Current membership is comprised of the following:

Active employees	24
Retirees and beneficiaries of deceased retirees currently receiving benefits:	14
Terminated employees entitled to benefits but not yet receiving them	<u>2</u>
Total	<u>40</u>

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2005

Note 4. OTHER INFORMATION, Continued

(b) Pension Plans, continued

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

Plan Description

All full-time sworn police officers who have attained age 18 are required to participate in the City's Municipal Police Officers' Pension Plan. The Plan provides retirement, disability and pre-retirement benefits to plan members and beneficiaries. There is a 5-year cliff vesting in the Plan. The Normal Retirement Benefit of the Plan is 3% of Average Final Compensation multiplied by the number of years of service (maximum 30 years). Average compensation is calculated by taking the average of the total compensation paid during the 5 highest years of service. Cost of living adjustments are not provided for by this plan. This plan and any amendments were adopted by Ordinance of the City Council of the City of Sanibel. This plan is self-trusted and is administered by the Municipal Police Officers' Pension Board comprised of members elected pursuant to Section 185, Florida Statutes for local law plans. All costs of administering the plan are paid from plan assets.

Funding Policy

Active members are required to contribute 8% of their compensation to this Plan until Normal Retirement Age and 4% thereafter. The State of Florida makes contributions from taxes on casualty insurance premiums. The City contributes the remaining actuarially determined amount designated to accumulate sufficient assets to pay benefits when due. The current rate is 31.5% 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, 2003 actuarial valuation using the frozen entry age actuarial cost method.

The actuarial assumptions included (a) 8% investment rate of return, and (b) projected salary increases of 7%, which includes an inflation component of 3.0%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of payroll on a closed basis. The remaining period as of October 1, 2003 was 28 years. The following schedule is provided to disclose the components of the Annual Pension Cost:

Unfunded Actuarial Accrued Liability (UALL) as of October 1, 2004	\$ 2,748,655
City and State Normal Cost applicable for fiscal year 2005	394,921
Interest on UAAL and Normal Cost	251,486
Sponsor Contributions to the Plan during the year	(451,335)
Interest on sponsor contributions	(18,053)
Change in UALL due to (gain) or loss	(129,115)
Unfunded Accrued Liability as of October 1, 2005	<u>\$ 2,796,559</u>

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2005

Note 4. OTHER INFORMATION, Continued

(b) Pension Plans, continued

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

The City's Annual Pension Cost (APC) for the fiscal year ended September 30, 2005 was \$451,335, which equaled the City's actual contribution.

<u>Fiscal Year Ending</u>	Actuarially Determined <u>Contribution</u>	Percentage of APC to Actuarially Determined <u>Contribution</u>	Net Pension <u>Asset (NPA)</u>
September 30, 2005	\$ 451,335	100%	\$ (65,727)
September 30, 2004	291,485	103%	(64,502)
September 30, 2003	215,569	126%	(55,414)

**Concentration of Investments**

At September 30, 2005, the following are investments at market value (other than U.S. Government and U.S. Government guaranteed obligations), in any one organization, that represent five percent or more of net assets available for benefits:

SunTrust Fixed Income	33.19%	\$ 1,947,606
SunTrust Equities	29.11	1,708,545
Reit.Index Fund	8.41	493,802
S&P Midcap Index Fund	10.22	599,934
STI Classic FD Int'l Equity Index	10.27	602,858
STF Classic Fd Small Cap Val Eq	8.79	516,142

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

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

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

	<u>9/30/05</u>
Actuarially Determined Contribution (A)	\$ 451,335
Interest on NPA	(5,160)
Adjustment to (A)	<u>3,935</u>
Annual Pension Cost	450,110
Contributions Made	<u>451,335</u>
Increase in NPA	(1,225)
NPA-Beginning of Year	<u>(64,502)</u>
NPA-Ending of Year	<u>\$ (65,727)</u>

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2005

Note 4. OTHER INFORMATION, Continued

(c) Miscellaneous Revenues

Other revenue in the Government Fund types at September 30, 2005 is as follows:

	General	Hurricane Charley 8/13/04	Other Governmental Funds	Total
Impact Fees	\$ -	\$ -	\$ 62,000	\$ 62,000
Contributions & Donations	414	-	340,067	340,481
Rents & Royalties	19,828	-	40,175	60,003
Investment earnings	308,422	116,468	90,452	515,342
Sale of surplus land	750,000	-	-	750,000
Insurance proceeds for loss	9,927	111,516	-	121,443
Refund of prior year expenditures	5	-	-	5
Other	5,511	-	6,353	11,864
<b>Total Miscellaneous Revenue</b>	<b><u>\$ 1,094,107</u></b>	<b><u>\$ 227,984</u></b>	<b><u>\$ 539,047</u></b>	<b><u>\$ 1,861,138</u></b>

(d) Commitments and Contingencies

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

(e) Hurricane Charley

On August 13, 2004, the President of the United States declared Major Disaster No. FEMA-DR-1539-FL as a result of Hurricane Charley. Hurricane Charley caused damage to the City's infrastructure and extensive damage to business and personal property of the citizens of the City.

In the wake of disasters the Federal Emergency Management Agency (FEMA) coordinates federal assistance. Under the Public Assistance program, FEMA provides assistance for debris removal, emergency protective measures and permanent restoration of infrastructure. This program is based on a partnership between FEMA, the State of Florida and local governments. For this disaster, FEMA is funding 90% of allowable expenses, the State of Florida 5% and the City will be responsible for the remainder of the unreimbursable costs.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2005

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Note 4. OTHER INFORMATION, Continued

(e) Hurricane Charley, continued

For certain types of facilities or areas, disaster assistance is the responsibility of a federal agency other than FEMA. The Federal Highway Administration (FHWA) administers the emergency relief program to assist with sign replacement, repairs and debris removal for roadways identified by FHWA. For the City, Periwinkle Way was identified as such a roadway by FHWA and reimbursable costs of \$801,946 are associated with this program. Costs in the amount of \$861,051 are associated with clearing debris from canals and waterways within the island and are reimbursable from the Natural Resources Conservation Service (NRCS) at 75% of eligible costs.

The City borrowed \$10 million from the Florida Local Government Commercial Paper Pool on September 29, 2004 in order to address the immediate financial response to the disaster. As described in Note 3 (l), the debt is secured from any legally available non-ad valorem revenue. It is the intention of the City to repay the debt from FEMA, State and other grantor reimbursements as they are received. The unreimbursable costs, which will have to be paid by the City, are estimated to be \$4.5 million. The City plans to pay the unreimbursable costs over a 3-year period, fiscal year 2006 through 2008 at \$1.5 million per year.

The Hurricane Charley 8/13/04 special revenue fund and the 2004 \$10 M Commercial Paper debt service fund, both major funds, are used to account for assets, liabilities, revenues and expenditures for all costs associated with the response and recovery costs related to the storm including debris removal, emergency protective measures, permanent infrastructure repair or replacement and debt repayment. Within the Hurricane Charley Fund, \$8.3 million has been expended from the \$10 million debt proceeds as of September 30, 2005 and \$3,933,000 principal has been repaid from FEMA and State reimbursements of the \$10,000,000 amount borrowed.

(f) Subsequent Event

On October 24, 2005, the President of the United States declared Major Disaster No. FEMA-DR-1609-FL as a result of Hurricane Wilma. Hurricane Wilma caused minor damage to the City's infrastructure and to business and personal property of the citizens of the City.

The City estimates that it will incur approximately \$1.5 million in costs associated with debris removal, emergency protective measures and permanent repairs as a result of Hurricane Wilma. As described above, FEMA will reimburse the City for a share of its eligible recovery costs. The Federal share approved in the disaster declaration is 75% and the State of Florida will reimburse 12.5% of eligible recovery costs.

The City's share of unreimbursable costs is expected to be less than \$500,000.

REQUIRED SUPPLEMENTARY  
INFORMATION

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**REQUIRED SUPPLEMENTARY INFORMATION**

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

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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)
10/1/2005	\$ 8,572,255	\$ 13,644,076	\$ 5,071,821	62.83%	\$ 4,060,239	124.91%
10/1/2004	7,033,600	12,601,998	5,568,398	55.81%	3,900,248	142.77%
10/1/2003	6,458,919	6,458,919	-	100.00%	3,592,100	0.00%
10/1/2002	5,661,751	5,661,751	-	100.00%	3,249,973	0.00%
10/1/2001	5,737,504	5,737,504	-	100.00%	3,033,837	0.00%
10/1/2000	4,938,323	4,938,323	-	100.00%	2,701,065	0.00%

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

Year Ended September 30	Annual Required Contribution	City Contribution	Percentage Contributed
2005	\$ 802,887	\$ 802,887	100.00%
2004	534,121	534,121	100.00%
2003	404,488	404,488	100.00%
2002	383,765	383,765	100.00%
2001	402,299	432,392	107.48%
2000	515,521	610,001	118.33%

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

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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
10/1/2005	\$ 5,999,240	\$ 8,795,799	\$ 2,796,559	68.21%	\$ 1,480,349	188.91%
10/1/2004	5,413,097	8,161,752	2,748,655	66.32%	1,382,306	198.85%
10/1/2003	5,142,892	5,627,227	484,335	91.39%	1,150,972	42.08%
10/1/2002	4,968,713	5,520,045	551,332	90.01%	976,875	56.44%
10/1/2001	4,956,770	5,065,971	109,201	97.84%	1,011,619	10.79%
10/1/2000	4,697,598	4,814,832	117,234	97.57%	1,039,031	11.28%

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

Year Ended September 30	Annual Required Contribution	City Contribution	State Contribution	Percentage Contributed
2005	\$ 451,335	\$ 451,335	\$ - (*)	100.00%
2004	326,840	299,521	35,355 (*)	102.46%
2003	250,924	270,983	35,355 (*)	122.08%
2002	234,508	199,153	35,355 (*)	100.00%
2001	215,361	185,087	30,274 (*)	100.00%
2000	222,989	192,715	30,274 (*)	100.00%

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

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# COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

# NON MAJOR GOVERNMENTAL FUNDS

## SPECIAL REVENUE FUNDS

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

- Southwest Florida Community Foundation Grant - to account for the receipt and disbursement of donations specifically designated for providing hurricane recovery assistance and dependent educational assistance for City employees.
- Vehicle Weight Permit Fund - to account for revenues generated from the vehicle weigh station, which charges \$7.50 per 1,000 pounds per axle that a vehicle exceeds the weight limits.
- Historical Committee - to account for receipts and disbursements of donations specifically designated to the use and under the direction of the Historical Committee with City Council approval.
- Recreation Center Donations - to account for the receipt and disbursement of donations specifically designated for use by the Recreation Complex Division of the Parks and Recreation Department.
- NRCS #69420951644 FY 2005 - to account for grant revenues from the Natural Resources Conservation Service (NRCS) awarded to clean debris from interior canals and waterways in the aftermath of Hurricane Charley.
- Road Impact Fee - to account for revenue collected by the City at the time of building permit issuance based on a County-wide ordinance assessing road impact fees which funds are used to improve roads on Sanibel.
- Community Park Impact Fees - to account for revenue collected by the City at the time of building permit issuance based on a county-wide ordinance assessing community park impact fees which funds are used to improve community parks.
- SFWMD Sanibel River Restoration - to account for grant revenues from the South Florida Water Management District for the restoration of the Sanibel River.
- 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.
- WCIND-Tarpon Bay Dredging - to account for grant revenues received from the West Coast Inland Navigation District for dredging Tarpon Bay.
- Franchise Tax and Occupational License Tax Revenue - to account for revenues received from franchise taxes, occupational licenses and business registration fees which revenues are partially pledged to fund debt service on the City's 1979 \$3.19M bond issue and subordinately to other Notes to which is pledged any other legally available non-ad valorem revenue.
- Elementary School Ball Park Maintenance - to account for the operation and maintenance of the ball fields, formerly Lee County facilities, pursuant to an Interlocal Agreement with Lee County
- Below Market Rate Housing - to account for funds provided under contract to Community Housing and Resources, Inc. to administer the City's Below Market Rate Housing Program.

