Comprehensive Annual Financial Report

of the City of Sanibel, Florida
For the Fiscal Year
Ended September 30, 2002

Prepared by the Finance Department
Renee M. Lynch, CGFO, Finance Director

CITY OF SANIBEL, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2002

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City of Sanibel

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March 22, 2003

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

The Comprehensive Annual Financial Report of the City of Sanibel, Florida, for the fiscal year ended September 30, 2002 is respectfully submitted. This report has been prepared by the City Finance Department. The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

ORGANIZATION AND CONTENT

This Comprehensive Annual Financial Report (CAFR) is presented in a three-part format to facilitate the ease of understanding for all readers.

1) **Introductory Section** – This section introduces the reader to the report and includes the Table of Contents, this transmittal letter, the Certificate of Achievement for Excellence in Financial Reporting awarded to the City by the Government Finance Officers Association, list of principal City officials and the City's Organizational Chart.

2) **Financial Section** – This section contains the report of the independent accountants, Schultz, Chaipel & Co. L.L.P., Certified Public Accountants, followed by the General Purpose Financial Statements (GPFS) and the Combining, Individual Fund and Account Group Financial Statements and Schedules. The GPFS include the Combined Statements-Overview together with the notes to the financial statements and are designed to provide an overview of the City's financial position and results of operation.

3) **Statistical Section** – This section is comprised of various tables and other data designed to reflect the social, economic and financial trends and fiscal capacity of the City of Sanibel.

REPORTING ENTITY AND ITS SERVICES

This report includes all funds, account groups and component units of the City. The City of Sanibel provides a wide range of municipal services, such as police protection and building inspections. The City's recreation and cultural facilities include an outdoor pool, weight room, gymnasium, historical village and museum, a senior center and several beach front parks. The public works department provides street construction, maintenance and drainage, as well as the construction and maintenance of over twenty miles of bike paths. The natural resources department has responsibility for the noxious plant control program, the surface water management plan and the acquisition of environmentally sensitive land. Other services include planning and permitting, as well as legal and general administrative services. The City operates the Sanibel Sewer System acquired in 1991 and is expanding the system to serve the entire island. Certain agencies which contain the name "Sanibel" in their agency title, such as the Sanibel Fire Control District, are independent entities and have not met the criteria for inclusion in the financial statements of the City. Accordingly they are excluded from this report. Utilities, such as the electric and water services, are provided by private entities.

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 GASB 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 is located on Sanibel Island, a barrier island in the Gulf of Mexico off the coast of southwest Florida. The City is connected to the mainland by a three-mile causeway owned and operated by Lee County, Florida. Lee County is 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 almost doubling and the number of registered voters more than tripling since incorporation 28 years ago.

YEAR	PERMANENT RESIDENTS	REGISTERED VOTERS
1974	2,875	1,306
1984	4,375	3,029
1994	5,672	4,520
2002	6,135	4,833

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. One-third of the island is a federal wildlife preserve and the protection of the environment is a paramount priority of the City government and residents.

The City also recognizes the economic and infrastructure impact of the growing numbers of seasonal residents and tourists. During 2002, the number of seasonal residents peaked at between 18,000 and 20,000. However, causeway traffic has stabilized over the past two (2) years at over 3.4 million vehicles per year which places a significant burden on the roads and streets of a primarily residential community.

Calendar Year	Causeway Traffic	Percent Increase (Decrease)
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%
2002	3,430,316	-0.10%

In January 2003, the Sanibel Causeway developed serious structural cracks which necessitated the closure of the causeway for 32 hours while Lee County contractors replaced a 50 foot portion of the middle (B-span) bridge. To follow that event engineers found that the C-span as well as the A-span had significant structural damage. The County reduced both the weight and speed limits on the causeway, began 24-hour a day enforcement and is seeking immediate steps to obtain permits to build new structures. This situation creates both a fiscal impact to the City on revenues and expenditures and an economic impact on the community, particularly the construction industry. The City's response to the causeway crisis has been to reduce the fiscal year 2002-03 budget by $750,000 for the immediately identifiable impact on revenues and to classify a tiered-approach in expenditures to be postponed or eliminated from the fiscal year 2002-03 budget. Daily monitoring of all conditions is being made by the City Manager.

The environment is another important concern of our citizens and strict development standards have been designed and implemented since the City incorporated in 1974. These standards have helped to contribute to increases in the appraised values of property on Sanibel. Between tax years 2001 and 2002, existing property values rose 11.75% and new construction added an additional $41,932,446 for a total property value of $3,655,590,340. This progressive growth of the tax base has allowed the City to maintain a millage rate far below the State-regulated ten (10) mill cap:

TAX YEAR (*)	TAXABLE VALUATION	OPERATING MILLAGE RATE
1998	2,266,696,270	2.0126
1999	2,393,659,200	1.9181
2000	2,655,331,710	1.7291
2001	3,226,396,010	1.7291
2002	3,655,590,340	1.7291

(*) 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.

Although growth is restricted by geographic boundaries and build-out is anticipated to occur in the near future, Sanibel's economy is expected to be healthy because of the tremendous attraction of Sanibel as a retirement and vacation site. However, the cost of services to the community will continue to grow. Since property taxes comprised approximately 36% of fiscal year 2002 total revenues in the governmental fund types, the City will continue to explore new methods for financing operational services and infrastructure maintenance. Such methods include instituting new fees and/or increasing existing fees and charges to insure economic recovery of costs associated with providing certain governmental services such as building and development permit issuance.

MAJOR INITIATIVES

The most complex environmental restoration project ever undertaken on Sanibel got well underway during 2002. What was once a poorly planned subdivision platted in the 1920's in a fresh water wetlands area is now being cleared of exotic vegetation and is being restored to a productive wildlife habitat to be prepared as a public park. The area, known as Tarpon Bay and Sanibel Gardens subdivisions, total approximately 314 acres and had been excavated to create drainage ditches and fill roads. Since 1988, the City has been purchasing the individual lots in these subdivisions and, through eminent domain proceedings, the acquisition of these lands is nearly complete. The restoration project includes irregularly grading the former road alignments and adjacent disturbed areas to form shallow ponds and islands to provide diverse wetland elevations for fish and wildlife habitat. These restoration efforts will result in an extraordinary new addition to Sanibel's protected heritage.

In November 2001, voters approved a bond referendum authorizing the issuance of up to $5.621 million for the purchase of 8.61 acres of mostly commercially zoned real property located on the north side of Periwinkle Way at Bailey Road known as Pond Apple Park. In order to expedite the property acquisition, a one-year Bond Anticipation Note was issued in December 2001 and the closing of the property acquisition in the amount of $5,619,433 was consummated on January 8, 2002. Although commercially zoned, this property has environmental importance because of an eagle's nest located on the southern area of the parcel. The completion of this transaction was especially important to the City since the City had been negotiating to purchase this parcel for over 5 years.

By September 30, 2002, Phase IIB of the Sanibel Sewer System expansion project was nearly completed. This expansion phase on the east-end of the island adds 577 Equivalent Residential Connections (ERC's) to the system. Construction on Phase IIC, a $5.5 million contract to install gravity sanitary sewer collection pipeline and wastewater transmission pipes from Hurricane Lane to the end of West Gulf Drive for an additional 789 ERC's, was begun during the year and is scheduled to be completed by June, 2003.

In addition to the major initiatives described above, the City continues to provide quality services to the Sanibel community while maintaining the operating property tax rate at the same level for three consecutive years.

FINANCIAL INFORMATION

INTERNAL CONTROL

Internal control is an integral part of the City's accounting system and is designed to provide reasonable but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition. Internal control is also intended to insure that financial transactions are recorded in such a manner as to provide reliable records for the preparation of financial statements and maintaining asset accountability. The City follows the concept of reasonable assurance, which recognizes that the cost of internal control should not exceed the benefits likely to be derived therefrom, and that the evaluation of the costs and benefits requires estimates and judgements by management.

We believe the City's internal control structure adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

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. 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.

DEBT ADMINISTRATION

The City's debt activity during the fiscal year ended September 30, 2002 is summarized as follows:

	Enterprise Funds	General Long-Term Debt Account Group	Total
Gross bonded debt at October 1, 2001 (*)	$ 25,150,874	$ 3,275,994	$ 28,426,868
Plus: Debt issued during year	13,545,940	5,595,800	19,141,740
Less: Debt retired during year	(696,940)	(155,281)	(852,221)
Gross Bonded Debt	37,999,874	8,716,513	46,716,387
Less: Amounts available in reserves or debt service funds	(11,872,492)	(247,139)	(12,119,631)
Net bonded debt at September 30, 2002 (*)	$ 26,127,382	$ 8,469,374	$ 34,596,756

(*) Excludes compensated absences

At September 30, 2002, the City had the one general obligation bond issue which pledges the full faith and credit of the City. In November 2001 a voted debt service millage was approved at referendum to issue $5,621,000 of debt for the purchase of an 8.61 acre parcel of land known as Pond Apple Park. During the fiscal year ending September 30, 2002, the City issued the following debt:

$5,595,800 Bond Anticipation Notes were issued on December 28, 2001. These Notes were refinanced in December, 2002 with a 30-year obligation of $3,825,000 General Obligation Bonds, Series 2002, interest payable varying from 3.601% 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. The remainder of the Bond Anticipation Note was paid in December 2002 using the proceeds from a grant received on November 7, 2002.

$2,814,648 drawn on a $6,167,100 State of Florida Revolving loan for Phase IIB of the sewer system expansion project. This loan carries a fixed interest rate of 3.08 % for 20 years.

$580,411 drawn on a $5,471,260 State of Florida Revolving loan for Phase IIC of the sewer system expansion project. This loan carries a fixed interest rate of 3.12% for 20 years.

$10,150,882 drawn on a $15,788,827 State of Florida Revolving loan for Phase II, Plant Expansion project. This loan carries a fixed interest rate of 3.52% for 20 years.

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.

CASH MANAGEMENT

The City's Finance Department continued its cash management program throughout fiscal year 2002. Idle cash is deposited in the following types of interest-bearing vehicles: interest-bearing checking accounts are used for general operating and payroll accounts; savings accounts are used for trust and/or escrow funds which cannot be consolidated and are too small for money-market accounts; certificates of deposit, which call for specific maturities are made with qualified public depositories for longer term deposits; money-market accounts on deposit with qualified public depositories are used for shorter term deposits; government-backed securities are used for longer term investments; and because funds are highly liquid, the State Board of Administration Investment Pool, which is collateralized by the underlying securities, is used for the City's pooled cash.

The bank balances on hand at September 30, 2001 and 2002 in the City's interest-bearing accounts were $547,407 and $1,533,306, respectively. At September 30, 2001 and 2002, the City's non-trusteed investment resources consisted of the following:

	9/30/01	9/30/02
U.S. Government-agency securities	$2,974,297	$1,796,293

Amounts on deposit with the State Board of Administration were $11,546,795 and $14,148,529 for September 30, 2001 and 2002, respectively.

FUND BALANCES

All appropriations and encumbrances lapse at fiscal year-end. The following schedule reflects the comparative unreserved fund balances on hand at September 30, 2001 and 2002 by fund type and the amount of change from the prior year to the current year:

	September 30, 2001	September 30, 2002	Amount of Increase (Decrease)	Percent Increase (Decrease)
General Fund	$ 5,578,730	$ 6,949,908	$ 1,371,178	24.58%
Special Revenue Funds	373,381	458,075	84,694	22.68%
Debt Service Funds	255,543	247,139	(8,404)	-3.29%
Capital Projects Funds	2,830,016	2,588,616	(241,400)	-8.53%
Fiduciary Funds (*)	244,303	29,353	(214,950)	-87.99%
TOTAL:	$ 9,281,973	$ 10,273,091	$ 991,118	10.68%

(*) Expendable Trust Funds Only

The increase in unreserved fund balance in the General Fund is attributable to a $534,991 planned and budgeted increase based on the recommendation of the 5-year Budget Review Committee to offset projections of future budgetary shortfalls and to reduce the impact of future tax increases. Additionally an increase in General Fund fund balance is from revenues exceeding expenditures and other uses, as well as the favorable variance between budget and actual revenue and expenditures. In addition, a residual equity transfer was made from a special revenue fund, which was closed during the year.

A residual equity transfer from closing the Harriet Spoth Expendable Trust Fund to a Special Revenue Fund was offset by the residual equity transfer of a special revenue fund to the General Fund, described above, for an increase to unreserved fund balance in the Special Revenue Funds.

The decrease in fund balance in the Debt Service Funds is due to the use in fiscal year 2002 of accumulated fund balance designated for the 1997 $1.25M Paulsen Land Purchase.

Capital Projects Funds experienced a decrease in unreserved fund balance due to the budgeted use in fiscal year 2002 of a designation for future year's capital projects.

The decrease in the Fiduciary Funds is attributable to the residual equity transfer from the Harriet Spoth Expendable Trust Fund which was closed to a Special Revenue Fund.

GENERAL GOVERNMENTAL FUNCTIONS

The following schedule presents a revenue summary of General, Special Revenue, Debt Service and Capital Projects Funds:

Revenue by Source (Dollars in Thousands)	September 30 2001	September 30 2002	Amount of Increase (Decrease)	Percent Increase (Decrease)
Property Taxes	$ 4,505	$ 5,393	$ 888	19.71%
Other Taxes	1,859	2,159	300	16.14%
Licenses & Permits	1,444	1,497	53	3.67%
Intergovernmental	1,950	3,883	1,933	99.13%
Charges for Services	1,008	1,117	109	10.81%
Fines & Forfeitures	98	154	56	57.14%
Miscellaneous	775	782	7	0.90%
TOTAL:	$ 11,639	$ 14,985	$ 3,346	28.75%

Since the fiscal year 2002 millage rate was adopted at the same rate as the prior fiscal year, 1.7291 mills, the resulting increase in property tax revenue is from the increase in the taxable value of properties, driven by market conditions, plus new construction added to the tax rolls for tax (calendar) year 2001.

Other taxes increased due to the first year of collections of Communication Services Tax which, pursuant to Florida Statutes, replaced both telephone and cablevision franchise taxes.