## DEBT SERVICE FUNDS

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

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

## CAPITAL PROJECTS FUNDS

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

- Capital Asset Acquisition - to account for financial resources to be used for on-going and/or routine capital acquisitions such as vehicle replacement and environmentally sensitive land.
- Transportation Capital Projects - to account for financial resources to be used for the maintenance and upgrading of roads and streets, including drainage, resurfacing, reshelling, bike paths and the professional engineering cost associated therewith.
- Periwinkle Bike Path & Road Maintenance - to account for financial resources to be used for maintenance and improvements to the road and bike path on Periwinkle Way.
- Sanibel-Captiva Road Project - to account for financial resources to be used for resurfacing Sanibel-Captiva Road.
- Tarpon Bay Road Repaving - to account for financial resources to be used for repaving Tarpon Bay Road.
- Brazilian Pepper Control - to account for financial resources to be used to eradicate the exotic (non-native) and invasive plant called Brazilian pepper from the island.
- Environmentally Sensitive Land Restoration - to account for financial resources to be used to restore land acquired by the City in the environmentally sensitive land district to its natural state.
- Gulf Pines/Gulf Shores/West Gulf Drive Beach Restoration - to account for financial resources from the issuance of debt as well as from voluntary contributions for the Beach Restoration Special Assessment Project.
- Beach Road Paving Special Assessment - to account for financial resources from special assessments for paving the formerly shell rock road.
- Shell Harbor Canal Dredging - to account for financial resources for dredging the main channel and canals in the Shell Harbor subdivision.
- Clam and Dinkins Bayou Culvert - to account for financial resources to be used for eliminating storm water impoundment in Clam Bayou.
- Periwinkle Landscaping - to account for financial resources to be used for replanting Periwinkle Way in the aftermath of Hurricane Charley.
- Sanibel Harbor Canal Trimming - to account for financial resources including special assessments from benefiting property owners used to retain navigability and roadway drainage in canals.
- Recreation Facility - to account for financial resources used to complete the architectural design documents of the proposed new Recreation Facility.

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CITY OF SANIBEL FLORIDA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 September 30, 2005

Special Revenue

	Southwest Florida Community Foundation Grant	Vehicle Weight Permits	Historical Committee	Recreation Center Donations	NRCS #69420951644 FY 2005	Road Impact Fees
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,881	\$ 184,455	\$ 160,450	\$ 57,762	\$ -	\$ 115,854
Investments	-	-	-	-	-	-
Accounts receivable	-	84,056	-	-	-	-
Due from other governments	-	-	-	-	377,900	-
<b>Total assets</b>	<b><u>\$ 1,881</u></b>	<b><u>\$ 268,511</u></b>	<b><u>\$ 160,450</u></b>	<b><u>\$ 57,762</u></b>	<b><u>\$ 377,900</u></b>	<b><u>\$ 115,854</u></b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 88	\$ 3,407	\$ -	\$ -	\$ -
Retainage payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	368,581	-
Due to other governments	-	-	118	-	-	-
Accrued liabilities	-	1,767	-	-	-	-
Deferred revenue	-	149	-	-	-	111,972
<b>Total liabilities</b>	<b><u>-</u></b>	<b><u>2,004</u></b>	<b><u>3,525</u></b>	<b><u>-</u></b>	<b><u>368,581</u></b>	<b><u>111,972</u></b>
<b>FUND BALANCES</b>						
Reserved						
Debt service	-	-	-	-	-	-
Unreserved, undesignated	1,881	266,507	156,925	57,762	9,319	3,882
<b>Total fund balances</b>	<b><u>1,881</u></b>	<b><u>266,507</u></b>	<b><u>156,925</u></b>	<b><u>57,762</u></b>	<b><u>9,319</u></b>	<b><u>3,882</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 1,881</u></b>	<b><u>\$ 268,511</u></b>	<b><u>\$ 160,450</u></b>	<b><u>\$ 57,762</u></b>	<b><u>\$ 377,900</u></b>	<b><u>\$ 115,854</u></b>

Special Revenue

Community Park Impact Fees	SFWMD Sanibel River Restoration	Federal Forfeiture Fund	Flexible Spending Account	Father Madden Estate
\$ 101,766	\$ 50,000	\$ 4,295	\$ 4,924	\$ 930
-	-	-	-	28,000
-	-	-	-	-
-	-	-	-	-
<u>\$ 101,766</u>	<u>\$ 50,000</u>	<u>\$ 4,295</u>	<u>\$ 4,924</u>	<u>\$ 28,930</u>
\$ 1,610	\$ 47,221	\$ -	\$ -	\$ -
12,448	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	4,924	-
18,850	-	-	-	-
<u>32,908</u>	<u>47,221</u>	<u>-</u>	<u>4,924</u>	<u>-</u>
-	-	-	-	-
68,858	2,779	4,295	-	28,930
<u>68,858</u>	<u>2,779</u>	<u>4,295</u>	<u>-</u>	<u>28,930</u>
<u>\$ 101,766</u>	<u>\$ 50,000</u>	<u>\$ 4,295</u>	<u>\$ 4,924</u>	<u>\$ 28,930</u>

CITY OF SANIBEL FLORIDA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 September 30, 2005

	Special Revenue				Total
	WCIND Tarpon Bay Dredging	Franchise Tax and Occupational License Tax Revenue	Elementary School Ball Park Maintenance	Below Market Rate Housing	
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 218,701	\$ 42,486	\$ 37,087	\$ 980,591
Investments	-	-	-	-	28,000
Accounts receivable	-	25,438	-	-	109,494
Due from other governments	76,919	-	-	-	454,819
Total assets	<u>\$ 76,919</u>	<u>\$ 244,139</u>	<u>\$ 42,486</u>	<u>\$ 37,087</u>	<u>\$ 1,572,904</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 5,647	\$ 4,553	\$ 62,526
Retainage payable	7,692	-	-	-	20,140
Due to other funds	69,227	-	-	-	437,808
Due to other governments	-	-	-	-	118
Accrued liabilities	-	-	2,831	-	9,522
Deferred revenue	-	231,956	-	-	362,927
Total liabilities	<u>76,919</u>	<u>231,956</u>	<u>8,478</u>	<u>4,553</u>	<u>893,041</u>
<b>FUND BALANCES</b>					
Reserved					
Debt service	-	-	-	-	-
Unreserved, undesignated	-	12,183	34,008	32,534	679,863
Total fund balances	<u>-</u>	<u>12,183</u>	<u>34,008</u>	<u>32,534</u>	<u>679,863</u>
Total liabilities and fund balances	<u>\$ 76,919</u>	<u>\$ 244,139</u>	<u>\$ 42,486</u>	<u>\$ 37,087</u>	<u>\$ 1,572,904</u>

Debt Service

1997 \$1.25M Paulsen Land Purchase	2002 \$3.825M General Obligation	1979 FMHA Revenue Bond Issue	SunTrust Notes for BMRH	Total
\$ 55,741	\$ 247,094	\$ 189,607	\$ 62,096	\$ 554,538
-	-	-	-	-
-	-	-	5,426	5,426
-	-	-	-	-
<u>\$ 55,741</u>	<u>\$ 247,094</u>	<u>\$ 189,607</u>	<u>\$ 67,522</u>	<u>\$ 559,964</u>
\$ -	\$ -	\$ -	\$ 13,317	\$ 13,317
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	13,317	13,317
55,741	247,094	189,607	54,205	546,647
-	-	-	-	-
<u>55,741</u>	<u>247,094</u>	<u>189,607</u>	<u>54,205</u>	<u>546,647</u>
<u>\$ 55,741</u>	<u>\$ 247,094</u>	<u>\$ 189,607</u>	<u>\$ 67,522</u>	<u>\$ 559,964</u>

CITY OF SANIBEL FLORIDA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 September 30, 2005

Capital Projects

	Capital Asset Acquisition	Transportation Capital Projects	Periwinkle Bike Path & Road Maintenance	San-Cap Road Project	Tarpon Bay Road Repaving
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,371,672	\$ 807,497	\$ 650,263	\$ 300,703	\$ 252,290
Investments	-	-	-	-	-
Accounts receivable	1,920	-	-	-	-
Due from other governments	-	-	-	-	-
<b>Total assets</b>	<b><u>\$ 1,373,592</u></b>	<b><u>\$ 807,497</u></b>	<b><u>\$ 650,263</u></b>	<b><u>\$ 300,703</u></b>	<b><u>\$ 252,290</u></b>
<b>LIABILITIES</b>					
Accounts payable	\$ 20,914	\$ 106,905	\$ 5,151	\$ 122,028	\$ -
Retainage payable	36,173	5,442	2,570	18,579	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Accrued liabilities	-	-	-	-	-
Deferred revenue	-	-	-	-	-
<b>Total liabilities</b>	<b><u>57,087</u></b>	<b><u>112,347</u></b>	<b><u>7,721</u></b>	<b><u>140,607</u></b>	<b><u>-</u></b>
<b>FUND BALANCES</b>					
Reserved					
Debt service	-	-	-	-	-
Unreserved, undesignated	<u>1,316,505</u>	<u>695,150</u>	<u>642,542</u>	<u>160,096</u>	<u>252,290</u>
<b>Total fund balances</b>	<b><u>1,316,505</u></b>	<b><u>695,150</u></b>	<b><u>642,542</u></b>	<b><u>160,096</u></b>	<b><u>252,290</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 1,373,592</u></b>	<b><u>\$ 807,497</u></b>	<b><u>\$ 650,263</u></b>	<b><u>\$ 300,703</u></b>	<b><u>\$ 252,290</u></b>