Increases in licenses and permits are primarily attributable to increases in vehicle weight permits and building-type permits. The fee associated with vehicle weight permits was doubled in June 2000 from $2.50 to $5.00 per 1,000 pounds per axle overweight and was increased again to $7.50 per 1,000 pounds axle in July 2002.

The increase in intergovernmental revenue is due to the reclassification of the shared Library revenues from an Agency Fund to revenue and expenditures in the General Fund. Other revenues in this classification remained constant.

The increase in charges for services is due to the increase in the fee structure associated with the issuance of development-type permits as well as the increase in indirect costs payable from the Enterprise Funds to the General Fund.

Revenue from fines and forfeitures increased due to the increase in the issuance and collection of parking citations and alarm violations.

Increases in public contributions were offset by a decrease in interest earnings for a small net increase in miscellaneous revenue.

Expenditures for various functions from General, Special Revenue, Debt Service and Capital Projects Funds increased by 88.36% from fiscal year 2001. The amount and percentage increase/decrease by function from fiscal year 2001 to 2002 are as follows:

Expenditures by Function (Dollars in Thousands)	September 30, 2001	September 30, 2002	Amount of Increase (Decrease)	Percent Increase (Decrease)
General Government	$ 2,274	$ 2,855	$ 581	25.55%
Public Safety	2,501	2,673	172	6.88%
Physical Environment	180	192	12	6.67%
Transportation	1,241	1,272	31	2.50%
Culture/Recreation	1,282	3,264	1,982	154.60%
Capital Outlay	1,935	8,647	6,712	346.87%
Debt Service	792	319	(473)	-59.72%
TOTAL:	$ 10,205	$ 19,222	$ 9,017	88.36%

The increase in General Government expenditures is partially reflective of the increase in the cost of property/liability insurance premiums. Also during fiscal year 2002, costs of the legislative department increased significantly due to hiring several consulting firms to conduct a traffic survey and a user fee study. Additionally, the city attorney resigned during fiscal year 2002, which resulted in increased costs for a settlement pay out and for retention of independent counsel during the transition to a new city attorney.

The increase in Public Safety expenditures reflects the payment of accrued compensated absences to the Police Chief and Deputy Chief who both retired in February 2002.

Physical environment expenditures increased due to several tree-trimming projects that were conducted during 2002.

Transportation expenditures increased due to budgeted increases for equipment acquisitions in fiscal year 2002.

Culture/Recreation expenditures increase by $1.9 million due to the inclusion of the Library expenditures in the General Fund as is explained in Intergovernmental Revenue above.

The increase in Capital Outlay expenditures is due to the purchase of the 8.61 acre parcel known as Pond Apple Park which was funded by debt proceeds to be repaid from a voted debt service ad valorem tax levy.

The decrease in debt service expenditures is due to the payoff of certain bank notes in 2001. Except for the Bond Anticipation Note described above, no additional general long-term debt was issued during fiscal year 2002.

PROPRIETARY OPERATIONS

By September 30, 2002, the City had completed Phase IIA of the Sanibel Sewer System expansion project and was near completion of the Phase IIB project. Phase IIC is in the design phase. These projects are being conducted in accordance with the updated facilities plan adopted in 1996, which is in accordance with the Wastewater Master Plan

adopted in 1994 and updated in 1999. This Plan includes significant capital/construction projects which will provide island-wide sewer service by the year 2005.

Below Market Rate Housing (BMRH) Enterprise Fund is used to account for the net rental income received by the City from its discretely presented component unit, Community Housing and Resources, Inc. (CHR). This income was pledged by CHR to the City to repay debt issued by the City on behalf of CHR. Beginning in 1999, the contractual administrative expenses paid to CHR for operating the BMRH program were accounted for in this Enterprise Fund instead of the General Fund. This consolidation gives a more complete picture of all expenses involved in operating the BMRH program.

Pursuant to local ordinance and interlocal agreements with Lee County, the Beach Parking enterprise fund accounts for the operations, maintenance and capital expenses of the City's eight (8) beach parking facilities. Ordinance #94-02 established a $0.75 per hour fee for beach parking, which was amended in 2002 to increase the fees to $2.00 per hour. Prior to 1995, these general parking facilities were free to users and expenditures for maintenance were made from the General Fund. Beginning in 1995, administrative and maintenance expenses as well as capital improvements to the facilities are funded from the revenue generated by these parking fees. Revenue from the increased fees are planned to fund one marine patrol and two beach patrol officers.

The component unit entitled Community Housing and Resources, Inc. (CHR) is included using the discrete method of presentation. This entity, in existence since 1979 as a not-for-profit corporation, has the mission to provide affordable housing for low to moderate income individuals/families on Sanibel Island.

FIDUCIARY OPERATIONS

The plan benefits remained relatively constant in 2002 for both the General Employees and Municipal Police Officers defined benefit pension plans. A seven (7) member Board of Trustees was established for the General Employees pension plan in 2002 to administer the provisions of the Plan.

The actuarially determined required contribution for the General Employees pension plan decreased from $402,299 in 2001 to $383,765 in fiscal year 2002 due to $737,738 of net investment income in fiscal year 2001. However, the required contribution for the Municipal Police Officers' Pension Plan increased from $215,361 in 2001 to $234,508 in 2002 due to a net investment loss of $252,489 in fiscal year 2001.

The Expendable Trust Funds realized a decrease in revenue because the Harriet Spoth Historical Trust Fund and its interest earnings were transferred to the Historical Committee Special Revenue Fund.

Total assets in the Agency Funds have increased slightly due to the first year of the City's collection of School Board Impact Fees payable to Lee County.

OTHER INFORMATION

INDEPENDENT AUDIT

The City charter requires the submission to Council and the availability to the public, a complete report on the finances and administrative activities of the City as of the end of each fiscal year. In compliance with this requirement, an annual audit of the financial records and transactions of all departments of the City has been performed by Schultz, Chaipel & Co. L.L.P., Certified Public Accountants. The results of their audit and opinion expressed thereon are included in the financial section of this report.

AWARDS

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 2002 report continues to meet program standards and it will be submitted to the GFOA for their review.

ACKNOWLEDGEMENTS

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. Zimomra, City Manager

Renee M. Lynch, Finance Director

JAZ/RML

City of Sanibel

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CITY OF SANIBEL, FLORIDA

COUNCIL-MANAGER FORM OF GOVERNMENT

at September 30, 2002

CITY COUNCIL

MAYOR
Nola Theiss

VICE-MAYOR
Dick Walsh

COUNCILMEMBER
Stephen Brown

COUNCILMEMBER
Marty Harrity

COUNCILMEMBER
Judy Workman

APPOINTED OFFICIALS

CITY MANAGER
Judith A. Zimomra

CITY ATTORNEY
Kenneth B. Cuyler

DEPARTMENT HEADS

DIRECTOR OF PLANNING
Bruce Rogers

CHIEF OF POLICE
William Tomlinson

DIRECTOR OF FINANCE
Renee M. Lynch

DIRECTOR OF NATURAL RESOURCES
Robert K. Loflin

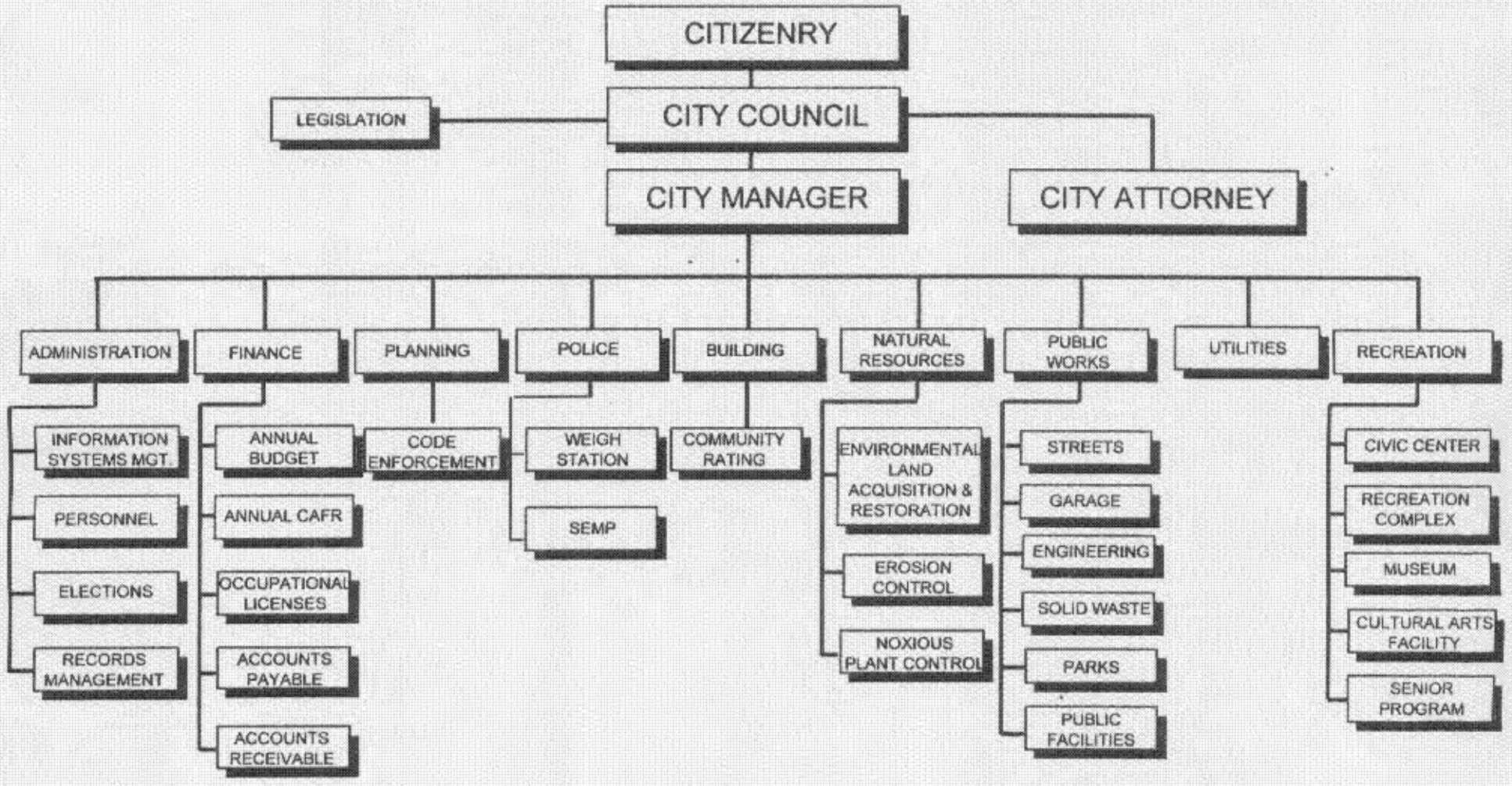
DIRECTOR OF RECREATION
Helene Phillips

DIRECTOR OF PUBLIC WORKS & PARKS
Gates D. Castle

BUILDING OFFICIAL
George Mikita

DIRECTOR OF UTILITIES
John A. Hefty

CITY OF SANIBEL ORGANIZATIONAL CHART - 2002



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, 2001.

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, 2001

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

President

Executive Director

City of Sanibel

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General Purpose Financial Statements

(Combined Statements Overview)

City of Sanibel

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CITY OF SANIBEL, FLORIDA
COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS AND
DISCRETELY PRESENTED COMPONENT UNITS
September 30, 2002
With Comparative Totals for September 30, 2001

	Governmental Fund Types				Proprietary Fund Type
ASSETS AND OTHER DEBITS	General	Special Revenue	Debt Service	Capital Projects	Enterprise
ASSETS					
Cash and cash equivalents	$ 2,127,691	$ 861,021	$ 248,066	$ 2,879,867	$ 1,944,644
Investments	1,422,975	225,337	-	-	-
Taxes receivable	1,951	-	-	-	-
Accounts receivable	159,899	325	-	-	174,065
Accrued interest receivable	486	-	-	-	5,909
Assessments receivable	-	-	-	2,293	-
Due from other funds	3,330,864	-	-	173,000	-
Due from other governments	503,595	44,657	-	108,000	90
Inventories	5,409	-	-	-	-
Prepaid items	2,496	-	-	-	-
Advances to other funds	1,333	-	-	-	-
Restricted assets:					
Cash and cash equivalents	-	-	-	-	5,954,942
Investments	-	-	-	-	147,981
Assessments receivable	-	-	-	-	10,222,248
Property, plant and equipment	-	-	-	-	49,637,946
Accumulated depreciation	-	-	-	-	(4,379,313)
Notes receivable	-	-	-	-	2,546,025
Other assets, net	-	-	-	-	270,718
OTHER DEBITS					
Amount available for debt service	-	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-	-
Total assets and other debits	$ 7,556,699	$ 1,131,340	$ 248,066	$ 3,163,160	$ 66,525,255

See Accompanying Notes.

Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	Component Unit	Totals (Memorandum Only) Reporting Entity	
Trust and Agency	General Fixed Assets	General Long-Term Debt	Primary Government	Community Housing and Resources, Inc.	2002	2001
$ 206,773	$ -	$ -	$ 8,268,062	$ 291,473	$ 8,559,535	$ 8,226,293
9,592,044	-	-	11,240,356	-	11,240,356	12,515,361
-	-	-	1,951	-	1,951	48,449
10,834	-	-	345,123	200	345,323	344,323
-	-	-	6,395	-	6,395	-
-	-	-	2,293	-	2,293	3,489
-	-	-	3,503,864	-	3,503,864	146,799
-	-	-	656,342	-	656,342	1,747,013
-	-	-	5,409	-	5,409	3,637
-	-	-	2,496	22,786	25,282	26,359
-	-	-	1,333	-	1,333	17,333
-	-	-	5,954,942	70,313	6,025,255	3,907,384
-	-	-	147,981	-	147,981	369,686
-	-	-	10,222,248	-	10,222,248	6,129,338
-	39,936,668	-	89,574,614	4,824,549	94,399,163	71,470,337
-	-	-	(4,379,313)	(919,216)	(5,298,529)	(4,325,995)
-	-	-	2,546,025	-	2,546,025	2,488,029
-	-	-	270,718	183,182	453,900	449,845
-	-	247,139	247,139	-	247,139	255,543
-	-	8,962,038	8,962,038	-	8,962,038	3,468,131
$ 9,809,651	$ 39,936,668	$ 9,209,177	$ 137,580,016	$ 4,473,287	$ 142,053,303	$ 107,291,354

CITY OF SANIBEL, FLORIDA
COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNITS
September 30, 2002
With Comparative Totals for September 30, 2001

	Governmental Fund Types				Proprietary Fund Type
LIABILITIES, EQUITY AND OTHER CREDITS	General	Special Revenue	Debt Service	Capital Projects	Enterprise
LIABILITIES					
Accounts payable	$ 244,548	$ 40,683	$ -	$ 252,945	$ 886,043
Due to other governments	-	-	-	-	-
Retainages payable	-	-	-	46,806	1,200,169
Due to other funds	-	-	927	274,639	3,228,298
Accrued liabilities	351,907	3,282	-	76	48,021
Deferred revenue	1,098	629,300	-	78	14,160
Deposits	-	-	-	-	-
Advances from other funds	-	-	-	-	1,333
Bonds payable	-	-	-	-	5,465,000
Notes payable	-	-	-	-	32,534,874
Accrued compensated absences	-	-	-	-	56,174
Accrued interest payable	-	-	-	-	633,103
Total liabilities	597,553	673,265	927	574,544	44,047,175
EQUITY AND OTHER CREDITS					
Investment in general fixed assets	-	-	-	-	-
Contributed capital	-	-	-	-	6,911,740
Retained earnings:					
Reserved for debt service	-	-	-	-	11,872,492
Reserved for renewal & replacement	-	-	-	-	110,320
Unreserved	-	-	-	-	3,583,528
Fund balances					
Reserved for employee pension benefits	-	-	-	-	-
Other reserves	9,238	-	-	-	-
Unreserved					
Designated for debt service	-	-	247,139	-	-
Designated for subsequent years' expenditures	1,250,000	-	-	-	-
Undesignated	5,699,908	458,075	-	2,588,616	-
Total equity and other credits	6,959,146	458,075	247,139	2,588,616	22,478,080
Total liabilities, equity and other credits	$ 7,556,699	$ 1,131,340	$ 248,066	$ 3,163,160	$ 66,525,255

See Accompanying Notes.

Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	Component Unit	Totals (Memorandum Only) Reporting Entity	
Trust and Agency	General Fixed Assets	General Long-Term Debt	Primary Government	Community Housing and Resources, Inc.	2002	2001
$ -	$ -	$ -	$ 1,404,219	$ 27,657	$ 1,431,876	$ 2,823,978
24,434	-	-	24,434	-	24,434	19,977
-	-	-	1,246,975	-	1,246,975	423,436
-	-	-	3,503,864	-	3,503,864	146,799
2,529	-	-	405,815	-	405,815	319,245
-	-	-	644,636	-	644,636	777,145
-	-	-	-	23,653	23,653	25,750
-	-	-	1,333	-	1,333	17,333
-	-	2,188,234	7,653,234	-	7,653,234	7,896,715
-	-	6,528,279	39,063,153	2,334,611	41,397,764	22,820,073
-	-	492,664	548,838	-	548,838	500,763
-	-	-	633,103	215,229	848,332	314,386
26,963	-	9,209,177	55,129,604	2,601,150	57,730,754	36,085,600
-	39,936,668	-	39,936,668	-	39,936,668	32,683,588
-	-	-	6,911,740	600,000	7,511,740	7,727,725
-	-	-	11,872,492	-	11,872,492	6,670,432
-	-	-	110,320	-	110,320	83,572
-	-	-	3,583,528	1,272,137	4,855,665	4,719,379
9,753,335	-	-	9,753,335	-	9,753,335	10,012,038
-	-	-	9,238	-	9,238	27,047
-	-	-	247,139	-	247,139	255,543
-	-	-	1,250,000	-	1,250,000	1,500,815
29,353	-	-	8,775,952	-	8,775,952	7,525,615
9,782,688	39,936,668	-	82,450,412	1,872,137	84,322,549	71,205,754
$ 9,809,651	$ 39,936,668	$ 9,209,177	$ 137,580,016	$ 4,473,287	$ 142,053,303	$ 107,291,354

CITY OF SANIBEL, FLORIDA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS
Year Ended September 30, 2002
With Comparative Totals for the Year Ended September 30, 2001

	Governmental Funds Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues				
Taxes	$ 7,084,960	$ 466,812	$ -	$ -
Licenses and permits	1,234,949	262,412	-	-
Intergovernmental	3,500,848	92,063	-	290,000
Charges for services	1,102,673	14,052	-	-
Fines and forfeitures	151,672	2,251	-	-
Miscellaneous	355,129	381,208	10,681	35,266
Total revenues	13,430,231	1,218,798	10,681	325,266
Expenditures				
Current				
General government	2,855,591	-	-	-
Public safety	2,615,641	56,987	-	-
Physical environment	191,800	-	-	-
Transportation	1,270,784	-	-	-
Human services	-	-	-	-
Culture / Recreation	3,010,592	253,768	-	-
Capital outlay	-	-	-	8,647,551
Debt service				
Principal	-	-	155,281	-
Interest	-	-	164,231	-
Other debt service	-	-	50	-
Total expenditures	9,944,408	310,755	319,562	8,647,551
Excess of revenues over (under) expenditures	3,485,823	908,043	(308,881)	(8,322,285)
Other financing sources (uses)				
Operating transfers in	-	116,934	300,477	2,485,085
Debt proceeds	-	-	-	5,595,800
Operating transfers (out)	(2,231,578)	(1,065,000)	-	-
Total other financing sources (uses)	(2,231,578)	(948,066)	300,477	8,080,885
Excess of revenues and other financing sources over (under) expenditures and other financing uses	1,254,245	(40,023)	(8,404)	(241,400)
Fund Balances, October 1	5,605,777	373,381	255,543	2,830,016
Residual equity transfers in (out)	99,124	124,717	-	-
Fund Balances, September 30	$ 6,959,146	$ 458,075	$ 247,139	$ 2,588,616

See Accompanying Notes.

Fiduciary Fund Type Expendable Trust Funds	Totals (Memorandum Only) 2002	2001
$ -	$ 7,551,772	$ 6,363,585
-	1,497,361	1,444,481
-	3,882,911	1,949,740
-	1,116,725	1,007,986
-	153,923	98,395
9,120	791,404	791,551
9,120	14,994,096	11,655,738
-	2,855,591	2,274,197
-	2,672,628	2,500,675
-	191,800	179,991
-	1,270,784	1,240,737
229	229	2,658
-	3,264,360	1,281,826
-	8,647,551	1,935,326
-	155,281	605,362
-	164,231	186,997
-	50	-
229	19,222,505	10,207,769
8,891	(4,228,409)	1,447,969
-	2,902,496	2,489,878
-	5,595,800	-
-	(3,296,578)	(2,834,450)
-	5,201,718	(344,572)
8,891	973,309	1,103,397
244,303	9,309,020	8,205,623
(223,841)	-	-
$ 29,353	$ 10,282,329	$ 9,309,020

CITY OF SANIBEL, FLORIDA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - ALL GOVERNMENTAL FUND TYPES
Year Ended September 30, 2002

	General Fund		
	Budget	Actual	Variance-Favorable (Unfavorable)
Revenues			
Taxes	$ 7,168,250	$ 7,084,960	$ (83,290)
Licenses and permits	1,122,500	1,234,949	112,449
Intergovernmental	3,751,266	3,500,848	(250,418)
Charges for services	888,516	1,102,673	214,157
Fines and forfeitures	95,000	151,672	56,672
Miscellaneous	518,640	355,129	(163,511)
Total revenues	13,544,172	13,430,231	(113,941)
Expenditures			
Current			
General government	2,880,506	2,855,591	24,915
Public safety	2,577,168	2,615,641	(38,473)
Physical environment	194,821	191,800	3,021
Transportation	1,353,952	1,270,784	83,168
Culture/Recreation	3,163,425	3,010,592	152,833
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Other debt service	-	-	-
Total expenditures	10,169,872	9,944,408	225,464
Excess of revenues over (under) expenditures	3,374,300	3,485,823	111,523
Other financing sources (uses)			
Operating transfers in	-	-	-
Debt proceeds			
Operating transfers (out)	(2,231,578)	(2,231,578)	-
Total other financing sources (uses)	(2,231,578)	(2,231,578)	-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	$ 1,142,722	1,254,245	$ 111,523
Fund balances, October 1		5,605,777	
Residual equity transfer in		99,124	
Fund balances, September 30		$ 6,959,146	

See Accompanying Notes.

Special Revenue Funds (Non-GAAP)			Debt Service Funds		
Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)
$ 400,000	$ 466,812	$ 66,812	$ -	$ -	$ -
260,000	262,412	2,412	-	-	-
76,818	92,063	15,245	-	-	-
10,000	14,052	4,052	-	-	-
2,500	2,251	(249)	-	-	-
365,200	381,208	16,008	12,025	10,681	(1,344)
1,114,518	1,218,798	104,280	12,025	10,681	(1,344)
-	-	-	-	-	-
56,919	56,987	(68)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
307,154	253,768	53,386	-	-	-
-	-	-	-	-	-
-	-	-	156,010	155,281	729
-	-	-	163,085	164,231	(1,146)
-	-	-	100	50	50
364,073	310,755	53,318	319,195	319,562	(367)
750,445	908,043	157,598	(307,170)	(308,881)	(1,711)
116,934	116,934	-	300,477	300,477	-
-	-	-	-	-	-
(1,065,000)	(1,065,000)	-	-	-	-
(948,066)	(948,066)	-	300,477	300,477	-
$ (197,621)	(40,023)	$ 157,598	$ (6,693)	(8,404)	$ (1,711)
	274,256			255,543	
	223,842			-	
	$ 458,075			$ 247,139	

CITY OF SANIBEL, FLORIDA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - ALL GOVERNMENTAL FUND TYPES
Year Ended September 30, 2002

	Capital Projects Funds (Non-GAAP)		
	Budget	Actual	Variance-Favorable (Unfavorable)
Revenues			
Taxes	$ -	$ -	$ -
Licenses and permits	-	-	-
Intergovernmental	515,000	290,000	(225,000)
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Miscellaneous	6,000	34,614	28,614
Total revenues	521,000	324,614	(196,386)
Expenditures			
Current			
General government	-	-	-
Public safety	-	-	-
Physical environment	-	-	-
Transportation	-	-	-
Culture/Recreation	-	-	-
Capital outlay	10,603,682	8,647,551	1,956,131
Debt service			
Principal	-	-	-
Interest	-	-	-
Other debt service	-	-	-
Total expenditures	10,603,682	8,647,551	1,956,131
Excess of revenues over (under) expenditures	(10,082,682)	(8,322,937)	1,759,745
Other financing sources (uses)			
Operating transfers in	2,485,085	2,485,085	-
Debt proceeds	5,621,000	5,595,800	(25,200)
Operating transfers (out)	-	-	-
Total other financing sources (uses)	8,106,085	8,080,885	(25,200)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	$ (1,976,597)	(242,052)	$ 1,734,545
Fund balances, October 1		2,766,704	
Residual equity transfer in		-	
Fund balances, September 30		$ 2,524,652	

See Accompanying Notes.

Totals (Memorandum Only)		
Budget	Actual	Variance-Favorable (Unfavorable)
$ 7,568,250	$ 7,551,772	$ (16,478)
1,382,500	1,497,361	114,861
4,343,084	3,882,911	(460,173)
898,516	1,116,725	218,209
97,500	153,923	56,423
901,865	781,632	(120,233)
15,191,715	14,984,324	(207,391)
2,880,506	2,855,591	24,915
2,634,087	2,672,628	(38,541)
194,821	191,800	3,021
1,353,952	1,270,784	83,168
3,470,579	3,264,360	206,219
10,603,682	8,647,551	1,956,131
156,010	155,281	729
163,085	164,231	(1,146)
100	50	50
21,456,822	19,222,276	2,234,546
(6,265,107)	(4,237,952)	2,027,155
2,902,496	2,902,496	-
5,621,000	5,595,800	(25,200)
(3,296,578)	(3,296,578)	-
5,226,918	5,201,718	(25,200)
$ (1,038,189)	963,766	$ 2,001,955
	8,902,280	
	322,966	
	$ 10,189,012	

CITY OF SANIBEL, FLORIDA
COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS AND
DISCRETELY PRESENTED COMPONENT UNITS
Year Ended September 30, 2002
With Comparative Totals for the Year Ended September 30, 2001

	Primary Government	Component Unit	Totals (Memorandum Only) Reporting Entity	
	Enterprise Funds	Community Housing and Resources, Inc.	2002	2001
OPERATING REVENUES				
User fees	$ 2,443,891	$ -	$ 2,443,891	$ 2,273,559
Rent	-	261,427	261,427	251,813
Licenses & permits	51,260	-	51,260	51,708
Charges for services	493,846	-	493,846	513,512
Fines & penalties	15,335	-	15,335	23,837
Miscellaneous	664	3,389	4,053	6,387
Total operating revenues	3,004,996	264,816	3,269,812	3,120,816
OPERATING EXPENSES				
Salaries and wages	704,669	151,961	856,630	704,170
Employee benefits	196,066	52,141	248,207	214,227
Contractual services, materials and supplies	1,176,226	54,380	1,230,606	959,956
Utilities	223,580	28,469	252,049	252,170
Repairs and maintenance	310,714	104,762	415,476	346,911
Insurance	16,452	36,881	53,333	55,668
Depreciation and amortization	874,147	113,955	988,102	960,745
Total operating expenses	3,501,854	542,549	4,044,403	3,493,847
Operating loss	(496,858)	(277,733)	(774,591)	(373,031)
NON-OPERATING REVENUES (EXPENSES)				
Ad valorem taxes	796,927	-	796,927	851,556
Intergovernmental	55,858	-	55,858	546,000
Special assessment interest	48,018		48,018	57,233
Interest income	317,562	8,261	325,823	460,308
Interest expense	(800,220)	(117,255)	(917,475)	(690,307)
Government grant	-	251,482	251,482	231,274
Total non-operating revenues (expenses)	418,145	142,488	560,633	1,456,064
Income (loss) before contributions and operating transfers	(78,713)	(135,245)	(213,958)	1,083,033
CONTRIBUTIONS AND OPERATING TRANSFERS				
Contributions	4,968,985	-	4,968,985	4,801,696
Operating transfers in	394,082	-	394,082	344,572
Total contributions and operating transfers	5,363,067	-	5,363,067	5,146,268
Net income (loss)	5,284,354	(135,245)	5,149,109	6,229,301
Allocation of depreciation to contributed capital	215,985	-	215,985	215,985
Retained earnings, October 1	10,066,001	1,407,382	11,473,383	5,028,097
Retained earnings, September 30	$ 15,566,340	$ 1,272,137	$ 16,838,477	$ 11,473,383