Capital 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	Clam/ Dinkins Bayou Project
\$ 138,157	\$ 25,688	\$ 65,052	\$ -	\$ 46,423	\$ 155,197
-	-	-	-	-	-
-	-	-	2,293	-	-
-	20,000	-	-	-	395,316
<u>\$ 138,157</u>	<u>\$ 45,688</u>	<u>\$ 65,052</u>	<u>\$ 2,293</u>	<u>\$ 46,423</u>	<u>\$ 550,513</u>
\$ 8,160	\$ -	\$ -	\$ -	\$ -	\$ 65,987
-	-	-	-	-	30,414
-	-	-	1,383	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	78	-	-
<u>8,160</u>	<u>-</u>	<u>-</u>	<u>1,461</u>	<u>-</u>	<u>96,401</u>
-	-	-	-	-	-
129,997	45,688	65,052	832	46,423	454,112
<u>129,997</u>	<u>45,688</u>	<u>65,052</u>	<u>832</u>	<u>46,423</u>	<u>454,112</u>
<u>\$ 138,157</u>	<u>\$ 45,688</u>	<u>\$ 65,052</u>	<u>\$ 2,293</u>	<u>\$ 46,423</u>	<u>\$ 550,513</u>

CITY OF SANIBEL FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
September 30, 2005

	Capital Projects				Total Nonmajor Governmental Funds
	Periwinkle Landscaping	Sanibel Harbor Canal Trimming	Recreation Facility Capital Project	Total	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,200	\$ 7,643	\$ 222,475	\$ 4,044,260	\$ 5,579,389
Investments	-	-	-	-	28,000
Accounts receivable	-	-	-	4,213	119,133
Due from other governments	-	-	-	415,316	870,135
<b>Total assets</b>	<u>\$ 1,200</u>	<u>\$ 7,643</u>	<u>\$ 222,475</u>	<u>\$ 4,463,789</u>	<u>\$ 6,596,657</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 329,145	\$ 404,988
Retainage payable	-	-	-	93,178	113,318
Due to other funds	-	-	-	1,383	439,191
Due to other governments	-	-	-	-	118
Accrued liabilities	-	-	-	-	9,522
Deferred revenue	-	-	-	78	363,005
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>423,784</u>	<u>1,330,142</u>
<b>FUND BALANCES</b>					
Reserved					
Debt service	-	-	-	-	546,647
Unreserved, undesignated	1,200	7,643	222,475	4,040,005	4,719,868
<b>Total fund balances</b>	<u>1,200</u>	<u>7,643</u>	<u>222,475</u>	<u>4,040,005</u>	<u>5,266,515</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,200</u>	<u>\$ 7,643</u>	<u>\$ 222,475</u>	<u>\$ 4,463,789</u>	<u>\$ 6,596,657</u>

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CITY OF SANIBEL FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended September 30, 2005

	Special Revenue					
	Southwest Florida Community Foundation Grant	Vehicle Weight Permits	Historical Committee	Recreation Center Donations	NRCS #69420951644 FY 2005	Road Impact Fees
<b>REVENUES</b>						
Ad Valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-	-	-
Occupational licenses	-	-	-	-	-	-
Vehicle weight permits	-	384,850	-	-	-	-
Intergovernmental	-	48,303	75,000	-	659,337	-
Charges for services	-	-	4,717	-	-	-
Fines and forfeitures	-	1,256	-	-	-	-
Rents	178	39,996	-	-	-	-
Impact fees	-	-	-	-	-	25,000
Investment earnings	-	-	3,606	886	-	1,648
Donations	50,744	-	46,264	30,826	211,033	-
Other miscellaneous	-	-	-	-	-	-
Total revenues	<u>50,922</u>	<u>474,405</u>	<u>129,587</u>	<u>31,712</u>	<u>870,370</u>	<u>26,648</u>
<b>EXPENDITURES</b>						
<b>Current</b>						
General government	49,041	-	-	-	48	-
Public safety	-	79,913	-	-	-	-
Physical environment	-	-	-	-	2,293	-
Transportation	-	-	-	-	858,710	-
Economic environment	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Culture/Recreation	-	-	289,880	26,270	-	-
Capital Outlay	-	-	-	-	-	-
<b>Debt Service</b>						
Principal retirement	-	-	-	-	-	-
Interest charges	-	-	-	-	-	-
Total expenditures	<u>49,041</u>	<u>79,913</u>	<u>289,880</u>	<u>26,270</u>	<u>861,051</u>	<u>-</u>
Excess (deficiency) of revenue over (under) expenditures	<u>1,881</u>	<u>394,492</u>	<u>(160,293)</u>	<u>5,442</u>	<u>9,319</u>	<u>26,648</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfer in	-	-	30,000	-	-	-
Operating transfers out	-	(200,000)	-	-	-	(25,000)
Total other financing sources (uses)	<u>-</u>	<u>(200,000)</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>(25,000)</u>
Net change in fund balances	1,881	194,492	(130,293)	5,442	9,319	1,648
Fund balances, October 1	-	72,015	287,218	52,320	-	2,234
Fund balances, September 30	<u>\$ 1,881</u>	<u>\$ 266,507</u>	<u>\$ 156,925</u>	<u>\$ 57,762</u>	<u>\$ 9,319</u>	<u>\$ 3,882</u>

Special Revenue								
Community Park Impact Fees	SFWMD Sanibel River Restoration	Federal Forfeiture Fund	Father Madden Estate	WCIND Tarpon Bay Dredging	Franchise Tax and Occupational License Revenue	Elementary School Ball Park Maintenance	Below Market Rate Housing	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	478,475	-	-	478,475
-	-	-	-	-	270,004	-	-	270,004
-	50,000	-	-	76,919	-	116,395	-	1,025,954
-	-	4,265	-	-	5,171	-	-	4,717
-	-	-	-	-	-	-	1	10,692
37,000	-	-	-	-	-	-	-	40,175
3,212	-	30	678	-	4,436	580	-	62,000
-	-	-	-	-	-	-	-	15,076
-	-	-	-	-	-	-	-	338,867
<u>40,212</u>	<u>50,000</u>	<u>4,295</u>	<u>678</u>	<u>76,919</u>	<u>758,086</u>	<u>116,975</u>	<u>1</u>	<u>2,630,810</u>
-	-	-	-	-	-	-	-	49,089
-	-	-	-	-	-	-	-	79,913
-	47,221	-	-	76,919	-	-	-	126,433
-	-	-	-	-	-	-	-	858,710
-	-	-	580	-	-	-	739,460	739,460
-	-	-	-	-	-	-	-	580
250,575	-	-	-	-	-	228,262	-	794,987
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>250,575</u>	<u>47,221</u>	<u>-</u>	<u>580</u>	<u>76,919</u>	<u>-</u>	<u>228,262</u>	<u>739,460</u>	<u>2,649,172</u>
(210,363)	2,779	4,295	98	-	758,086	(111,287)	(739,459)	(18,362)
(37,000)	-	-	-	-	-	100,000	250,000	380,000
(37,000)	-	-	-	-	(800,000)	-	-	(1,062,000)
(37,000)	-	-	-	-	(800,000)	100,000	250,000	(682,000)
(247,363)	2,779	4,295	98	-	(41,914)	(11,287)	(489,459)	(700,362)
316,221	-	-	28,832	-	54,097	45,295	521,993	1,380,225
<u>\$ 68,858</u>	<u>\$ 2,779</u>	<u>\$ 4,295</u>	<u>\$ 28,930</u>	<u>\$ -</u>	<u>\$ 12,183</u>	<u>\$ 34,008</u>	<u>\$ 32,534</u>	<u>\$ 679,863</u>

CITY OF SANIBEL FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended September 30, 2005

	Debt Service				
	1997 \$1.25M Paulsen Land Purchase	2002 \$3.825M General Obligation Debt Service	1979 FMHA Revenue Bond Issue	SunTrust Notes for BMRH	Total
<b>REVENUES</b>					
Ad Valorem taxes	\$ -	\$ 248,668	\$ -	\$ -	\$ 248,668
Franchise taxes	-	-	-	-	-
Occupational licenses	-	-	-	-	-
Vehicle weight permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	47,433	47,433
Fines and forfeitures	-	-	-	-	-
Rents	-	-	-	-	-
Impact fees	-	-	-	-	-
Investment earnings	1,764	12,026	2,067	-	15,857
Donations	-	-	-	-	-
Other miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<u>1,764</u>	<u>260,694</u>	<u>2,067</u>	<u>47,433</u>	<u>311,958</u>
<b>EXPENDITURES</b>					
<b>Current</b>					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Physical environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic environment	-	-	-	-	-
Human services	-	-	-	-	-
Culture/Recreation	-	-	-	-	-
<b>Capital Outlay</b>	-	-	-	-	-
<b>Debt Service</b>					
Principal retirement	81,546	85,000	85,962	250,266	502,774
Interest charges	38,740	156,907	101,515	93,180	390,342
<b>Total expenditures</b>	<u>120,286</u>	<u>241,907</u>	<u>187,477</u>	<u>343,446</u>	<u>893,116</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(118,522)</u>	<u>18,787</u>	<u>(185,410)</u>	<u>(296,013)</u>	<u>(581,158)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfer in	120,000	-	181,000	300,000	601,000
Operating transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>120,000</u>	<u>-</u>	<u>181,000</u>	<u>300,000</u>	<u>601,000</u>
Net change in fund balances	1,478	18,787	(4,410)	3,987	19,842
Fund balances, October 1	54,263	228,307	194,017	50,218	526,805
Fund balances, September 30	<u>\$ 55,741</u>	<u>\$ 247,094</u>	<u>\$ 189,607</u>	<u>\$ 54,205</u>	<u>\$ 546,647</u>

Capital Projects

Capital Asset Acquisition	Transportation Capital Projects	Periwinkle Bike Path & Road Maintenance	San-Cap Road Project	Tarpon Bay Road Repaving	Brazilian Pepper Control	Environmentally Sensitive Land Restoration	Gulf Pines/ Gulf Shpres/ West Gulf Drive Beach Restoration
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
20,000	-	-	-	-	20,000	20,000	-
-	-	-	-	-	-	-	-
22,165	11,193	9,668	6,824	2,290	1,692	273	1,039
-	-	-	-	-	-	-	-
<u>42,165</u>	<u>11,193</u>	<u>9,668</u>	<u>6,824</u>	<u>2,290</u>	<u>21,692</u>	<u>20,273</u>	<u>1,039</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	205,358	-	-
-	375,257	34,705	3,674	-	-	-	-
-	-	-	-	-	-	-	-
534,546	-	-	307,523	-	-	-	-
-	-	-	-	-	-	-	-
<u>534,546</u>	<u>375,257</u>	<u>34,705</u>	<u>311,197</u>	<u>-</u>	<u>205,358</u>	<u>-</u>	<u>-</u>
<u>(492,381)</u>	<u>(364,064)</u>	<u>(25,037)</u>	<u>(304,373)</u>	<u>2,290</u>	<u>(183,666)</u>	<u>20,273</u>	<u>1,039</u>
1,080,254	668,551	147,514	30,653	250,000	219,875	-	-
-	-	-	-	-	-	-	-
<u>1,080,254</u>	<u>668,551</u>	<u>147,514</u>	<u>30,653</u>	<u>250,000</u>	<u>219,875</u>	<u>-</u>	<u>-</u>
587,873	304,487	122,477	(273,720)	252,290	36,209	20,273	1,039
728,632	390,663	520,065	433,816	-	93,788	25,415	64,013
<u>\$ 1,316,505</u>	<u>\$ 695,150</u>	<u>\$ 642,542</u>	<u>\$ 160,096</u>	<u>\$ 252,290</u>	<u>\$ 129,997</u>	<u>\$ 45,688</u>	<u>\$ 65,052</u>