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
COMBINED STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
Year Ended September 30, 2002
With Comparative Totals for the Year Ended September 30, 2001

	Primary Government	Component Unit	Totals (Memorandum Only) Reporting Entity	
	Enterprise Funds	Community Housing and Resources, Inc.	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating loss	$ (496,858)	$ (277,733)	$ (774,591)	$ (373,031)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation and amortization	874,147	113,955	988,102	960,745
Negative amortization accrued	-	44,691	44,691	42,405
Net (increase) decrease in accounts receivable	15,725	100	15,825	130,955
Net (increase) in notes receivable	-	-	-	(53,469)
Net (increase) decrease in prepaid expenses	(5,909)	(2,504)	(8,413)	(653)
Net increase (decrease) in accounts payable and accrued expenses	(12,828)	(2,016)	(14,844)	4,973
Net increase in compensated absences	3,091	-	3,091	19,358
Net increase in accrued interest payable	-	13,500	13,500	11,250
Net increase (decrease) in security deposits	-	(2,097)	(2,097)	1,300
Net increase (decrease) in deferred revenues	3,002	-	3,002	(79)
Net cash provided by (used in) operating activities	380,370	(112,104)	268,266	743,754
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Operating transfers in	394,082	-	394,082	344,572
Repayment of advances from other funds	(16,000)	-	(16,000)	(69,082)
Net increase in due to other funds	3,084,449	-	3,084,449	-
Intergovernmental revenue	55,858	-	55,858	546,000
Government operating grant	-	251,482	251,482	231,274
Net cash provided by non-capital financing activities	3,518,389	251,482	3,769,871	1,052,764
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Interest paid	(675,088)	(117,255)	(792,343)	(778,009)
Principal paid	(696,940)	-	(696,940)	(528,012)
Ad valorem taxes	796,927	-	796,927	851,556
Proceeds from debt incurred	14,796,020	-	14,796,020	4,412,546
Increase in due to other funds	-	-	-	(1,700,788)
Acquisition of capital assets	(16,059,373)	(20,386)	(16,079,759)	(3,923,722)
Special assessment collections	823,019	-	823,019	459,195
Capital contributions	53,056	-	53,056	-
Net cash used in capital and related financing activities	(962,379)	(137,641)	(1,100,020)	(1,207,134)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	-	-	-	(150,000)
Proceeds from sale and maturity of investments	221,704	-	221,704	49,057
Interest received	307,584	8,261	315,845	517,541
Net cash provided by investing activities	529,288	8,261	537,549	416,598
Net increase in cash and cash equivalents	3,465,668	9,998	3,475,666	1,005,982
Cash and cash equivalents, October 1	4,433,918	351,788	4,785,706	3,779,724
Cash and cash equivalents, September 30	$ 7,899,586	$ 361,786	$ 8,261,372	$ 4,785,706

SUPPLEMENTAL DISCLOSURE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES
Sewer assessments receivable new loans of $4,915,929

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
COMBINED STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS
Year Ended September 30, 2002
With Comparative Totals for the Year Ended September 30, 2001

	2002	2001
Additions		
Contributions		
Employer	$ 582,918	$ 617,480
Plan member	71,282	44,471
State contributions	38,571	35,448
Total contributions	692,771	697,399
Investment income		
Net increase (decrease) in fair value of investments	(327,803)	514,888
Interest and dividends	11,596	17,934
	(316,207)	532,822
Less investment expenses	(36,521)	(47,573)
Net investment income	(352,728)	485,249
Total additions	340,043	1,182,648
Deductions		
Benefits	534,972	458,203
Refunds of contributions	7,243	-
Administrative expenses	56,531	26,693
Total deductions	598,746	484,896
Net increase (decrease)	(258,703)	697,752
Net assets held in trust for pension benefits		
October 1	10,012,038	9,314,286
September 30	$ 9,753,335	$ 10,012,038

See Accompanying Notes.

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, culture/recreation and capital improvements.

The general purpose 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 and account groups 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.

(b) Fund Accounting

The City uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Note 1. Summary of Significant Accounting Policies, Continued

(b) Fund Accounting, continued

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental Funds

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary Funds - Enterprise

Enterprise funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation and amortization) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary Funds

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a non-expendable trust fund or an expendable trust fund is used. The term "expendable" refers to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.

Account Groups

General Fixed Assets - This account group is used to account for all fixed assets of the City not accounted for in Proprietary Funds.

General Long-Term Debt - This account group is used to account for all the outstanding principal balances of long-term debt and the long-term portion of compensated absences of the Governmental and Expendable Trust Funds.

Note 1. Summary of Significant Accounting Policies, Continued

(c) Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year end.

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, (the City may act as either provider or recipient), the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenue when the applicable eligibility requirements including time requirements are met. Resources transmitted before the eligibility requirements are met should, under most circumstances, be reported as advances by the provider and deferred revenue by the recipient.

Those revenues susceptible to accrual are franchise taxes, licenses, interest revenue and charges for services. Sales taxes collected and held by the state at year end on behalf of the government also are recognized as revenue. Fines, permits and parking violation revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Note 1. Summary of Significant Accounting Policies, Continued

(c) Measurement Focus and Basis of Accounting, continued

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

The accrual basis of accounting is utilized by proprietary fund types and pension trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

(d) Budgets - Legal Compliance

Budgets are adopted on a basis consistent with U.S. Generally Accepted Accounting Principles, except as discussed in Note 6. Annual appropriated budgets are adopted for the general fund, special revenue funds, debt service funds, certain capital project funds, enterprise funds and certain expendable trust funds. All annual appropriations lapse at fiscal year end and are not automatically reappropriated the following fiscal year.

On or before the last Friday in May of each year, all departments/agencies of the City submit requests for appropriation to the City Manager. The City Manager holds an interview with each department director during the first week in June at which time each Department Director must justify his/her requests.

During June of each year, the City Manager conducts workshops for City Council and the general public to discuss levels of service as they relate to the following year's budgetary priorities. 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 rate for the next budget year will be based.

Pursuant to the input received at the workshops and from the Property Appraiser, the proposed budget is prepared by fund, function and activity, and includes information on the past two years, current estimates and requested appropriations for the subsequent fiscal year. Prior to July 31st, a public hearing is held at which this proposed budget is presented to City Council and, by Resolution, City Council sets the proposed millage rate.

Based on the State of Florida "TRIM" (Truth in Millage) calendar, the City holds two public hearings on the proposed millage rate and proposed budget.

Note 1. Summary of Significant Accounting Policies, Continued

(d) Budgets - Legal Compliance, continued

At the second of these hearings, usually in mid to late September, the final millage rate and the final budget are adopted by separate resolutions. The final budget is required to be adopted prior to October 1 by Florida Statute. During the budgetary fiscal year, October through September, the adopted budget may be amended by two means, per City Charter Section 3.13:

Budget Transfer - Line item changes within a department or transfers between departments within a fund, which requires City Manager approval; and

Budget Amendment - Changes between funds or to appropriate unanticipated revenues, which require a resolution of City Council.

The level of control whereby expenditures cannot exceed appropriations is at the fund level. During the fiscal year ended September 30, 2002, various supplemental appropriations were approved by City Council in accordance with this policy.

(e) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of monies are recorded as a reservation of budget, is employed as an extension of the statutorily required budgetary process. All encumbrances lapse at year end. Therefore, encumbrances are not compared to authorized appropriations and no portion of fund balance is reserved or designated for encumbrances.

(f) Cash and Investments

Cash includes amounts in certificates of deposit, demand deposits, and/or savings accounts, as well as funds deposited with the Local Government Surplus Funds Trust Fund administered by the Florida State Board of Administration.

In addition to the deposits with the Local Government Surplus Funds Trust Fund, Florida Statute 218.415(16) and the City's investment policy authorize the City to invest in the following: any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Florida Statute 163.01, direct obligations of the United States Treasury, interest-bearing time deposits or savings accounts in qualified public depositories as defined in Florida Statute 280.02, Federal agencies and instrumentalities, Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency, securities of a registered investment trust with a portfolio comprised of obligations of the United States Treasury or Federal agencies and instrumentalities, repurchase agreements when evidenced by a master repurchase agreement and collateralized mortgage obligations.

Note 1. Summary of Significant Accounting Policies, Continued

(f) Cash and Investments, continued

The City has adopted GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, in which all investments are reported at fair value. Fair value is determined by using quoted market prices.

For Cash Flow Statement purposes, the City considers highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

(g) Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the combined balance sheet.

Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

(h) Restricted Assets

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

(i) General Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental fund types, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair market value on the date received. Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are also capitalized.

No depreciation has been provided on general fixed assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The City capitalizes fixed assets which have a cost of $750 or more and a useful life in excess of one year.

(j) Property, Plant and Equipment - Enterprise Funds

Property, plant and equipment in Enterprise Funds are stated at cost, except for contributed property, which is recorded at fair market value on the date of acquisition. The City capitalizes major expenditures for additions and improvements. Expenditures for maintenance and repairs are charged to expense as incurred.

Note 1. Summary of Significant Accounting Policies, Continued

(j) Property, Plant and Equipment - Enterprise Funds, 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:

Assets	Years
Buildings	10-30
Improvements	30
Equipment	3-15

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.

(k) Compensated Absences

The City's regular 40-hour-per-week employees with one through four years of service are entitled to accrue a maximum of 160 vacation hours while employees with five years or more of service time may accrue a maximum of 240 vacation hours. 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. In accordance with GASB Statement No.16 *Accounting for Compensated Absences*, the City has accrued when incurred the compensated absences in the Proprietary Funds along with the salary related employer expenses. In Governmental Fund Types, these amounts would not normally be liquidated with expendable available financial resources and are, therefore, recorded in the General Long-Term Debt Account Group.

(l) Long-term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

(m) Fund Equity

Contributed capital has been recorded in proprietary funds that have received contributions from developers, customers or other funds prior to October 1, 2000. Reserves of fund equity represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources. Undesignated fund balances represent expendable available financial resources.

Note 1. Summary of Significant Accounting Policies, Continued

(n) Utility Capital Expansion Fee (Connection and Transmission Main Fees)

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

(o) Deferred Revenue

The City records deferred revenues for fees collected in advance of the period (1) in which related expenses will be recognized or (2) in which the revenue will be earned. Deferred revenues consist principally of user fees, licenses, permits and impact fees. Refundable impact fees recorded in governmental funds are recorded as deferred revenue when received and revenue when used for its intended purpose.

(p) Issuance Costs

Bond issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Issuance costs are reported in other assets.

(q) Interfund Transactions

Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

(r) Comparative Data/Reclassification

Comparative total data for the prior year have been presented in selected sections of the accompanying general purpose financial statements in order to provide an understanding of the changes in the government's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

(s) Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or cash flows, in conformity with generally accepted accounting principles. Nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 1. Summary of Significant Accounting Policies, Continued

(t) Application of FASB Pronouncements to Proprietary Funds

The City has adopted GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Fund and Other Governmental Entities That Use Proprietary Fund Accounting*, (GASB 20) with regard to the application of FASB Pronouncements to its Proprietary Fund. In accordance with GASB 20, the City has elected not to apply those FASB Statements and Interpretations issued after November 30, 1989.

Note 2. 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 billing and collection of all property taxes is done for the City by the Lee County Tax Collector.

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.

Procedures for collecting delinquent taxes, including applicable tax certificate sales, tax deed sales and tangible personal property seizure and sales, are provided for by the laws of Florida. 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 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 and voted debt service tax rates for the year ended September 30, 2002 were 1.7291 and 0.2607, respectively, per $1,000 of assessed property valuation.

Note 3. Deposits and Investments

Deposits

The City's deposits policy allows for deposits to be held in demand deposit and/or savings accounts, certificates of deposits as well as the Local Government Surplus Funds Trust Fund administered by the Florida State Board of Administration (SBA). All City depositories are banks or savings institutions designated by the State Treasurer as qualified public depositories.

Note 3. Deposits and Investments, Continued

At September 30, 2002, the carrying amounts of the City's bank deposits were $23,913 and the bank balance was $1,533,306. These deposits were entirely covered by federal depository insurance or by collateral pursuant to Florida Statutes Chapter 280, "Florida Security for Public Deposits Act". 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 times the depository collateral - pledging level required pursuant to Chapter 280 as computed and reported monthly or 25 percent 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. Chapter 280 defines deposits as time deposit accounts, demand deposit accounts, and certificates of deposit. The City had $14,148,529 on deposit with the State Board of Administration, $50,102 on deposit with the Fiscal Agents of the Pension Funds and also held $460 in petty cash, change funds and cash on hand at September 30, 2002.

The City deposits funds throughout the year with the Local Government Surplus Fund Trust Fund administered by the State Board of Administration (SBA), under the regulatory oversight of the State of Florida. The SBA pooled investments are recorded at amortized cost, consistent with GASB Statement No. 31. The value of the City's position in the pool is the same as the value of the pool shares.

Investments

The City's investment portfolio consisted of the following at September 30, 2002:

Type	Category 1	Carrying Market Value
US Government Agency Securities	$1,796,293	$1,796,293
Pension Investment Pool		
General		5,540,406
Police		4,051,638
		$11,388,337

Investments held by the City, not including pension investments, are category one (1) custodial credit risk investments, which means they are insured or registered or for which securities are held by the City or its agent in the City's name. Pension assets are invested in mutual fund pools which are not categorized as they are not evidenced by securities that exist in physical or book entry form.

There were no losses during the period due to default by counter parties to investment transactions, and the City had no other type of investments during the year other than those listed above.

Investments are subject to several types of risks. The major risks are credit and market risks. Credit risk relates to whether or not the City will be able to recover its investment in a security at the security's maturity date. Approximately 16% of the City's investments are classified as Category 1 for credit risk, which is the highest category available. The remaining 84% of the City's securities are not categorized because they are not evidenced by securities that exist in physical or book entry form.

Note 3. Deposits and Investments, Continued

Market risk relates to the risk that the market value of an investment will decline during the life of the investment. The level of market risk is determined by such factors as: the length of time before the investment matures and the likelihood of an investment being sold before its maturity in order to meet operational requirements. The City has invested in various U.S. government agency securities, including the Federal Home Loan Mortgage Corporation and Federal National Mortgage Association collateralized mortgage obligations (CMO's). The City does not intend to sell these securities prior to the earlier of (1) maturity or final paydown, or (2) when the market value approximates cost. The City currently has the ability to hold these investments as it has sufficient liquidity to meet operational requirements.

Note 4. Other Reserves and Designated Fund Balances

Other reserves of fund balance consisted of the following at September 30, 2002

General Fund		
Reserved for advance to other funds	$	1,333
Reserved for inventories		5,409
Reserved for prepaid items		2,496
	$	9,238

Designated for subsequent year's expenditures fund balance consisted of the following at September 30, 2002.

General Fund		
Designated for insurance deductibles & other contingencies	$	50,000
Designated for City Hall Repairs		200,000
Designated for Disasters		1,000,000
	$	1,250,000

Note 5. Accounts Receivable

At September 30, 2002 accounts receivable consisted of the following:

General Fund	$	159,899
Special Revenue Funds		
Franchise Tax & Occupational License Tax Revenue		325
Enterprise Funds		
Sanibel Sewer System		164,573
Beach Parking		180
Below Market Rate Housing		9,312
Trust and Agency Funds		
Police Officer's Retirement Fund Contribution Receivable		10,834
Total All Funds	$	345,123

Note 6. Difference Between Budgeted and Actual Results

The City adopts budgets on a basis consistent with U.S. Generally Accepted Accounting Principles (GAAP) except that the City did not adopt a budget for the following funds:

Special Revenue Funds - Tourist Development Council Grants from Lee Co.

Capital Project Funds - Gulf Pines/Gulf Shores/West Gulf Drive Beach Restoration
Beach Road Paving Special Assessment

Expendable Trust Funds - Flexible Spending Trust
Father Madden Trust
Harriet Spoth Historical Trust

The following adjustments were necessary to present these funds actual data on a budgetary basis:

	Special Revenue Funds	Capital Project Funds	Expend-Able Trust Funds
Excess of revenues and other financing sources Over (under) expenditures and other financing uses	$ (40,023)	$ (241,400)	$ 8,891
Entity differences:			
Funds not budgeted			
Revenues	--	(652)	(9,120)
Expenditures	--	--	229
	--	(652)	(8,891)
Excess of revenues and other financing sources under expenditures and other financing uses	$ (40,023)	$ (242,052)	$ --0--

Note 7. Restricted Assets

Certain assets, scheduled as follows, are restricted for specific uses:

Cash and Cash Equivalents	$ 5,954,942
Investments	147,981
Assessments Receivable	10,222,248
Total restricted assets	$ 16,325,171

These assets of the Sanibel Sewer System Enterprise Fund are restricted for specific uses by authorizing resolutions and bond agreements as follows:

Debt service	$ 14,598,841
Renewal and replacement	130,320
Bond and Loan Reserve Accounts	1,516,010
Rate Stabilization	80,000
Total restricted assets	$ 16,325,171

Note 8. Notes Receivable

Notes receivable consisted of the following at September 30, 2002:

Enterprise Funds	
Below Market Rate Housing Fund	
Mortgage notes receivable from a non-profit entity, collateralized by land, principal and interest at 8% through 09/30/96 and at 6% thereafter due at the time of land sale or in 30 years (2019 -2021), whichever comes first.	$ 440,229
$1,800,000 note receivable from a non-profit entity, collateralized by net rental income with interest at 5.2635%, due June 2009.	2,105,796
Total notes receivable	$ 2,546,025

Note 9. Interfund Assets/Liabilities

At September 30, 2002, due from/to other funds consisted of the following:

	Due From	Due To
General Fund	$3,330,864	$ --
Debt Service Funds		
3rd Series-1997 Notes A & B	--	927
Capital Project Fund		
Transportation Capital Projects	23,000	--
Pond Apple Park Acquisition	--	53,838
Periwinkle Bike Path & Road Maintenance	150,000	--
San-Cap Road Project	--	173,000
Environmentally Sensitive Land Restoration	--	46,415
Beach Road Paving	--	1,386
Enterprise Funds		
Sanibel Sewer System	--	3,228,298
	$3,503,864	$3,503,864

At September 30, 2002, advances to/from other funds consisted of:

	Advances To	Advances From
General Fund	$ 1,333	$ --
Enterprise Fund - Sanibel Sewer	--	1,333
	$ 1,333	$ 1,333

Note 10. Property, Plant and Equipment

The following is a summary of changes in the general fixed assets account group during the year ended September 30, 2002:

	Balance October 1, 2001	Additions	Deletions	Balance September 30, 2002
Land	$ 14,666,283	$ 5,991,592	$ --	$ 20,657,875
Building	3,543,273	48,707	(700)	3,591,280
Improvements other than buildings	10,875,110	956,490	(6,310)	11,825,290
Machinery and equipment	3,598,922	386,084	(122,783)	3,862,223
Total general fixed assets	$ 32,683,588	$ 7,382,873	$ (129,793)	$ 39,936,668

A summary of property, plant & equipment in the enterprise funds at September 30, 2002 follows:

	Sanibel Sewer System	Beach Parking	Total
Land	$ 964,389	$ 372,642	$ 1,337,031
Buildings	273,216	123,024	396,240
Improvements other than buildings	18,968,347	486,776	19,455,123
Machinery and equipment	1,603,865	319,890	1,923,755
Construction in progress	26,525,797	--	26,525,797
Total property, plant and equipment	48,335,614	1,302,332	49,637,946
Less: accumulated depreciation	(3,953,228)	(426,085)	(4,379,313)
Total	$ 44,382,386	$ 876,247	$ 45,258,633

Note 11. Long-Term Debt

Long-term debt at September 30, 2002 consisted of the following:

General Long-Term Debt Account Group

Bond Anticipation Note Payable

A Bond Anticipation Note in the amount of $5,595,800 was issued on December 28, 2001. This Note is excluded from current liabilities and reported as a non-current liability because, after September 30, 2002, a long-term obligation was issued for the purpose of refinancing this Note on a long-term basis:

Bond Anticipation Note outstanding at September 30, 2002	$ 5,595,800

Note 11. Long-Term Debt, Continued

Bond Anticipation Note Payable, continued

The terms of the long-term obligation are listed below

$3,825,000 General Obligation Bonds, Series 2002, interest payable varying from 3.601% 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.

The remainder of the Bond Anticipation Note was paid in December, 2002 using the proceeds from a grant received on November 7, 2002.

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.	2,188,234

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, 2011.	929,576
$52,095 3rd Series Note B dated December 19, 1997, collateralized by any legally available non-ad valorem revenue, monthly payments of $979 including interest payable at 4.83%; due December, 2002.	2,903
	932,479
Noncurrent portion of accrued compensated absences. Employees of the City are entitled to paid sick and annual leave, based on length of service and job classifications.	492,664
Total General Long-Term Debt	$ 9,209,177

Enterprise Funds

Revenue Bonds Payable

$7,185,000 Sanibel Sewer Utility Revenue Refunding and Improvement Bonds, Series 1993, collateralized by the net revenues of the sewer system. $2,020,000 are serial bonds with interest from 3.10% to 5.30% payable semi-annually, principal payable from 1995 through 2007. $5,165,000 are term bonds with interest payable semi-annually at 5.25% - 5.375%, specific principal balances due in 2013, 2020 and 2021. These bonds are subject to redemption prior to maturity on or after 2002 at stated redemption prices.	$ 5,465,000

Notes Payable

$1,348,997 note payable to a financial institution, collateralized by the Sanibel Causeway Surplus revenues, accrued interest payable at 4.335%; due June, 2009.	983,470

Note 11. Long-Term Debt, Continued

Enterprise Funds, Continued

Notes Payable (Continued)

$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 4.6%, due July, 2014.	547,567
Disbursements, service fees and capitalized interest on the $13,095,842 State of Florida revolving loan #080, collateralized by special assessments, ad valorem taxes and the net revenues of the sewer system, accrued interest payable at 1.54%; due August, 2022.	12,783,695
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.	5,337,564
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.	7,835,200
Disbursements, service fees and capitalized interest for a $4,581,866 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.	4,466,472
Disbursements, service fees and capitalized interest for a $580,411 State of Florida revolving loan #WWG100, 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.	580,411
$8,930 3rd Series Note B dated December 19, 1997, collateralized by any legally available non-ad valorem revenue, monthly payments of $168 including interest payable at 4.83%; due December, 2002.	495
	32,534,874

Accrued Compensated Absences

Noncurrent portion of accrued compensated absences. Employees of the City are entitled to paid sick and annual leave, based on length of service and job classifications.	56,174
Total Enterprise Funds	$ 38,056,048

Note 11. Long-Term Debt, Continued

The following is a summary of the changes in bonded and other indebtedness of the City:

	General Long-Term Debt				
	Bond Anticipation Note	Revenue Bonds	Notes Payable	Accrued Compen-sated Absences	Total
Debt payable at October 1, 2001	$ -0-	$2,261,715	$1,014,279	$447,680	$3,723,674
Debt issued	5,595,800	---	---	---	5,595,800
Change in accrual for compensated absences	---	---	---	44,984	44,984
Debt retired	---	(73,481)	(81,800)	---	(155,281)
Debt payable at Sept. 30, 2002	$5,595,800	$2,188,234	$ 932,479	$492,664	$9,209,177

	Enterprise Funds			
	Revenue Bonds Payable	Notes Payable Total	Accrued Compen-sated Absences	Total
Debt payable at October 1, 2001:	$ 5,635,000	$ 19,515,874	$ 53,083	$ 25,203,957
Debt issued:	---	13,545,940	---	13,545,940
Change in accrual for compensated absences:			3,091	3,091
Debt Retired:	(170,000)	(526,940)	---	(696,940)
Long-term Debt payable at Sept. 30, 2002:	$ 5,465,000	$ 32,534,874	$ 56,174	$ 38,056,048

The annual requirements to amortize all debt outstanding as of September 30, 2002, are as follows:

	General Long-Term Debt			
Year Ending September 30	Bond Anticipation Note	Revenue Bonds	Notes Payable	Total
2003	$ 5,725,063	$ 187,477	$ 123,203	$ 6,035,743
2004	---	187,477	120,260	307,737
2005	---	187,477	120,260	307,737
2006	---	187,477	120,260	307,737
2007	---	187,477	120,260	307,737
Thereafter	---	2,437,201	601,278	3,038,479
	5,725,063	3,374,586	1,205,521	10,305,170
Less: Amounts representing interest	(129,263)	(1,186,352)	(273,042)	(1,588,657)
	$ 5,595,800	$2,188,234	$ 932,479	$8,716,513
Amount provided for compensated absences				$492,664
Total				$9,209,177

Note 11. Long-Term Debt, Continued

	Enterprise Funds		
Year Ending September 30	Revenue Bonds	Notes Payable	Total
2003	$ 463,874	$ 2,778,737	$ 3,242,611
2004	465,478	3,134,979	3,600,457
2005	466,224	3,027,809	3,494,033
2006	466,474	2,778,236	3,244,710
2007	465,814	2,778,236	3,244,050
Thereafter:	6,495,400	28,585,746	35,081,146
	8,823,264	43,083,743	51,907,007
Less amounts representing interest	(3,358,264)	(10,548,869)	(13,907,133)
	$ 5,465,000	$ 32,534,874	37,999,874
Amount provided for compensated absences			56,174
Total			$ 38,056,048

Bond Resolutions

Resolutions for various debt obligations established certain funds and accounts and determined the order in which certain revenues are to be deposited into the funds and accounts. The City has also covenanted to budget and appropriate sufficient revenue sources to pay the various debt obligations when due. All required balances at year-end were maintained in accordance with the various resolutions which are summarized below:

The 1979 revenue bond indenture requires the establishment of a Revenue Fund into which franchise taxes and occupational license tax revenue are to be deposited. In addition, a Debt Service Fund was required into which a portion of the principal and interest payments are deposited.

The 1993 revenue bond indenture requires the establishment of certain funds and accounts including a Construction Fund, Revenue Fund, Bond Amortization Account, Reserve Fund, Renewal and Replacement Fund and a Rate Stabilization Fund. The net revenues of the Sewer System operations are the sole revenue source pledged to the repayment of this debt.

Note 12. Changes in Fund Equity - Enterprise Funds

The following summarizes the changes in fund equity of the City's Enterprise Funds:

	Contributed Capital	Reserved Retained Earnings	Unreserved Retained Earnings
Balances, October 1, 2001	$ 7,127,725	$ 6,754,004	$ 3,311,997
Additions (deductions):			5,284,354
Reserved for debt service	---	5,202,060	(5,202,060)
Reserved for renewal and replacement	---	26,748	(26,748)
Depreciation on assets acquired	(215,985)	---	215,985
Balances, September 30, 2002	$ 6,911,740	$ 11,982,812	$ 3,583,528

Note 13. 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, 2002, can be obtained from Florida League of Cities, Inc., Public Risk Service, 135 East Colonial Drive, Orlando, Florida 32853-0065.