CITY OF SANIBEL FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended September 30, 2005

	Capital Projects						
	Beach Road Paving Special Assessments	Shell Harbor Canal Dredging	Clam/ Dinkins Bayou Project	Periwinkle Landscaping	Sanibel Harbor Canal Trimming	Recreation Facility Capital Project	Total
<b>REVENUES</b>							
Ad Valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-	-	-	-
Occupational licenses	-	-	-	-	-	-	-
Vehicle weight permits	-	-	-	-	-	-	-
Intergovernmental	-	-	395,316	-	-	-	455,316
Charges for services	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Rents	-	-	-	-	-	-	-
Impact fees	-	-	-	-	-	-	-
Investment earnings	-	742	3,407	-	226	-	59,519
Donations	-	-	-	1,200	-	-	1,200
Other miscellaneous	-	-	-	-	6,353	-	6,353
<b>Total revenues</b>	<u>-</u>	<u>742</u>	<u>398,723</u>	<u>1,200</u>	<u>6,579</u>	<u>-</u>	<u>522,388</u>
<b>EXPENDITURES</b>							
<b>Current</b>							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Physical environment	-	-	298,970	-	-	-	504,328
Transportation	-	-	-	-	-	-	413,636
Economic environment	-	-	-	-	-	-	-
Human services	-	-	-	-	-	-	-
Culture/Recreation	-	-	-	-	-	304,473	304,473
<b>Capital Outlay</b>	-	-	266,319	-	-	-	1,108,388
<b>Debt Service</b>							
Principal retirement	-	-	-	-	-	-	-
Interest charges	-	-	-	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>565,289</u>	<u>-</u>	<u>-</u>	<u>304,473</u>	<u>2,330,825</u>
Excess (deficiency) of revenue over (under) expenditures	<u>-</u>	<u>742</u>	<u>(166,566)</u>	<u>1,200</u>	<u>6,579</u>	<u>(304,473)</u>	<u>(1,808,437)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Operating transfer in	-	-	400,000	-	3,000	380,379	3,180,226
Operating transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>400,000</u>	<u>-</u>	<u>3,000</u>	<u>380,379</u>	<u>3,180,226</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>742</u>	<u>233,434</u>	<u>1,200</u>	<u>9,579</u>	<u>75,906</u>	<u>1,371,789</u>
Fund balances, October 1	832	45,681	220,678	-	(1,936)	146,569	2,668,216
Fund balances, September 30	<u>\$ 832</u>	<u>\$ 46,423</u>	<u>\$ 454,112</u>	<u>\$ 1,200</u>	<u>\$ 7,643</u>	<u>\$ 222,475</u>	<u>\$ 4,040,005</u>

Total  
Nonmajor  
Governmental  
Funds

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\$	248,668
	478,475
	270,004
	384,850
	1,481,270
	52,150
	10,692
	40,175
	62,000
	90,452
	340,067
	<u>6,353</u>
	<u>3,465,156</u>

49,089
79,913
630,761
1,272,346
739,460
580
1,099,460
1,108,388

502,774
<u>390,342</u>
<u>5,873,113</u>

(2,407,957)

4,161,226
<u>(1,062,000)</u>

3,099,226

691,269

4,575,246
<u>\$ 5,266,515</u>

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, 2005

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Rents	\$ -	\$ -	\$ 178	\$ 178
Donations	-	50,000	50,744	744
Total revenues	-	50,000	50,922	922
<b>EXPENDITURES</b>				
<b>Current</b>				
General government	-	50,000	49,041	959
Excess (deficiency) of revenue over (under) expenditures	-	-	1,881	1,881
Fund balances, October 1	-	-	-	-
Fund balances, September 30	\$ -	\$ -	\$ 1,881	\$ 1,881

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, 2005

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Vehicle weight permits	\$ 200,000	\$ 200,000	\$ 384,850	\$ 184,850
Intergovernmental	48,303	48,303	48,303	-
Fines and forfeitures	450	450	1,256	806
Rents	39,996	39,996	39,996	-
Total revenues	<u>288,749</u>	<u>288,749</u>	<u>474,405</u>	<u>185,656</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Safety	<u>69,930</u>	<u>69,930</u>	<u>79,913</u>	<u>(9,983)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>218,819</u>	<u>218,819</u>	<u>394,492</u>	<u>175,673</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfer out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Net change in fund balances	18,819	18,819	194,492	175,673
Fund balances, October 1	<u>33,504</u>	<u>33,504</u>	<u>72,015</u>	<u>38,511</u>
Fund balances, September 30	<u>\$ 52,323</u>	<u>\$ 52,323</u>	<u>\$ 266,507</u>	<u>\$ 214,184</u>

CITY OF SANIBEL FLORIDA  
HISTORICAL COMMITTEE  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2005

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 75,000	\$ 75,000	\$ -
Charges for services	4,500	4,500	4,717	217
Investment earnings	1,800	1,800	3,606	1,806
Donations	52,200	62,200	46,264	(15,936)
Total revenues	<u>58,500</u>	<u>143,500</u>	<u>129,587</u>	<u>(13,913)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Culture/Recreation	111,976	325,906	289,880	36,026
Excess (deficiency) of revenue over (under) expenditures	<u>(53,476)</u>	<u>(182,406)</u>	<u>(160,293)</u>	<u>22,113</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfer in	30,000	30,000	30,000	-
Net change in fund balances	(23,476)	(152,406)	(130,293)	22,113
Fund balances, October 1	<u>26,738</u>	<u>155,538</u>	<u>287,218</u>	<u>131,680</u>
Fund balances, September 30	<u>\$ 3,262</u>	<u>\$ 3,132</u>	<u>\$ 156,925</u>	<u>\$ 153,793</u>

CITY OF SANIBEL FLORIDA  
RECREATION CENTER DONATIONS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2005

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 300	\$ 300	\$ 886	\$ 586
Donations	21,700	21,700	30,826	9,126
Total revenues	<u>22,000</u>	<u>22,000</u>	<u>31,712</u>	<u>9,712</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Culture/Recreation	<u>28,350</u>	<u>28,350</u>	<u>26,270</u>	<u>2,080</u>
Excess (deficiency) of revenue over (under) expenditures	(6,350)	(6,350)	5,442	11,792
Fund balances, October 1	<u>48,453</u>	<u>48,453</u>	<u>52,320</u>	<u>3,867</u>
Fund balances, September 30	<u>\$ 42,103</u>	<u>\$ 42,103</u>	<u>\$ 57,762</u>	<u>\$ 15,659</u>

CITY OF SANIBEL FLORIDA  
 NRCS #69420951644 FY 2005  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 For the Year Ended September 30, 2005

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 1,380,000	659,337	\$ (720,663)
Donations	-	-	211,033	211,033
Total revenues	<u>-</u>	<u>1,380,000</u>	<u>870,370</u>	<u>(509,630)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General government	-	-	48	(48)
Physical environment	-	1,380,000	2,293	1,377,707
Transportation	-	-	858,710	(858,710)
Total expenditures	<u>-</u>	<u>1,380,000</u>	<u>861,051</u>	<u>518,949</u>
Excess (deficiency) of revenue over (under) expenditures	-	-	9,319	9,319
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,319</u>	<u>\$ 9,319</u>

CITY OF SANIBEL FLORIDA  
ROAD IMPACT FEES  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2005

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Impact fees	\$ 8,000	\$ 25,000	\$ 25,000	\$ -
Investment earnings	-	-	1,648	1,648
Total revenues	<u>8,000</u>	<u>25,000</u>	<u>26,648</u>	<u>1,648</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers out	<u>(8,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	-
Net change in fund balances	-	-	1,648	1,648
Fund balances, October 1	-	-	<u>2,234</u>	<u>2,234</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,882</u>	<u>\$ 3,882</u>

CITY OF SANIBEL FLORIDA  
COMMUNITY PARK IMPACT FEES  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2005

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Impact fees	\$ 37,000	\$ 37,000	\$ 37,000	\$ -
Investment earnings	-	-	3,212	3,212
Total revenues	<u>37,000</u>	<u>37,000</u>	<u>40,212</u>	<u>3,212</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Culture/Recreation	-	313,093	250,575	62,518
Excess (deficiency) of revenue over (under) expenditures	<u>37,000</u>	<u>(276,093)</u>	<u>(210,363)</u>	<u>65,730</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfer out	<u>(37,000)</u>	<u>(37,000)</u>	<u>(37,000)</u>	<u>-</u>
Net change in fund balances	-	(313,093)	(247,363)	65,730
Fund balances, October 1	-	313,093	316,221	3,128
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,858</u>	<u>\$ 68,858</u>

CITY OF SANIBEL FLORIDA  
 SFWMD SANIBEL RIVER RESTORATION  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 For the Year Ended September 30, 2005

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 200,000	\$ 50,000	\$ (150,000)
<b>EXPENDITURES</b>				
<b>Current</b>				
Physical environment	-	200,000	47,221	152,779
Excess (deficiency) of revenue over (under) expenditures	-	-	2,779	2,779
Fund balances, October 1	-	-	-	-
Fund balances, September 30	\$ -	\$ -	\$ 2,779	\$ 2,779

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, 2005

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ -	\$ 4,265	\$ 4,265	\$ -
Investment earnings	-	-	30	30
Total revenues	<u>-</u>	<u>4,265</u>	<u>4,295</u>	<u>30</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Safety	-	4,265	-	4,265
Excess (deficiency) of revenue over (under) expenditures	-	-	4,295	4,295
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,295</u>	<u>\$ 4,295</u>

CITY OF SANIBEL FLORIDA  
 FATHER MADDEN ESTATE  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 For the Year Ended September 30, 2005

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 100	\$ 100	\$ 678	\$ 578
<b>EXPENDITURES</b>				
<b>Current</b>				
Human services	-	-	580	(580)
Excess (deficiency) of revenue over (under) expenditures	100	100	98	(2)
Fund balances, October 1	28,625	28,625	28,832	207
Fund balances, September 30	\$ 28,725	\$ 28,725	\$ 28,930	\$ 205

**CITY OF SANIBEL FLORIDA**  
**WCIND-TARPOON BAY DREDGING**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2005**

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Inergovernmental	\$ 206,800	\$ 206,800	\$ 76,919	\$ (129,881)
<b>EXPENDITURES</b>				
<b>Current</b>				
Physical environment	206,800	206,800	76,919	129,881
Excess (deficiency) of revenue over (under) expenditures	-	-	-	-
Fund balances, October 1	-	-	-	-
Fund balances, September 30	\$ -	\$ -	\$ -	\$ -

CITY OF SANIBEL FLORIDA  
FRANCHISE TAX AND OCCUPATIONAL LICENSE TAX REVENUE  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2005