Note 14. 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.

General Employees' Pension Plan

Current membership is comprised of the following:

Active employees	85
Retirees and beneficiaries of deceased retirees currently receiving benefits:	21
Terminated employees entitled to benefits but not yet receiving them	28
Total	134

Note 14. Pension Plans, Continued

Plan Description

All full-time employees who are non-sworn police officers, and who have attained age 18 but not attained age 65, are required to participate in the City's General Employees' Pension Plan. The Plan provides retirement and pre-retirement death 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 Compensation multiplied by the number of years of service (maximum 30 years)., Average Compensation is calculated over all 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. Although the plan is governed by the City, which is responsible for the management of plan assets, the City has delegated the authority to manage plan assets to General Employees Pension Board of Trustees. All costs of administering the plan are paid from plan assets.

Funding Policy

Active members are not required to contribute to this Plan. The City contributes the actuarially determined amount designated to accumulate sufficient assets to pay benefits when due.

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, 2001 actuarial valuation using the Aggregate Actuarial Cost method. The actuarial assumptions included (a) 7.5% investment rate of return, and (b) projected salary increases of 2.6% from Table S-5 from the Actuary's Pension Handbook plus 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. 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, 2002 was $383,765.

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2002	$383,765	100%	$ (163,625)
September 30, 2001	402,299	107%	(139,733)
September 30, 2000	515,521	118%	(93,631)

Note 14. Pension Plans, Continued

The components of the Net Pension Obligation (NPO) are as follows:

	9/30/00	9/30/01	9/30/02
Actuarially Determined Contribution (A)	$515,521	$402,299	$383,765
Interest on NPO	58	(7,490)	(11,179)
Adjustment to (A)	66	(8,519)	(12,713)
Annual Pension Cost	515,645	386,290	359,873
Contributions Made	610,001	432,392	383,765
Increase in NPO	(94,356)	(46,102)	(23,892)
NPO Beginning of Year	725	(93,631)	(139,733)
NPO End of Year	$(93,631)	$(139,733)	$(163,625)

Concentration of Investments

At September 30, 2002, 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	49.69%	$2,752,884
State Street Global Advisors Equities	50.31%	$2,787,522

Municipal Police Officers' Pension Plan

Current membership is comprised of the following:

Active employees	19
Retirees and beneficiaries of deceased retirees currently receiving benefits:	13
Terminated employees entitled to benefits but not yet receiving them	2
Total	34

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-trusteed and is administered by the Municipal Police Officers' Pension Board comprised of members elected pursuant to Section 185, Florida Statutes for local law plans. All costs of administering the plan are paid from plan assets.

Note 14. Pension Plans, Continued

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.

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, 2001 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 over a four-year period on a closed basis. The remaining period as of September 30, 2002 was 29 years. The following schedule is provided to disclose the components of the Annual Pension Cost:

Unfunded Actuarial Accrued Liability as of October 1, 2001	$ 552,537
City and State Normal Cost applicable for fiscal year 2002	186,152
Interest on UAAL and Normal Cost	59,095
Sponsor Contributions to the Plan during the year	(237,724)
Interest on sponsor contributions	(8,738)
Unfunded Accrued Liability as of October 1, 2002	$ 551,322

The City's annual pension cost for the fiscal year ended September 30, 2002 was $199,153.

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2002	$199,153	100%	---
September 30, 2001	185,087	100%	---
September 30, 2000	192,715	100%	---

Concentration of Investments

At September 30, 2002, 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	46.16%	$1,870,358
SunTrust Equities	53.84%	$2,181,280

Note 15. Miscellaneous Revenues

Miscellaneous revenues in Governmental and Expendable Trust Fund Types are composed primarily of impact fees, fines, contributions, rents, proceeds from the sale of equipment, interest earnings and other miscellaneous revenues. Miscellaneous revenues in the Governmental and Expendable Trust Fund types at September 30, 2002 are as follows:

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust Funds	Total
Impact Fees	$ —	$ 307,585	$ —	$ —	$ —	$ 307,585
Contributions & Donations	25,667	64,062	—	1,000	—	90,729
Rents & Royalties	14,538	—	—	—	—	14,538
Interest	170,644	9,481	10,681	14,266	9,120	214,192
Other	144,280	80	—	20,000	—	164,360
Total Misc.Revenue	$ 355,129	$ 381,208	$ 10,681	$ 35,266	$ 9,120	$ 791,404

Note 16. Excess of Expenditure Expenses Over Appropriations

For the year ended September 30, 2002 there were no excess expenditures over appropriations in any individual fund except for the following:

Special Revenue Funds	
Federal Forfeiture Fund	$ 68
Debt Service Funds	
3rd Series 1997 Notes A & B	391
Capital Project Funds	
Pond Apple Park	28,638
	$ 29,097

The excess expenditures over appropriations resulted from unanticipated expenditures for these funds in 2002. Sufficient revenues or fund equity were either available in 2002 or were appropriated available in 2003 to fund the excess expenditures.

Note 17. Deficit Fund Balances or Retained Earnings of Individual Funds

The following individual funds had deficit fund balances as of September 30, 3002:

Debt Service Funds	
3rd Series 1997 Notes A & B	$ 927
Capital Project Funds	
San-Cap Road Project	$14,077
Pond Apple Park	$53,838

Appropriations in the subsequent fiscal year will recover the deficit fund balances in these funds.

Note 18. Commitments and Contingencies

At September 30, 2002, the City had in process various construction contracts in the governmental funds totaling $909,325. Expenditures on these contracts as of September 30, 2002 totaled $468,052, including retainage payable of $46,806.

Also, construction contracts in the enterprise funds totaled $22,547,140 with expenditures of $17,976,045 as of September 30, 2002 including retainage payable of $1,200,169.

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

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's legal counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Note 19. Segment Information for Enterprise Funds

The City maintains three (3) Enterprise Funds, one of which provides sanitary sewer service, one for a below market rate housing program and one for beach parking. Segment information for the year ended September 30, 2002, is as follows:

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Note 19. Segment Information for Enterprise Funds, Continued

	Sanibel Sewer System	Below Market Rate Housing	Beach Parking	Total Enterprise Funds
Operating Revenues	$ 2,465,757	$ 8,077	$ 531,162	$ 3,004,996
Depreciation and Amortization	$ 785,778	$ --	$ 88,369	$ 874,147
Operating loss	$ (137,716)	$ (200,428)	$ (158,714)	$ (496,858)
Non-operating revenues (expenses)				
Ad Valorem Taxes	$ 796,927	$ --	$ --	$ 796,927
Interest income	188,346	123,199	6,017	317,562
Special assessment interest	48,018	--	--	48,018
Intergovernmental	--	--	55,858	55,858
Interest expense & other debt service	(728,610)	(71,535)	(75)	(800,220)
Total Non-operating revenues (expenses)	$ 304,681	$ 51,664	$ 61,800	$ 418,145
Contributions	4,968,985	--	--	4,968,985
Operating transfers in	--	394,082	--	394,082
Net income (loss)	$ 5,135,950	$ 245,318	$ (96,914)	$ 5,284,354
Changes to contributed capital, net	$ (215,985)	$ --	$ --	$ (215,985)
Additions to property, plant & equipment	$ 15,637,673	$ --	$ 37,309	$ 15,674,982
Current assets	$ 1,576,432	$ 49,491	$ 498,785	$ 2,124,708
Current liabilities payable from current assets	6,239,277	8	33,421	6,272,706
Working capital (deficiency)	$ (4,662,845)	$ 49,483	$ 465,364	$ (4,147,998)
Restricted assets	$ 16,325,171	$ --	$ --	$ 16,325,171
Property, plant & equipment, net	$ 44,382,386	$ --	$ 876,247	$ 45,258,633
Total assets	$ 62,554,707	$ 2,595,516	$ 1,375,032	$ 66,525,255
Bonds & other long-term liabilities	$ 36,243,433	$ 1,531,044	$ --	$ 37,774,469
Total fund equity	$ 20,071,997	$ 1,064,472	$ 1,341,611	$ 22,478,080

CITY OF SANIBEL, FLORIDA
GENERAL EMPLOYEES PENSION PLAN

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of covered Payroll ((b-a)/c)
10/01/02	$ 5,661,751	$ 5,661,751	-	100.00%	$ 3,249,973	0.00%
10/01/01	5,737,504	5,737,504	-	100.00%	3,033,837	0.00%
10/01/00	4,938,323	4,938,323	-	100.00%	2,701,065	0.00%
10/01/99	4,271,871	4,271,871	-	100.00%	2,847,122	0.00%
10/01/98	3,695,793	3,695,793	-	100.00%	2,952,226	0.00%
10/01/97	3,072,531	3,072,531	-	100.00%	2,703,503	0.00%

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES

Year Ended September 30	Annual Required Contribution	City Contribution	Percentage Contributed
2002	$ 383,765	$ 383,765	100.00%
2001	402,299	432,392	107.48%
2000	515,521	610,001	118.33%
1999	532,508	532,508	100.00%
1998	394,870	394,870	100.00%
1997	340,034	340,034	100.00%

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) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of covered Payroll ((b-a)/c)
10/01/02	$ 4,968,713	$ 5,520,045	$ 551,332	90.01%	$ 976,875	56.44%
10/01/01	4,956,770	5,065,971	109,201	97.84%	1,011,619	10.79%
10/01/00	4,697,598	4,814,832	117,234	97.57%	1,039,031	11.28%
10/01/99	4,165,354	4,498,591	333,237	92.59%	1,039,115	32.07%
10/01/98	3,651,746	3,984,693	332,947	91.64%	937,551	35.51%
10/01/97	3,283,663	3,614,759	331,096	90.84%	1,046,258	31.65%

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES

Year Ended September 30	Annual Required Contribution	City Contribution	State Contribution		Percentage Contributed
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%
1999	218,425	188,151	30,274	(*)	100.00%
1998	174,721	144,447	30,274		100.00%
1997	211,798	182,002	33,568		101.78%

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

City of Sanibel

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Combining and Individual Fund and Account Group Statements

These financial statements provide a more detailed view of the "General Purpose Financial Statements" presented in the preceding section.

Combining statements are presented when there is more than one fund of a given fund type.

Financial Schedules are also presented that provide greater detailed information than reported in the financial statements.

General Fund

The General Fund is the principal fund of the City and is used to account for resources traditionally associated with government, which are not required legally or by sound financial management to be accounted for in another fund. These activities are funded principally by property taxes, intergovernmental revenues, licenses and permits, charges for services and miscellaneous revenue including public contributions and interest earnings.

City of Sanibel

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CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
Year Ended September 30, 2002

	Budget	Actual	Variance-Favorable (Unfavorable)
Revenues			
Taxes			
Ad valorem taxes	$ 5,572,250	$ 5,393,434	$ (178,816)
Local option gas tax	1,270,000	1,298,916	28,916
Communications services tax	290,000	354,039	64,039
Casualty insurance premium tax	36,000	38,571	2,571
Total taxes	7,168,250	7,084,960	(83,290)
Licenses and permits	1,122,500	1,234,949	112,449
Intergovernmental revenues			
Federal payments in lieu of taxes	70,000	68,383	(1,617)
State revenue sharing	125,000	110,515	(14,485)
Half-cent sales tax	500,000	504,113	4,113
State & Co. occupational license rebates	2,800	6,444	3,644
State and Co. mobile home license rebates	130	560	430
Motor fuel tax rebate	5,000	3,706	(1,294)
State & Co. alcoholic beverage lic. rebates	16,000	18,208	2,208
State grants	7,250	7,250	-
Grant from other local government	20,725	19,725	(1,000)
Shared revenue-Causeway Surplus	1,000,000	839,497	(160,503)
Shared revenue-Solid waste	20,000	8,668	(11,332)
Library shared taxes	1,976,861	1,913,779	(63,082)
Local payment in lieu of taxes	7,500	-	(7,500)
Total intergovernmental	3,751,266	3,500,848	(250,418)
Charges for services			
General government	594,816	765,221	170,405
Public safety	20,400	27,468	7,068
Physical environment	210,000	248,110	38,110
Transportation	500	-	(500)
Culture/recreation	62,800	61,874	(926)
Total charges for services	888,516	1,102,673	214,157
Fines and forfeitures			
Court fines	40,000	32,466	(7,534)
Police education	-	4	4
Parking fines	40,000	66,351	26,351
Violations of ordinances	15,000	52,851	37,851
Total fines and forfeitures	95,000	151,672	56,672
Miscellaneous revenue			
Public contributions	23,250	25,667	2,417
Rents and royalties	18,280	14,538	(3,742)
Sale of equipment	110	1,118	1,008
Interest	400,000	170,644	(229,356)
Refund of prior year's expense	-	65,229	65,229
Other miscellaneous revenue	77,000	77,933	933
Total miscellaneous revenue	518,640	355,129	(163,511)
Total revenues	$ 13,544,172	$ 13,430,231	$ (113,941)

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
Year Ended September 30, 2002
(Continued)

Expenditures	Budget	Actual	Variance-Favorable (Unfavorable)
Current			
General Government			
Insurance	$ 290,100	$ 252,152	$ 37,948
Legislative	264,372	370,000	(105,628)
Administrative	414,596	397,948	16,648
Management Information	276,620	290,349	(13,729)
Finance	462,387	433,282	29,105
Legal	423,302	440,487	(17,185)
Planning	749,129	671,373	77,756
Reserve	-	-	-
Total General Government	2,880,506	2,855,591	24,915
Public Safety			
Police	2,268,239	2,328,513	(60,274)
Building	308,929	287,128	21,801
Total Public Safety	2,577,168	2,615,641	(38,473)
Physical Environment			
Garbage/solid waste	18,500	19,133	(633)
Natural resource management	176,321	172,667	3,654
Total Physical Environment	194,821	191,800	3,021
Transportation			
Public Works - Division of:			
Streets and Appurtenances	1,353,952	1,270,784	83,168
Culture/Recreation			
Parks and Recreation - Divisions of:			
Library	1,976,861	1,913,779	63,082
Recreation Complex	665,527	649,046	16,481
Public Facilities	431,405	368,403	63,002
Community Center-Seniors	72,732	72,590	142
Performing Arts	16,900	6,774	10,126
Total Culture/Recreation	3,163,425	3,010,592	152,833
Total expenditures	10,169,872	9,944,408	225,464
Excess of revenue over expenditures	3,374,300	3,485,823	111,523
Other financing sources (uses)			
Operating transfers (out)	(2,231,578)	(2,231,578)	-
Total other financing sources (uses)	(2,231,578)	(2,231,578)	-
Excess of revenue and other financing sources over expenditures and other financing uses	$ 1,142,722	1,254,245	$ 111,523
Fund balance, October 1		5,605,777	
Residual equity transfers, net		99,124	
Fund balance, September 30		$ 6,959,146	

City of Sanibel

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Special Revenue Funds

Special Revenue Funds are used to account for revenues from specific revenue sources which are legally restricted to expenditure for specified functions or activities.

Special Revenue Funds
(Description)

HISTORICAL COMMITTEE - To account for receipts and disbursements of donations specifically designated for the use and by 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.

ROAD IMPACT FEES - To account for revenue collected by the City at the time of building permit issuance based on a County-wide ordinance assessing road impact fees which funds are used to improve roads on Sanibel.

COMMUNITY PARK IMPACT FEES - To account for revenue collected by the City at the time of building permit issuance based on a county-wide ordinance assessing community park impact fees which funds are used to improve community parks.

FEDERAL FORFEITURE - To account for confiscated funds received by the City on pro-rata basis pursuant to Federal law enforcement.

TOURIST DEVELOPMENT COUNCIL GRANTS FROM LEE COUNTY - To account for grants from Lee County Tourist Development Council for various beach improvement projects.

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, pursuant to an Interlocal Agreement with Lee County.

City of Sanibel

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CITY OF SANIBEL, FLORIDA
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
September 30, 2002
With Comparative Totals for September 30, 2001

	Historical Committee	Recreation Center Donations	Road Impact Fees	Community Park Impact Fees
ASSETS				
Cash and cash equivalents	$ 1,387	$ 46,657	$ 197,757	$ 228,904
Investments	225,337	-	-	-
Taxes receivable	-	-	-	-
Accounts receivable	-	-	-	-
Due from other governments	-	-	-	-
Total assets	$ 226,724	$ 46,657	$ 197,757	$ 228,904
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	$ 1,096	$	$ -	$ -
Accrued liabilities	-	-	-	-
Deferred revenue	-	-	197,757	228,904
Total liabilities	1,096	-	197,757	228,904
FUND EQUITY				
Fund Balances				
Unreserved				
Undesignated	225,628	46,657	-	-
Total fund equity	225,628	46,657	-	-
Total liabilities and fund equity	$ 226,724	$ 46,657	$ 197,757	$ 228,904

Federal Forfeiture	Tourist Development Council Grants from Lee Co.	Franchise Tax and Occupational License Tax Revenue	Elementary School Ball Park Maintenance	Totals 2002	Totals 2001
$ 33,500	$ -	$ 313,757	$ 39,059	$ 861,021	$ 1,097,340
-	-	-	-	225,337	2,375
-	-	-	-	-	46,498
-	-	325	-	325	227
-	-	-	44,657	44,657	463
$ 33,500	$ -	$ 314,082	$ 83,716	$ 1,131,340	$ 1,146,903
$ 33,500	$ -	$ -	$ 6,087	$ 40,683	$ 5,887
-	-	-	3,282	3,282	1,994
-	-	198,258	4,381	629,300	765,641
33,500	-	198,258	13,750	673,265	773,522
-	-	115,824	69,966	458,075	373,381
-	-	115,824	69,966	458,075	373,381
$ 33,500	$ -	$ 314,082	$ 83,716	$ 1,131,340	$ 1,146,903

CITY OF SANIBEL, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
SPECIAL REVENUE FUNDS
Year Ended September 30, 2002
With Comparative Totals for the Year Ended September 30, 2001

	Historical Committee	Recreation Center Donations	Road Impact Fees	Community Park Impact Fees
Revenues				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	1,500	-	-	-
Charges for services	14,052	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	38,326	28,436	270,000	40,000
Total revenues	53,878	28,436	270,000	40,000
Expenditures				
Current				
Public safety	-	-	-	-
Culture / Recreation	105,384	12,920	-	-
Total expenditures	105,384	12,920	-	-
Excess of revenues over (under) expenditures	(51,506)	15,516	270,000	40,000
Other financing sources (uses)				
Operating transfers in	34,824	-	-	-
Operating transfers (out)	-	-	(270,000)	(40,000)
Total other financing sources (uses)	34,824	-	(270,000)	(40,000)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(16,682)	15,516	-	-
Fund Balances, October 1	18,468	31,141	-	-
Residual equity transfers in (out)	223,842	-	-	-
Fund Balances, September 30	$ 225,628	$ 46,657	$ -	$ -

Federal Forfeiture	Tourist Development Council Grants from Lee Co.	Franchise Tax and Occupational License Tax Revenue	Elementary School Ball Park Maintenance	Totals 2002	Totals 2001
$ -	$ -	$ 466,812	$ -	$ 466,812	$ 572,146
-	-	262,412	-	262,412	264,176
-	-	-	90,563	92,063	75,282
-	-	-	-	14,052	9,268
-	-	2,251	-	2,251	2,903
1,067	-	3,143	236	381,208	249,514
1,067	-	734,618	90,799	1,218,798	1,173,289
56,987	-	-	-	56,987	33,997
-	-	-	135,464	253,768	252,506
56,987	-	-	135,464	310,755	286,503
(55,920)	-	734,618	(44,665)	908,043	886,786
-	-	-	82,110	116,934	42,368
(85,000)	-	(670,000)	-	(1,065,000)	(1,030,536)
(85,000)	-	(670,000)	82,110	(948,066)	(988,168)
(140,920)	-	64,618	37,445	(40,023)	(101,382)
140,920	99,125	51,206	32,521	373,381	474,763
-	(99,125)	-	-	124,717	-
$ -	$ -	$ 115,824	$ 69,966	$ 458,075	$ 373,381

CITY OF SANIBEL, FLORIDA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUNDS
Year Ended September 30, 2002

	Historical Committee		
	Budget	Actual	Variance-Favorable (Unfavorable)
Revenues			
Taxes	$ -	$ -	$ -
Licenses and permits	-	-	-
Intergovernmental	1,500	1,500	-
Charges for services	10,000	14,052	4,052
Fines and forfeitures	-	-	-
Miscellaneous	25,000	38,326	13,326
Total revenues	36,500	53,878	17,378
Expenditures			
Current			
Public safety	-	-	-
Culture / Recreation	129,924	105,384	24,540
Total expenditures	129,924	105,384	24,540
Excess of revenues over (under) expenditures	(93,424)	(51,506)	41,918
Other financing sources (uses)			
Operating transfers in	34,824	34,824	-
Operating transfers out	-	-	-
Total other financing sources (uses)	34,824	34,824	-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	$ (58,600)	(16,682)	$ 41,918
Fund Balances, October 1		18,468	
Residual equity transfers in		223,842	
Fund Balances, September 30		$ 225,628	

Recreation Center Donations			Road Impact Fees		
Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
18,000	28,436	10,436	280,000	270,000	(10,000)
18,000	28,436	10,436	280,000	270,000	(10,000)
-	-	-	-	-	-
15,175	12,920	2,255	-	-	-
15,175	12,920	2,255	-	-	-
2,825	15,516	12,691	280,000	270,000	(10,000)
-	-	-	-	-	-
-	-	-	(270,000)	(270,000)	-
-	-	-	(270,000)	(270,000)	-
$ 2,825	15,516	$ 12,691	$ 10,000	-	$ (10,000)
	31,141			-	
	-			-	
	$ 46,657			$ -	

CITY OF SANIBEL, FLORIDA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUNDS
Year Ended September 30, 2002

	Community Park Impact Fees		
	Budget	Actual	Variance-Favorable (Unfavorable)
Revenues			
Taxes	$ -	$ -	$ -
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Miscellaneous	35,000	40,000	5,000
Total revenues	35,000	40,000	5,000
Expenditures			
Current			
Public safety	-	-	-
Culture / Recreation	-	-	-
Total expenditures	-	-	-
Excess of revenues over (under) expenditures	35,000	40,000	5,000
Other financing sources (uses)			
Operating transfers in	-	-	-
Operating transfers out	(40,000)	(40,000)	-
Total other financing sources (uses)	(40,000)	(40,000)	-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	$ (5,000)	-	$ 5,000
Fund Balances, October 1		-	
Residual equity transfers in		-	
Fund Balances, September 30		$ -	

Federal Forfeiture Fund			Franchise Tax and Occupational License Tax Revenue		
Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)
$ -	$ -	$ -	$ 400,000	$ 466,812	$ 66,812
-	-	-	260,000	262,412	2,412
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,500	2,251	(249)
1,000	1,067	67	5,000	3,143	(1,857)
1,000	1,067	67	667,500	734,618	67,118
56,919	56,987	(68)	-	-	-
-	-	-	-	-	-
56,919	56,987	(68)	-	-	-
(55,919)	(55,920)	(1)	667,500	734,618	67,118
-	-	-	-	-	-
(85,000)	(85,000)	-	(670,000)	(670,000)	-
(85,000)	(85,000)	-	(670,000)	(670,000)	-
$ (140,919)	(140,920)	$ (1)	$ (2,500)	64,618	$ 67,118
	140,920			51,206	
	-			-	
	$ -			$ 115,824	

CITY OF SANIBEL, FLORIDA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUNDS
Year Ended September 30, 2002

	Elementary School Ball Park Maintenance		
	Budget	Actual	Variance-Favorable (Unfavorable)
Revenues			
Taxes	$ -	$ -	$ -
Licenses and permits	-	-	-
Intergovernmental	75,318	90,563	15,245
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Miscellaneous	1,200	236	(964)
Total revenues	76,518	90,799	14,281
Expenditures			
Current			
Public safety	-	-	-
Culture / Recreation	162,055	135,464	26,591
Total expenditures	162,055	135,464	26,591
Excess of revenues over (under) expenditures	(85,537)	(44,665)	40,872
Other financing sources (uses)			
Operating transfers in	82,110	82,110	-
Operating transfers out	-	-	-
Total other financing sources (uses)	82,110	82,110	-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	$ (3,427)	37,445	$ 40,872
Fund Balances, October 1		32,521	
Residual equity transfers in		-	
Fund Balances, September 30		$ 69,966	

Totals		
Budget	Actual	Variance-Favorable (Unfavorable)
$ 400,000	$ 466,812	$ 66,812
260,000	262,412	2,412
76,818	92,063	15,245
10,000	14,052	4,052
2,500	2,251	(249)
365,200	381,208	16,008
1,114,518	1,218,798	104,280
56,919	56,987	(68)
307,154	253,768	53,386
364,073	310,755	53,318
750,445	908,043	157,598
116,934	116,934	-
(1,065,000)	(1,065,000)	-
(948,066)	(948,066)	-
$ (197,621)	(40,023)	$ 157,598
	274,256	
	223,842	
	$ 458,075	

City of Sanibel

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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.

Debt Service Funds
(Description)

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.

3rd SERIES 1997 NOTES A & B - To account for the payment of principal and interest on the series A of $59,034, bearing interest of 4.76% for a term of 2 years and the series B note of $61,025, bearing interest of 4.83% for a term of 5 years. Repayment source is from any legally available non-ad valorem revenue.

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.

City of Sanibel

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CITY OF SANIBEL, FLORIDA
COMBINING BALANCE SHEET - DEBT SERVICE FUNDS
September 30, 2002
With Comparative Totals For September 30, 2001

	1979 FMHA Revenue Bond Issue	3rd Series 1997 Notes A & B	1997 $1.25M Paulsen Land Purchase	Totals 2002	Totals 2001
ASSETS					
Cash and cash equivalents	$ 199,641	$ -	$ 48,425	$ 248,066	$ 65,577
Investments	-	-	-	-	189,966
Total assets	$ 199,641	$ -	$ 48,425	$ 248,066	$ 255,543
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Due to other funds	$ -	$ 927	$ -	$ 927	$ -
FUND EQUITY					
Fund Balances					
Unreserved					
Designated for debt service	199,641	(927)	48,425	247,139	255,543
Total liabilities and fund equity	$ 199,641	$ -	$ 48,425	$ 248,066	$ 255,543

CITY OF SANIBEL, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
DEBT SERVICE FUNDS
Year Ended September 30, 2002
With Comparative Totals for the Year Ended September 30, 2001

	1979 FMHA Revenue Bond Issue	3rd Series 1997 Notes A & B	1997 $1.25M Paulsen Land Purchase	Totals 2002	Totals 2001
Revenues					
Miscellaneous	$ 9,523	$ 2	$ 1,156	$ 10,681	$ 30,017
Expenditures					
Debt service					
Principal	73,481	11,311	70,489	155,281	605,362
Interest	113,996	438	49,797	164,231	186,997
Other debt service	50	-	-	50	-
Total expenditures	187,527	11,749	120,286	319,562	792,359
Excess of revenues under expenditures	(178,004)	(11,747)	(119,130)	(308,881)	(762,342)
Other financing sources					
Operating transfers in	187,477	10,000	103,000	300,477	384,260
Excess of revenues and other financing sources over (under) expenditures	9,473	(1,747)	(16,130)	(8,404)	(378,082)
Fund Balances, October 1	190,168	820	64,555	255,543	625,634
Residual equity transfer in	-	-	-	-	7,991
Fund Balances, September 30	$ 199,641	$ (927)	$ 48,425	$ 247,139	$ 255,543

CITY OF SANIBEL, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL - DEBT SERVICE FUNDS
Year Ended September 30, 2002