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Franchise taxes	\$ 505,000	\$ 505,000	\$ 478,475	\$ (26,525)
Occupational licenses	267,750	267,750	270,004	2,254
Fines and forfeitures	3,000	3,000	5,171	2,171
Investment earnings	2,400	2,400	4,436	2,036
Total revenues	<u>778,150</u>	<u>778,150</u>	<u>758,086</u>	<u>(20,064)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers out	<u>(800,000)</u>	<u>(800,000)</u>	<u>(800,000)</u>	
Net change in fund balances	(21,850)	(21,850)	(41,914)	(20,064)
Fund balances, October 1	<u>60,893</u>	<u>60,893</u>	<u>54,097</u>	<u>(6,796)</u>
Fund balances, September 30	<u>\$ 39,043</u>	<u>\$ 39,043</u>	<u>\$ 12,183</u>	<u>\$ (26,860)</u>

CITY OF SANIBEL FLORIDA  
ELEMENTARY SCHOOL BALL PARK MAINTENANCE  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2005

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 106,807	\$ 106,807	\$ 116,395	\$ 9,588
Investment earnings	-	-	580	580
Total revenues	<u>106,807</u>	<u>106,807</u>	<u>116,975</u>	<u>10,168</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Culture/Recreation	<u>226,339</u>	<u>230,896</u>	<u>228,262</u>	<u>2,634</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(119,532)</u>	<u>(124,089)</u>	<u>(111,287)</u>	<u>12,802</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfer in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balances	(19,532)	(24,089)	(11,287)	12,802
Fund balances, October 1	<u>23,535</u>	<u>23,535</u>	<u>45,295</u>	<u>21,760</u>
Fund balances, September 30	<u>\$ 4,003</u>	<u>\$ (554)</u>	<u>\$ 34,008</u>	<u>\$ 34,562</u>

CITY OF SANIBEL FLORIDA  
 BELOW MARKET RATE HOUSING  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 For the Year Ended September 30, 2005

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Rents	\$ -	\$ -	\$ 1	\$ 1
<b>EXPENDITURES</b>				
<b>Current</b>				
Economic environment	231,100	731,918	739,460	(7,542)
Excess (deficiency) of revenue over (under) expenditures	(231,100)	(731,918)	(739,459)	(7,542)
<b>OTHER FINANCING SOURCES</b>				
Operating transfer in	250,000	250,000	250,000	-
Net change in fund balances	18,900	(481,918)	(489,459)	(7,542)
Fund balances, October 1	(13,274)	487,544	521,993	34,449
Fund balances, September 30	\$ 5,626	\$ 5,626	\$ 32,534	\$ 26,907

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, 2005

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 650	\$ 650	\$ 1,764	\$ 1,114
<b>EXPENDITURES</b>				
<b>Debt Service</b>				
Principal retirement	81,525	81,525	81,546	(21)
Interest charges	38,785	38,785	38,740	45
Total expenditures	120,310	120,310	120,286	24
Excess (deficiency) of revenue over (under) expenditures	(119,660)	(119,660)	(118,522)	1,138
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfer in	120,000	120,000	120,000	-
Net change in fund balances	340	340	1,478	1,138
Fund balances, October 1	3,828	3,828	54,263	50,435
Fund balances, September 30	\$ 4,168	\$ 4,168	\$ 55,741	\$ 51,573

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, 2005

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Ad Valorem taxes	\$ 264,000	\$ 264,000	\$ 248,668	\$ (15,332)
Investment earnings	1,500	1,500	12,026	10,526
Total revenues	<u>265,500</u>	<u>265,500</u>	<u>260,694</u>	<u>(4,806)</u>
<b>EXPENDITURES</b>				
<b>Debt Service</b>				
Principal retirement	85,000	85,000	85,000	-
Interest charges	<u>156,608</u>	<u>156,608</u>	<u>156,907</u>	<u>(299)</u>
Total expenditures	<u>241,608</u>	<u>241,608</u>	<u>241,907</u>	<u>(299)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>23,892</u>	<u>23,892</u>	<u>18,787</u>	<u>(5,105)</u>
Net change in fund balances	23,892	23,892	18,787	(5,105)
Fund balances, October 1	<u>225,923</u>	<u>225,923</u>	<u>228,307</u>	<u>2,384</u>
Fund balances, September 30	<u>\$ 249,815</u>	<u>\$ 249,815</u>	<u>\$ 247,094</u>	<u>\$ (2,721)</u>

CITY OF SANIBEL FLORIDA  
 1979 FMHA REVENUE BOND ISSUE  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 For the Year Ended September 30, 2005

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 800	\$ 800	\$ 2,067	\$ 1,267
<b>EXPENDITURES</b>				
<b>Debt Service</b>				
Principal retirement	85,932	85,932	85,962	(30)
Interest charges	101,595	101,595	101,515	80
Total expenditures	<u>187,527</u>	<u>187,527</u>	<u>187,477</u>	<u>50</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(186,727)</u>	<u>(186,727)</u>	<u>(185,410)</u>	<u>1,317</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfer in	<u>181,000</u>	<u>181,000</u>	<u>181,000</u>	<u>-</u>
Net change in fund balances	(5,727)	(5,727)	(4,410)	1,317
Fund balances, October 1	<u>6,349</u>	<u>6,349</u>	<u>194,017</u>	<u>187,668</u>
Fund balances, September 30	<u>\$ 622</u>	<u>\$ 622</u>	<u>\$ 189,607</u>	<u>\$ 188,985</u>

CITY OF SANIBEL FLORIDA  
 SUNTRUST NOTES FOR BMRH  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 For the Year Ended September 30, 2005

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 50,000	\$ 50,000	\$ 47,433	\$ (2,567)
<b>EXPENDITURES</b>				
<b>Debt Service</b>				
Principal retirement	250,274	250,274	250,266	8
Interest charges	76,764	76,764	93,180	(16,416)
Total expenditures	<u>327,038</u>	<u>327,038</u>	<u>343,446</u>	<u>(16,408)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(277,038)</u>	<u>(277,038)</u>	<u>(296,013)</u>	<u>(18,975)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfer in	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Net change in fund balances	22,962	22,962	3,987	(18,975)
Fund balances, October 1	<u>(9,617)</u>	<u>(9,617)</u>	<u>50,218</u>	<u>59,835</u>
Fund balances, September 30	<u>\$ 13,345</u>	<u>\$ 13,345</u>	<u>\$ 54,205</u>	<u>\$ 40,860</u>

CITY OF SANIBEL FLORIDA  
 CAPITAL ASSET ACQUISITION  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 For the Year Ended September 30, 2005

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 70,000	\$ 20,000	\$ (50,000)
Investment earnings	5,000	5,000	22,165	17,165
Total revenues	<u>5,000</u>	<u>75,000</u>	<u>42,165</u>	<u>(32,835)</u>
<b>EXPENDITURES</b>				
Capital Outlay	<u>1,266,500</u>	<u>1,551,194</u>	<u>534,546</u>	<u>1,016,648</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,261,500)</u>	<u>(1,476,194)</u>	<u>(492,381)</u>	<u>983,813</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfer in	1,480,254	1,080,254	1,080,254	-
Debt proceeds	130,000	130,000	-	(130,000)
Total other financing sources	<u>1,610,254</u>	<u>1,210,254</u>	<u>1,080,254</u>	<u>(130,000)</u>
Net change in fund balances	348,754	(265,940)	587,873	853,813
Fund balances, October 1	<u>201,246</u>	<u>465,940</u>	<u>728,632</u>	<u>262,692</u>
Fund balances, September 30	<u>\$ 550,000</u>	<u>\$ 200,000</u>	<u>\$ 1,316,505</u>	<u>\$ 1,116,505</u>

CITY OF SANIBEL FLORIDA  
TRANSPORTATION CAPITAL PROJECTS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2005

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 3,000	\$ 3,000	\$ 11,193	\$ 8,193
<b>EXPENDITURES</b>				
<b>Current</b>				
Transportation	680,000	680,000	375,257	304,743
Excess (deficiency) of revenue over (under) expenditures	(677,000)	(677,000)	(364,064)	304,743
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfer in	668,551	668,551	668,551	-
Net change in fund balances	(8,449)	(8,449)	304,487	304,743
Fund balances, October 1	78,449	78,449	390,663	312,214
Fund balances, September 30	\$ 70,000	\$ 70,000	\$ 695,150	\$ 616,957

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, 2005

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 3,000	\$ 3,000	\$ 9,668	\$ 6,668
<b>EXPENDITURES</b>				
<b>Current</b>				
Transportation	669,900	669,900	34,705	635,195
Excess (deficiency) of revenue over (under) expenditures	(666,900)	(666,900)	(25,037)	635,195
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfer in	147,514	147,514	147,514	-
Net change in fund balances	(519,386)	(519,386)	122,477	641,863
Fund balances, October 1	519,386	519,386	520,065	679
Fund balances, September 30	\$ -	\$ -	\$ 642,542	\$ 642,542

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, 2005

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ -	\$ 3,531	\$ 6,824	\$ 3,293
<b>EXPENDITURES</b>				
<b>Current</b>				
Transportation	-	451,000	3,674	447,326
<b>Capital Outlay</b>	450,000	17,000	307,523	(290,523)
Total expenditures	450,000	468,000	311,197	156,803
Excess (deficiency) of revenue over (under) expenditures	(450,000)	(464,469)	(304,373)	160,096
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfer in	13,653	30,653	30,653	-
Net change in fund balances	(436,347)	(433,816)	(273,720)	160,096
Fund balances, October 1	436,347	433,816	433,816	-
Fund balances, September 30	\$ -	\$ -	\$ 160,096	\$ 160,096

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, 2005

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ 2,290	\$ 2,290
<b>EXPENDITURES</b>				
Capital Outlay	-	-	-	-
Excess (deficiency) of revenue over (under) expenditures	-	-	2,290	2,290
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfer in	250,000	250,000	250,000	-
Net change in fund balances	250,000	250,000	252,290	2,290
Fund balances, October 1	-	-	-	-
Fund balances, September 30	\$ 250,000	\$ 250,000	\$ 252,290	\$ 2,290

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, 2005

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 20,000	\$ 20,000
Investment earnings	-	-	1,692	1,692
Total revenues	<u>-</u>	<u>-</u>	<u>21,692</u>	<u>21,692</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Physical environment	<u>220,000</u>	<u>220,000</u>	<u>205,358</u>	<u>14,642</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(220,000)</u>	<u>(220,000)</u>	<u>(183,666)</u>	<u>36,334</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfer in	<u>219,875</u>	<u>219,875</u>	<u>219,875</u>	<u>-</u>
Net change in fund balances	(125)	(125)	36,209	36,334
Fund balances, October 1	<u>125</u>	<u>125</u>	<u>93,788</u>	<u>93,663</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,997</u>	<u>\$ 129,997</u>

CITY OF SANIBEL FLORIDA  
 ENVIRONMENTALLY SENSITIVE LAND RESTORATION  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 For the Year Ended September 30, 2005

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 20,000	20,000
Investment earnings	-	-	273	273
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>20,273</u>	<u>20,273</u>
<b>EXPENDITURES</b>				
<b>Capital Outlay</b>	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(20,000)</u>	<u>(20,000)</u>	<u>20,273</u>	<u>40,273</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfer in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(20,000)	(20,000)	20,273	40,273
Fund balances, October 1	<u>25,007</u>	<u>25,007</u>	<u>25,415</u>	<u>408</u>
Fund balances, September 30	<u>\$ 5,007</u>	<u>\$ 5,007</u>	<u>\$ 45,688</u>	<u>\$ 40,681</u>

CITY OF SANIBEL FLORIDA  
 CLAM/DINKINS BAYOU PROJECT  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 For the Year Ended September 30, 2005

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 75,000	\$ 200,000	\$ 395,316	\$ 195,316
Charges for services	-	12,500	-	(12,500)
Investment earnings	-	-	3,407	3,407
Total revenues	<u>75,000</u>	<u>212,500</u>	<u>398,723</u>	<u>186,223</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Physical Environment	511,225	648,725	298,970	349,755
<b>Capital Outlay</b>	<u>-</u>	<u>400,000</u>	<u>266,319</u>	<u>133,681</u>
Total expenditures	<u>511,225</u>	<u>1,048,725</u>	<u>565,289</u>	<u>483,436</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(436,225)</u>	<u>(836,225)</u>	<u>(166,566)</u>	<u>669,659</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfer in	<u>-</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Net change in fund balances	(436,225)	(436,225)	233,434	669,659
Fund balances, October 1	<u>436,225</u>	<u>436,225</u>	<u>220,678</u>	<u>(215,547)</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 454,112</u>	<u>\$ 454,112</u>

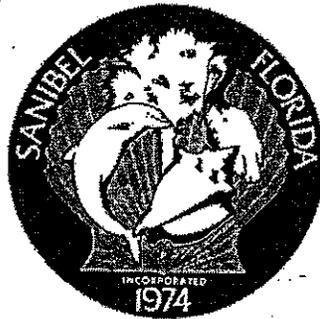
CITY OF SANIBEL FLORIDA  
SANIBEL HARBOR CANAL TRIMMING  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2005

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ 226	\$ 226
Special assessments	7,000	7,000	6,353	(647)
Total revenues	<u>7,000</u>	<u>7,000</u>	<u>6,579</u>	<u>(421)</u>
<b>EXPENDITURES</b>				
Capital Outlay	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(3,000)</u>	<u>(3,000)</u>	<u>6,579</u>	<u>9,579</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfer in	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Net change in fund balances	-	-	9,579	9,579
Fund balances, October 1	<u>-</u>	<u>-</u>	<u>(1,936)</u>	<u>(1,936)</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,643</u>	<u>\$ 7,643</u>

CITY OF SANIBEL FLORIDA  
RECREATION FACILITY CAPITAL PROJECT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2005

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
<b>Current</b>				
Culture/Recreation	-	526,948	304,473	222,475
Excess (deficiency) of revenue over (under) expenditures	-	(526,948)	(304,473)	222,475
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfer in	-	380,379	380,379	-
Net change in fund balances	-	(146,569)	75,906	222,475
Fund balances, October 1	-	146,569	146,569	-
Fund balances, September 30	\$ -	\$ -	\$ 222,475	\$ 222,475

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## FIDUCIARY FUNDS

### PENSION TRUST FUNDS

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

### AGENCY FUNDS

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

CITY OF SANIBEL, FLORIDA  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 September 30, 2005

	Pension Trust Funds		Total Pension Trust Funds
	General Employees'	Municipal Police Officers'	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 260,989	\$ 155,835	\$ 416,824
Investments, at market value			
Corporate stocks	4,168,426	-	4,168,426
Mutual funds:			
Equity and equity index	829,576	2,212,736	3,042,312
Pooled/Common/Commingled Funds:			
Fixed income	3,453,149	1,947,606	5,400,755
Equity	-	1,708,545	1,708,545
Total investments at fair value	<u>8,451,151</u>	<u>5,868,887</u>	<u>14,320,038</u>
Receivables	-	35,355	35,355
Total assets	8,712,140	6,060,077	14,772,217
<b>LIABILITIES</b>			
Refunds payable and other liabilities	<u>139,885</u>	-	<u>139,885</u>
<b>NET ASSETS</b>			
Held in trust for pension benefits	<u>\$ 8,572,255</u>	<u>\$ 6,060,077</u>	<u>\$ 14,632,332</u>

CITY OF SANIBEL, FLORIDA  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 For the Fiscal Year Ended September 30, 2005

	Pension Trust Funds		Total Pension Trust Funds
	General Employees'	Municipal Police Officers'	
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 802,887	\$ 451,335	\$ 1,254,222
Plan members	170,716	119,482	290,198
Total contributions	<u>973,603</u>	<u>570,817</u>	<u>1,544,420</u>
Investment income			
Net increase in fair value of investments	-	421,110	421,110
Interest, dividends and miscellaneous	957,085	262,469	1,219,554
Total investment earnings	<u>957,085</u>	<u>683,579</u>	<u>1,640,664</u>
Less investment expense	<u>(38,997)</u>	<u>(53,035)</u>	<u>(92,032)</u>
Net investment earnings	<u>918,088</u>	<u>630,544</u>	<u>1,548,632</u>
Total additions	<u>1,891,691</u>	<u>1,201,361</u>	<u>3,093,052</u>
<b>DEDUCTIONS</b>			
Benefits paid	318,820	366,967	685,787
Refunds of contributions	-	9,352	9,352
Administrative expenses	34,216	20,286	54,502
Total deductions	<u>353,036</u>	<u>396,605</u>	<u>749,641</u>
Change in net assets	<u>1,538,655</u>	<u>804,756</u>	<u>2,343,411</u>
Net assets held in trust for pension benefits			
Net assets - beginning	7,314,625	5,255,321	12,569,946
Prior period adjustment	(281,025)	-	(281,025)
Net assets - beginning, as restated	<u>7,033,600</u>	<u>5,255,321</u>	<u>12,288,921</u>
Net assets - ending	<u>\$ 8,572,255</u>	<u>\$ 6,060,077</u>	<u>\$ 14,632,332</u>

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

For the Fiscal Year Ended September 30, 2005

	Agency Funds							Total Agency Funds
	Radon	Regional Park Impact Fees	EMS Impact Fees	Fire Control District Fees	Fire Impact Fees	Lee County Septic Abandonment	Lee County School Board	
Cash and cash equivalents	\$ 2,320	\$ 3,237	\$ 166	\$ 6,031	\$ 2,736	\$ 13,960	\$ 7,154	\$ 35,604
Due to other governments - October 1, 2004	1,431	27,144	2,488	7,085	14,209	11,080	11,545	74,982
Additions								
Collections	889	11,254	1,159	58,009	16,245	12,840	49,105	149,501
Investment income	-	-	-	-	-	-	73	73
Total additions	889	11,254	1,159	58,009	16,245	12,840	49,178	149,574
Deductions								
Remittances to other governmental agencies	-	(35,161)	(3,481)	(59,063)	(27,718)	(9,960)	(53,569)	(188,952)
<b>Total due to other governments - September 30, 2005</b>	<b>\$ 2,320</b>	<b>\$ 3,237</b>	<b>\$ 166</b>	<b>\$ 6,031</b>	<b>\$ 2,736</b>	<b>\$ 13,960</b>	<b>\$ 7,154</b>	<b>\$ 35,604</b>

# STATISTICAL SECTION

STATISTICAL SECTION

Table #1

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

Fiscal Year	General Government	Public Safety	Physical Environment	Trans- portation	Economic Environment	Human Services	Culture Recreation	Capital Outlay	Debt Service	Total
1996	\$ 1,934,500	\$ 2,769,905	\$ 818,938	\$ 1,127,005	\$ 157,408	\$ 1,440	\$ 1,109,466	\$ 3,573,457	\$ 666,790	\$ 12,158,909
1997	2,146,691	2,790,386	470,529	1,332,891	166,575	1,269	1,179,497	2,652,965	2,110,352	12,851,156
1998	2,215,414	2,686,051	1,014,747	1,194,635	391,710	3,692	1,500,154	940,200	1,281,969	11,228,572
1999	2,186,535	2,552,594	960,398	1,346,891	37,750	1,954	1,254,538	1,214,182	1,063,311	10,618,153
2000	2,275,610	2,573,894	565,308	1,442,845	4,500	1,393	1,257,353	850,870	918,800	9,890,573
2001	2,274,197	2,500,675	179,991	1,240,737	-	2,658	1,281,826	1,935,326	792,359	10,207,769
2002	2,855,591	2,672,628	191,800	1,270,784	-	229	3,264,360	8,647,551	319,562	19,222,505
2003	2,698,274	2,974,639	271,995	1,664,664	285,701	1,083	3,755,872	2,696,909	4,806,011	19,155,148
2004	3,762,180	4,074,250	3,507,094	1,856,432	794,495	-	4,632,737	4,512,984	832,958	23,973,130
2005	4,039,229	3,802,872	3,581,602	3,751,208	739,460	580	4,403,550	1,108,388	5,092,417	26,519,306

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

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

Fiscal Year	Taxes	Licenses & Permits	Intergovernmental	Charges for Services	Fines & Forfeitures	Miscellaneous	Total
1996	\$ 5,871,298	\$ 809,523	\$ 1,574,403	\$ 610,248	\$ 290,006	\$ 927,341	\$ 10,082,819
1997	6,021,134	658,490	1,776,559	540,318	191,649	2,315,712	11,503,862
1998	6,081,934	656,131	2,114,754	526,665	136,352	1,245,836	10,761,672
1999	6,214,336	712,262	2,005,151	491,108	156,974	1,100,337	10,680,168
2000	6,243,868	927,534	1,992,763	742,536	107,129	818,188	10,832,018
2001	6,363,585	1,444,481	1,949,740	1,007,986	98,395	791,551	11,655,738
2002	7,551,772	1,497,361	3,882,911	1,116,725	153,923	791,404	14,994,096
2003	8,758,371	1,111,087	6,121,007	1,595,561	132,084	522,803	18,240,913
2004	9,386,568	984,398	4,590,263	1,465,388	181,987	869,470	17,478,074
2005	13,011,534	2,001,221	10,827,692	1,523,794	149,853	1,861,138	29,375,232

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

Table #2A

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

Fiscal Year	Ad Valorem		Franchise	Local Option Gas Tax	Local Alt. Fuel Tax	Communications Services Tax	Casualty Insurance Premium Tax	Total
	Operating	Voted Debt						
1996	\$ 4,284,468	\$ -	\$ 536,724	\$ 1,014,465	\$ 5,845	\$ -	\$ 29,796	\$ 5,871,298
1997	4,353,837	-	536,759	1,094,868	2,102	-	33,568	6,021,134
1998	4,361,851	-	575,318	1,114,491	-	-	30,274	6,081,934
1999	4,458,396	-	553,104	1,171,243	-	-	31,593	6,214,336
2000	4,455,220	-	553,872	1,198,765	-	-	36,011	6,243,868
2001	4,505,249	-	572,146	1,250,742	-	-	35,448	6,363,585
2002	5,393,434	-	466,812	1,298,916	-	354,039	38,571	7,551,772
2003	6,101,279	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

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

Table #3A

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

Fiscal Year	Total Tax Levy	Current (*)		Percent of (*) Levy Collected	Delinquent Tax Collected	Total Tax Collections	Percent of Total Tax Collections To Tax Levy
		Tax Collections	\$				
1996	\$ 4,404,764	\$ 4,274,138	\$ 97.03%	\$ 10,330	\$ 4,284,468	97.27%	
1997	4,456,888	4,337,593	97.32%	16,244	4,353,837	97.69%	
1998	4,516,810	4,350,221	96.31%	11,630	4,361,851	96.57%	
1999	4,561,953	4,421,005	96.91%	37,391	4,458,396	97.73%	
2000	4,591,278	4,441,813	96.74%	13,407	4,455,220	97.04%	
2001	4,638,999	4,485,642	96.69%	19,607	4,505,249	97.12%	
2002	5,578,761	5,382,319	96.48%	11,115	5,393,434	96.68%	
2003	6,320,881	6,094,384	96.42%	6,895	6,101,279	96.53%	
2004	6,916,734	6,670,628	96.44%	1,035	6,671,663	96.46%	
2005	10,559,956	10,181,864	96.42%	16,597	10,198,461	96.58%	

(\*) Includes discount taken for early payment.

Table #3B

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

Fiscal Year	Total Tax Levy	Current (*)		Percent of (*) Levy Collected	Delinquent Tax Collected	Total Tax Collections	Percent of Total Tax Collections To Tax Levy
		Tax Collections	-\$				
1996	\$ -	-	\$ -	N/A	-	-	N/A
1997	-	-	-	N/A	-	-	N/A
1998	-	-	-	N/A	-	-	N/A
1999	-	-	-	N/A	-	-	N/A
2000	-	-	-	N/A	-	-	N/A
2001	-	-	-	N/A	-	-	N/A
2002	-	-	-	N/A	-	-	N/A
2003	387,892	367,188	-	94.66%	-	367,188	94.66%
2004	238,208	229,587	-	96.38%	-	229,587	96.38%
2005	263,999	248,668	-	94.19%	-	248,668	94.19%

(\*) Includes discount taken for early payment.

Table #4

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

Tax (**) Year	Real Property	Personal Property	Total Assessed Value(*)	Exemptions	Assessed Value for Operations	Assessed to Total Est. Actual Value
1996	\$ 2,180,208,000	\$ 40,827,520	\$ 2,221,035,520	\$ 116,943,290	\$ 2,104,092,230	94.73%
1997	2,261,359,850	41,858,230	2,303,218,080	122,467,200	2,180,750,880	94.68%
1998	2,361,954,170	39,689,730	2,401,643,900	134,947,630	2,266,696,270	94.38%
1999	2,508,517,040	40,608,500	2,549,125,540	155,466,340	2,393,659,200	93.90%
2000	2,841,149,130	46,926,000	2,888,075,130	205,177,360	2,682,897,770	92.90%
2001	3,512,327,870	50,718,730	3,563,046,600	336,650,590	3,226,396,010	90.55%
2002	4,038,369,770	59,040,410	4,097,410,180	441,644,840	3,655,765,340	89.22%
2003	4,448,531,430	60,153,060	4,508,684,490	509,050,680	3,999,633,810	88.71%
2004	4,714,001,920	57,094,640	4,771,096,560	547,114,100	4,223,982,460	88.53%
2005	4,586,849,680	59,633,370	4,646,483,050	553,577,510	4,092,905,540	88.09%

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

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

Source: Lee County Property Appraiser

Table #5

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

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>TAX YEAR (**):</b>										
<b>CITY OF SANIBEL</b>										
General Operating	2.1182	2.0693	2.0126	1.9181	1.7291	1.7291	1.7291	1.7291	2.5000	2.4801
Voted Debt Service-Sewer	-	-	0.3386	0.3638	0.3279	0.2607	0.3638	0.3275	0.2268	0.2607
Voted Debt Service-Land	-	-	-	-	-	-	0.1063	0.0595	0.0625	0.0611
<b>LEE COUNTY:</b>										
General Revenue	4.4751	4.4751	4.4751	4.4751	4.3277	4.3277	4.3277	4.3277	4.2612	3.9332
Capital Improvements	0.2720	0.7720	0.8532	1.0124	1.0124	1.0124	1.0124	1.0124	1.0124	1.0124
<b>DEPENDENT DISTRICTS:</b>										
Library	0.5755	0.5755	0.5755	0.9630	0.9630	0.9630	0.9630	0.9630	0.6055	0.6055
<b>INDEPENDENTS DISTRICTS:</b>										
Hyacinth Control	0.0396	0.0392	0.0392	0.0378	0.0358	0.0358	0.0327	0.0295	0.0295	0.0295
Mosquito Control	0.3970	0.3928	0.3928	0.3792	0.3595	0.3595	0.3294	0.2984	0.2718	0.2247
Fire Control District	0.6896	0.7170	0.8474	0.8326	0.7518	0.7841	0.8381	0.8258	0.8300	0.9370
<b>WATER MANAGEMENT DISTRICTS</b>										
South Florida Water Management	0.5720	0.5970	0.5970	0.5970	0.5970	0.5970	0.5970	0.5970	0.5970	0.5970
S. FL Water Management Everglades	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
West Coast Inland Waterway	0.0189	0.0300	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400
<b>SCHOOL BOARD:</b>										
General Operating	9.3480	9.2450	9.3060	8.9410	8.7980	8.7980	8.5720	8.3460	8.0650	7.8820
<b>TOTAL</b>	18.6059	19.0129	19.5774	19.6600	19.0422	19.0073	19.0315	18.6559	18.6017	18.1632

(\*) Source: Lee County Tax Collector

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

Table #6

CITY OF SANIBEL, FLORIDA  
PRINCIPAL TAXPAYERS  
2005

	Taxpayer	Type of Business	Assessed Valuation	Percentage of Total Assessed Valuation
1	Casa Ybel Beach Resort	Resort	\$ 27,841,580	0.60%
2	West Wind Association of Sanibel	Resort-Hotel	18,291,930	0.39%
3	Carroll, James P. & Patricia	Resort-Hotel	15,919,730	0.34%
4	Tortuga Beach Club	Resort-Hotel	14,461,290	0.31%
5	Sanibel Cottages	Resort-Hotel	13,789,580	0.30%
6	Periwinkle Place Partners	Real Estate	12,516,300	0.27%
7	Miller, Tanya B.	Real Estate	11,669,000	0.25%
8	Meristar Sundial Beach Co., LLC	Resort-Hotel	11,504,500	0.25%
9	Shell Island Beach Club	Resort-Hotel	11,299,870	0.24%
10	Sobel, Mark + Mary Grace	Resort/Real Estate	<u>9,855,450</u>	0.21%
	TOTAL		<u>\$ 147,149,230</u>	3.17%

Source: Lee County Tax Collector

Table #7

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

<u>Fiscal Year</u>	<u>Special Assessment Billings</u>	<u>Special Assessments Collected</u>
1996	\$ 1,665,223	\$ -
1997	24,544	795,242
1998	1,565,002	61,729
1999	-	410,958
2000	-	134,379
2001	4,731,272	430,979
2002	4,915,929	820,991
2003	4,129,859	1,887,312
2004	-	2,255,059
2005	4,502,639	1,284,001

Table #9

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

Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Less Debt Service Fund	Debt Payable from Enterprise Revenues	Net General Obligation Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net General Obligation Bonded Debt per Capita
1996	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1997	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1998	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1999	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2003	6,224	\$ 3,999,633,810	\$ 3,775,000	\$ 236,333	\$ -	\$ 3,538,667	0.09%	\$ 568.55
2004	6,335	4,223,982,460	3,695,000	228,307	-	3,466,693	0.08%	547.23
2005	6,272	4,092,905,540	3,610,000	247,094	-	3,362,906	0.08%	536.18

Table #10

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

Fiscal Year	PRINCIPAL INTEREST SERVICE		TOTAL DEBT SERVICE	TOTAL GENERAL GOVERNMENTAL EXPENDITURES	RATIO OF DEBT SERVICE TO GENERAL GOVERNMENTAL EXPENDITURES
	\$	\$			
1996	\$ -	\$ -	-	12,158,909	0.00%
1997	-	-	-	12,851,155	0.00%
1998	-	-	-	11,228,572	0.00%
1999	-	-	-	10,618,153	0.00%
2000	-	-	-	9,890,573	0.00%
2001	-	-	-	10,207,769	0.00%
2002	-	-	-	19,222,505	0.00%
2003	5,645,800	238,133	5,883,933	19,155,148	30.72%
2004	80,000	160,007	240,007	23,973,130	1.00%
2005	85,000	156,907	241,907	26,519,306	0.91%

Table #11

CITY OF SANIBEL, FLORIDA  
 COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT  
 GENERAL OBLIGATION BONDS  
 September 30, 2005

<u>JURISDICTION</u>	NET GENERAL OBLIGATION BONDED DEBT <u>OUTSTANDING</u>	PERCENTAGE APPLICABLE TO <u>CITY OF SANIBEL</u>	AMOUNT APPLICABLE TO <u>CITY OF SANIBEL</u>
DIRECT:			
City of Sanibel	\$ 3,362,906 (*)	100%	\$ 3,362,906
OVERLAPPING			
Lee County	-	N/A	-
TOTAL:	\$ 3,362,906		\$ 3,362,906

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

Table #12

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

Fiscal Year	Gross Revenue (*)	Operating Expenses (**)	Net Revenue Available for Debt Service		Debt Service Requirements		Coverage Calculation (***)	
			Excluding Connection Fees	Including Connection Fees	Principal	Interest	Excluding Connection Fees	Including Connection Fees
1996	\$ 1,631,397	\$ 1,196,098	\$ 435,299	\$ 435,299	\$ 95,000	\$ 365,591	0.95	0.95
1997	1,997,275	1,492,863	504,412	504,412	115,000	330,704	1.13	1.13
1998	1,983,382	1,178,141	805,241	805,241	140,000	322,516	1.74	1.74
1999	1,964,717	1,004,723	959,994	959,994	150,000	316,916	2.06	2.06
2000	2,058,086	1,195,621	862,465	862,465	155,000	310,729	1.85	1.85
2001	2,476,124	1,255,969	1,220,155	1,220,155	160,000	304,063	2.63	2.63
2002	2,329,367	1,586,821	742,546	742,546	170,000	296,864	1.59	1.59
2003	2,716,205	1,897,962	818,243	818,243	-	257,469	3.18	3.18
2004	3,068,264	2,281,204	787,060	787,060	250,000	152,625	1.95	1.95
2005	2,761,877	2,297,228	464,649	464,649	260,000	162,408	1.10	1.28

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

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

(\*\*\*) The coverage requirement is (A) Net Revenues adequate at all times to pay in each Fiscal Year at least one hundred ten percent (110%) of the current annual Debt Service Requirement becoming due in such Fiscal Year on each Series of Outstanding Bonds or (B) Net Revenues, together with 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.

Table #13

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

Fiscal Year	Number of Customers			Monthly Rates							Consumption Per 1,000 gallons	
	Total	Residential		Commercial								
		Inactive	Flat Fee	5/8"	1"	1-1/2"	2"	3"	4"			
1996	1,263	970	293	0	30.31	14.76	36.87	73.73	105.69	235.88	369.84	3.24
1997	1,276	979	297	0	33.04	16.09	40.19	80.37	115.20	257.11	403.13	3.53
1998	1,330	1,026	304	0	34.03	16.57	41.40	82.78	118.66	264.82	415.22	3.64
1999	1,518	1,204	314	0	35.06	17.07	42.64	85.26	122.22	272.77	427.68	3.75
2000	1,577	1,286	291	0	36.10	17.59	43.92	87.82	125.88	280.95	440.51	3.86
2001 (*)	1,904	1,740	164	0	30.60	17.77	44.40	88.77	127.23	283.95	445.22	4.48
2002	1,989	1,824	165	0	31.52	18.30	45.73	91.43	131.05	292.47	458.58	4.61
2003	2,369	2,203	166	0	32.47	18.85	47.10	94.17	134.98	301.24	472.34	4.75
2004	3,082	2,908	174	0	33.44	19.41	48.51	97.00	139.03	310.28	486.51	4.89
2005	3,566	3,384	182	0	38.46	22.33	55.79	111.55	159.89	356.82	559.48	5.62

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

CITY OF SANIBEL  
INSURANCE IN FORCE  
September 30, 2005

Type of Coverage	Coverage Amount
General/Professional Liability	\$ 5,000,000
a) Errors & Omissions Liability	
b) Employee Benefits Program Administration Liability	
c) Broad Form Property Damage	
d) Extra Contractual Legal Expense	
Automobile	\$ 5,000,000
a) Automobile Liability	
b) Personal Injury Protection (Statutory)	
c) Automobile Physical Damage	
Property and Allied Coverages	Itemized per Detailed Schedule of Values
a) Real and Personal Property	\$ 31,442,062
b) Inland Marine	\$ 642,795
c) Electronic Data Processing	Included in contents coverage
d) Fidelity Bond	\$ 250,000
e) Crime	
Faithful Performance	\$ 250,000
Honesty	\$ 250,000
f) Forgery	\$ 100,000
g) Time Element/Business Income	\$ 100,000
h) Money & Securities/Theft, Disappearance and Destruction	\$ 10,000
Workers Compensation ( Statutory)	\$ 1,000,000 Each Accident
a) Indemnity Agreement	\$ 1,000,000 Each Disease
b) Employers Liability	\$ 1,000,000 Aggregate by Disease
Specific Excess Coverage	
a) General Liability	\$ 5,000,000
b) Automobile Liability	\$ 5,000,000
Flood Coverage - Buildings & Contents	\$ 7,690,700
Windstorm Coverage	\$ 9,564,000
Boiler & Machinery	\$ 3,000,000
Law Enforcement Death Benefits (Statutory)	\$ 52,500 Line of Duty AD&D
	\$ 52,500 Fresh Pursuit
	\$ 157,500 Intentional Death
Position Fidelity (Finance Director)	\$ 1,000,000
Storage Tank (Third Party Liability)	\$ 1,000,000

Table #15

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

Fiscal Year	New Construction(*)						Property Value(****)
	Commercial			Residential			
	Number of Permits	Value	Number of Permits	Value	Bank Deposits(**)		
1996	8	\$ 1,359,950	66	\$ 17,239,054	\$ 191,557,054	2,104,092,230	
1997	3	66,304	58	16,166,350	191,343,437	2,180,750,880	
1998	3	329,000	70	23,592,816	161,010,327	2,266,696,270	
1999	4	988,000	74	23,619,230	221,929,000	2,393,659,200	
2000	3	108,000	113	39,756,312	198,500,169	2,682,897,770	
2001	7	735,535	105	40,607,542	200,179,141	3,226,396,010	
2002	1	796,005	48	27,547,477	243,114,561	3,655,590,340	
2003	0	0	42	21,081,985	279,287,354	3,999,633,810	
2004	0	0	49	23,017,023	356,709,562	4,223,982,460	
2005	0	0	27	18,497,089	362,346,943	4,092,905,540	

(\*) Source: City of Sanibel Building Department

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

(\*\*\*\*) Source: Lee County Property Appraiser

CITY OF SANIBEL, FLORIDA  
DEMOGRAPHIC AND MISCELLANEOUS STATISTICS

Table #16

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

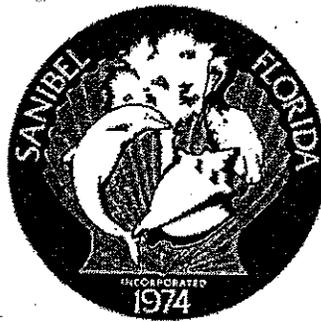
**NATURAL FEATURES:**

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

**DEMOGRAPHICS:**

Resident Population 2005 Data.....	6,272	
Seasonal Peak Service Population.....	31,000	
Registered Voters .....	5,114	
Resident Average Age 2000.....	60.5	
Average Assessed Home Value 2005 Data.....	\$ 570,100	
Median Family Income - 2001 .....	\$ 71,813	
Public Education (Operated at County Level)		
Elementary/Middle School.....	1	
Enrollment (Kindergarten through Eighth).....	408	
Police Station.....	1	
Number of Full-time Sworn Officers (Full Time Equivalent).....	24.00	
Number of Part-time Sworn Officers (Full Time Equivalents).....	3.25	
Fire Stations (Operated at County Level).....	2	
Number of Full-time Firefighters.....	25	
Fire Hydrants.....	457	
Public Libraries.....	1	
Library Holdings.....	62,817	
Water & Sewer Utilities		
	<u>Water</u>	<u>Sewer</u>
Active Accounts.....	4,946	3,566
Miles of Mains.....	100.8	
Force Mains.....		50
Gravity Mains.....		42
Capacity per Day - Millions of Gallons.....	4.7	
Donax Treatment Plant.....		2,375
Wulfert Treatment Plant.....		0.125
Roads - Total Public & Private .....	80.68	Miles
Public Roads - Paved.....	52.96	Miles
Public Roads - Unpaved.....	8.79	Miles
Shared Use Paths .....	22.62	Miles
Causeway (County Owned - Round Trip \$6.00).....	3	Miles
Causeway Traffic.....	2,890,855	Autos
Public & Conservation Land Total.....	8,271	Acres
J.N. "Ding" Darling Wildlife Refuge.....	6,203	Acres
Sanibel-Captiva Conservation Foundation.....	1,250	Acres
Lee County.....	196	Acres
City of Sanibel.....	622	Acres

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# SINGLE AUDIT

David L. Schultz, CPA\*, ABV  
Clifford Chaipel, CPA  
Martin A. Redovan, CPA\*, CVA  
Russell T. Baker, CPA  
\*Regulated by the State of Florida



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

Honorable Mayor and City Council  
City of Sanibel, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Sanibel, Florida (the "City"), as of and for the year ended September 30, 2005, which, together with the aggregate discretely presented component unit, collectively comprise the City's basic financial statements and have issued our report thereon dated March 30, 2006. We did not audit the financial statements of Community Housing and Resources, Inc., a component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for Community Housing and Resources, Inc., is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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## Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated March 30, 2006

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

*Schultz Chaipel Redovan Baker & Co., LLP*

Schultz Chaipel Redovan Baker & Co., LLP  
March 30, 2006

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

\*Regulated by the State of Florida

**SCHULTZ  
CHAPEL  
REDOVAN  
BAKER & CO., LLP**  
Certified Public Accountants

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

Honorable Mayor and City Council  
City of Sanibel, Florida

**Compliance**

We have audited the compliance of the City of Sanibel, Florida, (the "City") with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, that are applicable to each of its major federal programs for the year ended September 30, 2005. The City's major federal programs and are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2005.

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## Internal Control Over Compliance

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

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

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

*Schultz Chaipel Redovan Baker & Co., LLP*

Schultz Chaipel Redovan Baker & Co., LLP  
March 30, 2006

**CITY OF SANIBEL, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended September 30, 2005

Grantor/ <i>Pass-Through Grantor</i> /Program Title	Federal CFDA Number	Federal, State, or Pass-Through Contract Number	Expenditures
<b>Environmental Protection Agency:</b>			
<i>Passed through State of Florida, Department of Environmental Protection</i>			
Capitalization Grants for State Revolving Funds	66.458	CS 120835090	73,169
Capitalization Grants for State Revolving Funds	66.458	WWG12083510L	1,642,189
Capitalization Grants for State Revolving Funds	66.458	WW83511L	742,710
Capitalization Grants for State Revolving Funds	66.458	WW83512S	<u>1,331,773</u>
Total Environmental Protection Agency			<u>3,789,841</u>
<b>Department of Homeland Security</b>			
<i>Passed through the State of Florida, Department of Emergency Management</i>			
Public Assistance Grants	97.036		<u>1,806,674</u>
<b>Department of Transportation</b>			
<i>Passed through the State of Florida, Department of Transportation</i>			
Highway Planning and Construction	20.205		<u>365,703</u>
<b>Department of Agriculture</b>			
Natural Resources Conservation Service	10.904	69-4209-5-1644	<u>659,337</u>
<b>National Oceanic and Atmospheric Administration (NOAA), Department of Commerce</b>			
Habitat Conservation	11.463	2004-0116-000	<u>90,000</u>
<b>Department of the Interior</b>			
<b>Fish and Wildlife Service</b>			
State Wildlife Grants	15.634	1448-40181-01-G-077	20,000
State Wildlife Grants	15.634	1448-40181-01-G-077	<u>20,000</u>
			40,000
Partners for Fish and Wildlife	15.631	401815J001	24,000
Challenge Cost Share	15.642	401814G136	<u>75,000</u>
Total Department of the Interior			<u>139,000</u>
Total Expenditures of Federal Awards			<u>\$ 6,850,555</u>

See accompanying notes to schedule of expenditures of federal awards.

**NOTE 1 - PURPOSE OF SCHEDULE**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

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

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

**B. Type A and Type B Programs**

The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish the levels of expenditures to be used in defining Type A and Type B federal financial assistance programs. Type A assistance programs for the City are those programs that exceeded \$300,000 for the year ended September 30, 2005.

**C. Reporting Entity**

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

**D. Basis of Accounting**

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

CITY OF SANIBEL  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Year Ended September 30, 2005

---

**Section I – Summary of Auditor’s Report**

---

*Financial Statements*

Type of auditor’s report issued;	Unqualified	
Internal control over financial reporting:		
• Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
• Reportable condition(s) identified that are not considered to be material weakness(es)?	_____ yes	_____ <u>X</u> none reported
Noncompliance material to financial statements noted?	_____ yes	_____ <u>X</u> no

*Federal Awards*

Internal control over major programs:		
• Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
• Reportable condition(s) identified that are not considered to be material weakness(es)?	_____ yes	_____ <u>X</u> none reported
Type of auditor’s report issued on compliance for major federal programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133	_____ yes	_____ <u>X</u> no

CITY OF SANIBEL  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Year Ended September 30, 2005

---

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

---

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
97.036	Public Assistance Grants
20.205	Highway Planning and Construction
10.904	Natural Resource Conservation Service

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

\$ 300,000

Auditee qualified as low-risk auditee?

  X   yes             no

---

**Section II – Financial Statement Findings**

---

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

---

**Section III – Findings and Questioned Costs – Major Federal Programs**

---

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

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