	1979 FMHA Revenue Bond Issue		
	Budget	Actual	Variance-Favorable (Unfavorable)
Revenues			
Miscellaneous	$ 9,000	$ 9,523	$ 523
Expenditures			
Debt service			
Principal	74,231	73,481	750
Interest	113,246	113,996	(750)
Other debt service	50	50	-
Total expenditures	187,527	187,527	-
Excess of revenues over (under) expenditures	(178,527)	(178,004)	523
Other financing sources			
Operating transfers in	187,477	187,477	-
Excess of revenues and other financing sources over (under) expenditures	$ 8,950	9,473	$ 523
Fund Balances, October 1		190,168	
Fund Balances, September 30		$ 199,641	

3rd Series 1997 Notes A & B			1997 $1.25 M Paulsen Land Purchase		
Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)
$ 25	$ 2	$ (23)	$ 3,000	$ 1,156	$ (1,844)
11,314	11,311	3	70,465	70,489	(24)
44	438	(394)	49,795	49,797	(2)
-	-	-	50	-	50
11,358	11,749	(391)	120,310	120,286	24
(11,333)	(11,747)	(414)	(117,310)	(119,130)	(1,820)
10,000	10,000	-	103,000	103,000	-
$ (1,333)	(1,747)	$ (414)	$ (14,310)	(16,130)	$ (1,820)
	820			64,555	
	$ (927)			$ 48,425	

CITY OF SANIBEL, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL - DEBT SERVICE FUNDS
Year Ended September 30, 2002

	Totals		
	Budget	Actual	Variance-Favorable (Unfavorable)
Revenues			
Miscellaneous	$ 12,025	$ 10,681	$ (1,344)
Expenditures			
Debt service			
Principal	156,010	155,281	729
Interest	163,085	164,231	(1,146)
Other debt service	100	50	50
Total expenditures	319,195	319,562	(367)
Excess of revenues over (under) expenditures	(307,170)	(308,881)	(1,711)
Other financing sources			
Operating transfers in	300,477	300,477	-
Excess of revenues and other financing sources over (under) expenditures	$ (6,693)	(8,404)	$ (1,711)
Fund Balances, October 1		255,543	
Fund Balances, September 30		$ 247,139	

Capital Project Funds

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

Capital Project Funds
(Description)

CAPITAL PLANNING AND 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 AND 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.

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.

POND APPLE PARK - To account for financial resources used to acquire eight acres of land known as Pond Apple Park.

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 assessment for paving the shellrock road.

City of Sanibel

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CITY OF SANIBEL, FLORIDA
COMBINING BALANCE SHEET - CAPITAL PROJECTS FUNDS
September 30, 2002
With Comparative Totals for September 30, 2001

ASSETS	Capital Planning and Asset Acquisition	Transportation Capital Projects	Periwinkle Bike Path & Road Maintenance	San-Cap Road Project	Brazilian Pepper Control
Cash and cash equivalents	$ 1,513,560	$ 394,274	$ 545,972	$ 288,549	$ 74,377
Accounts receivable	-	-	-	-	-
Due from other funds	-	23,000	150,000	-	-
Due from other governments	-	-	-	-	-
Assessments receivable	-	-	-	-	-
Total assets	$ 1,513,560	$ 417,274	$ 695,972	$ 288,549	$ 74,377
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts payable	$ 43,344	$ 20,851	$ 54,612	$ 83,966	$ 41,663
Retainages payable	-	1,146	-	45,660	-
Due to other funds	-	-	-	173,000	-
Accrued liabilities	-	-	76	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	43,344	21,997	54,688	302,626	41,663
FUND EQUITY					
Fund balances					
Unreserved					
Designated for future year's expenditures	-	-	-	-	-
Undesignated	1,470,216	395,277	641,284	(14,077)	32,714
Total fund equity	1,470,216	395,277	641,284	(14,077)	32,714
Total liabilities and fund equity	$ 1,513,560	$ 417,274	$ 695,972	$ 288,549	$ 74,377

Environmentally Sensitive Land Restoration	Pond Apple Park	Gulf Pines/Gulf Shores/West Gulf Drive Beach Restoration	Beach Road Paving Special Assessments	Totals 2002	Totals 2001
$ -	$ -	$ 63,135	$ -	$ 2,879,867	$ 2,930,984
-	-	-	-	-	5,034
-	-	-	-	173,000	-
108,000	-	-	-	108,000	57,447
-	-	-	2,293	2,293	3,489
$ 108,000	$ -	$ 63,135	$ 2,293	$ 3,163,160	$ 2,996,954
$ 8,509	$ -	$ -	$ -	$ 252,945	$ 148,069
-	-	-	-	46,806	16,209
46,415	53,838	-	1,386	274,639	2,660
-	-	-	-	76	-
-	-	-	78	78	-
54,924	53,838	-	1,464	574,544	166,938
-	-	-	-	-	250,815
53,076	(53,838)	63,135	829	2,588,616	2,579,201
53,076	(53,838)	63,135	829	2,588,616	2,830,016
$ 108,000	$ -	$ 63,135	$ 2,293	$ 3,163,160	$ 2,996,954

CITY OF SANIBEL, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
CAPITAL PROJECT FUNDS
For the Year Ended September 30, 2002
With Comparative Totals for the Year Ended September 30, 2001

	Capital Planning and Asset Acquisition	Transportation Capital Projects	Periwinkle Bike Path & Road Maintenance	San-Cap Road Project	Brazilian Pepper Control
Revenues					
Intergovernmental	$ 25,000	$ -	$ -	$ -	$ 125,000
Miscellaneous	1,571	4,789	8,208	-	20,046
Total revenues	26,571	4,789	8,208	-	145,046
Expenditures					
Capital Outlay					
General government	22,348	-	-	-	-
Public safety	154,591	-	-	-	-
Physical environment	610,832	-	-	-	342,912
Transportation	140,151	432,971	418,613	514,077	-
Culture/recreation	124,494	-	-	-	-
Total expenditures	1,052,416	432,971	418,613	514,077	342,912
Excess of revenues over (under) expenditures	(1,025,845)	(428,182)	(410,405)	(514,077)	(197,866)
Other financing sources					
Operating transfers in	1,098,000	563,555	-	500,000	187,530
Debt proceeds	-	-	-	-	-
Total other financing sources	1,098,000	563,555	-	500,000	187,530
Excess of revenues and other financing sources over (under) expenditures	72,155	135,373	(410,405)	(14,077)	(10,336)
Fund Balances, October 1	1,398,061	259,904	1,051,689	-	43,050
Residual equity transfer in	-	-	-	-	-
Fund Balances, September 30	$ 1,470,216	$ 395,277	$ 641,284	$ (14,077)	$ 32,714

Environmentally Sensitive Land Restoration	Pond Apple Park	Gulf Pines/Gulf Shores/West Gulf West Gulf Drive Beach Restoration	Beach Road Paving Special Asessment	Totals 2002	Totals 2001
$ 140,000	$ -	$ -	$ -	$ 290,000	$ 274,142
-	-	652	-	35,266	59,833
140,000	-	652	-	325,266	333,975
-	-	-	-	22,348	7,363
-	-	-	-	154,591	93,122
236,924	5,649,638	-	-	6,840,306	1,285,231
-	-	-	-	1,505,812	473,387
-	-	-	-	124,494	76,223
236,924	5,649,638	-	-	8,647,551	1,935,326
(96,924)	(5,649,638)	652	-	(8,322,285)	(1,601,351)
136,000	-	-	-	2,485,085	2,063,250
-	5,595,800	-	-	5,595,800	-
136,000	5,595,800	-	-	8,080,885	2,063,250
39,076	(53,838)	652	-	(241,400)	461,899
14,000	-	62,483	829	2,830,016	1,528,024
-	-	-	-	-	840,093
$ 53,076	$ (53,838)	$ 63,135	$ 829	$ 2,588,616	$ 2,830,016

CITY OF SANIBEL, FLORIDA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - CAPITAL PROJECTS FUNDS
Year Ended September 30, 2002

	Capital Planning and Asset Acquisition		
	Budget	Actual	Variance-Favorable (Unfavorable)
Revenues			
Intergovernmental	$ 65,000	$ 25,000	$ (40,000)
Miscellaneous revenue	1,000	1,571	571
Total revenues	66,000	26,571	(39,429)
Expenditures			
Capital Outlay			
General government	205,837	22,348	183,489
Public safety	163,500	154,591	8,909
Physical environment	1,146,000	610,832	535,168
Transportation	171,800	140,151	31,649
Culture/recreation	358,545	124,494	234,051
Total expenditures	2,045,682	1,052,416	993,266
Excess of revenues over (under) expenditures	(1,979,682)	(1,025,845)	953,837
Other financing sources			
Operating transfers in	1,098,000	1,098,000	-
Debt proceeds	-	-	-
Total other financing sources	1,098,000	1,098,000	-
Excess of revenues and other financing sources over (under) expenditures	$ (881,682)	72,155	$ 953,837
Fund Balances, October 1		1,398,061	
Fund Balances, September 30		$ 1,470,216	

Transportation Capital Projects			Periwinkle Bike Path & Road Maintenance		
Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)
$ -	$ -	$ -	$ -	$ -	$ -
-	4,789	4,789	5,000	8,208	3,208
-	4,789	4,789	5,000	8,208	3,208
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
679,000	432,971	246,029	750,000	418,613	331,387
-	-	-	-	-	-
679,000	432,971	246,029	750,000	418,613	331,387
(679,000)	(428,182)	250,818	(745,000)	(410,405)	334,595
563,555	563,555	-	-	-	-
-	-	-	-	-	-
563,555	563,555	-	-	-	-
$ (115,445)	135,373	$ 250,818	$ (745,000)	(410,405)	$ 334,595
	259,904			1,051,689	
	$ 395,277			$ 641,284	

CITY OF SANIBEL, FLORIDA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - CAPITAL PROJECTS FUNDS
Year Ended September 30, 2002

	San-Cap Road Project		
	Budget	Actual	Variance-Favorable (Unfavorable)
Revenues			
Intergovernmental	$ -	$ -	$ -
Miscellaneous revenue	-	-	-
Total revenues	-	-	-
Expenditures			
Capital Outlay			
General government	-	-	-
Public safety	-	-	-
Physical environment	-	-	-
Transportation	683,000	514,077	168,923
Culture/recreation	-	-	-
Total expenditures	683,000	514,077	168,923
Excess of revenues over (under) expenditures	(683,000)	(514,077)	168,923
Other financing sources			
Operating transfers in	500,000	500,000	-
Debt proceeds	-	-	-
Total other financing sources	500,000	500,000	-
Excess of revenues and other financing sources over (under) expenditures	$ (183,000)	(14,077)	$ 168,923
Fund Balances, October 1		-	
Fund Balances, September 30		$ (14,077)	

Brazilian Pepper Control			Environmentally Sensitive Land Restoration		
Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)
$ 150,000	$ 125,000	$ (25,000)	$ 300,000	$ 140,000	$ (160,000)
-	20,046	20,046	-	-	-
150,000	145,046	(4,954)	300,000	140,000	(160,000)
-	-	-	-	-	-
-	-	-	-	-	-
375,000	342,912	32,088	450,000	236,924	213,076
-	-	-	-	-	-
-	-	-	-	-	-
375,000	342,912	32,088	450,000	236,924	213,076
(225,000)	(197,866)	27,134	(150,000)	(96,924)	53,076
187,530	187,530	-	136,000	136,000	-
-	-	-	-	-	-
187,530	187,530	-	136,000	136,000	-
$ (37,470)	(10,336)	$ 27,134	$ (14,000)	39,076	$ 53,076
	43,050			14,000	
	$ 32,714			$ 53,076	

CITY OF SANIBEL, FLORIDA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - CAPITAL PROJECTS FUNDS
Year Ended September 30, 2002

	Pond Apple Park		
	Budget	Actual	Variance-Favorable (Unfavorable)
Revenues			
Intergovernmental	$ -	$ -	$ -
Miscellaneous revenue	-	-	-
Total revenues	-	-	-
Expenditures			
Capital Outlay			
General government	-	-	-
Public safety	-	-	-
Physical environment	5,621,000	5,649,638	(28,638)
Transportation	-	-	-
Culture/recreation	-	-	-
Total expenditures	5,621,000	5,649,638	(28,638)
Excess of revenues over (under) expenditures	(5,621,000)	(5,649,638)	(28,638)
Other financing sources			
Operating transfers in	-	-	-
Debt proceeds	5,621,000	5,595,800	(25,200)
Total other financing sources	5,621,000	5,595,800	(25,200)
Excess of revenues and other financing sources over (under) expenditures	$ -	(53,838)	$ (53,838)
Fund Balances, October 1		-	
Fund Balances, September 30		$ (53,838)	

TOTALS		
Budget	Actual	Variance-Favorable (Unfavorable)
$ 515,000	$ 290,000	$ (225,000)
6,000	34,614	28,614
521,000	324,614	(196,386)
205,837	22,348	183,489
163,500	154,591	8,909
7,592,000	6,840,306	751,694
2,283,800	1,505,812	777,988
358,545	124,494	234,051
10,603,682	8,647,551	1,956,131
(10,082,682)	(8,322,937)	1,759,745
2,485,085	2,485,085	-
5,621,000	5,595,800	(25,200)
8,106,085	8,080,885	(25,200)
$ (1,976,597)	(242,052)	$ 1,734,545
	2,766,704	
	$ 2,524,652	

City of Sanibel

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Proprietary Funds

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government's council is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes.

ENTERPRISE FUNDS
(Description)

SANIBEL SEWER SYSTEM - To account for the operation of and improvements to the City's sewer utility.

BELOW MARKET RATE HOUSING - To account for the net rental income received by the City from Community Housing Resources, Inc. and certain related debt pursuant to Bond Covenants and Interlocal Agreements.

BEACH PARKING - To account for the beach parking fees collected pursuant to City Ordinance and the costs of maintaining the public facilities and administrative costs of the program.

City of Sanibel

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CITY OF SANIBEL, FLORIDA
COMBINING BALANCE SHEET - ENTERPRISE FUNDS
September 30, 2002
With Comparative Totals for September 30, 2001

ASSETS	Sanibel Sewer System	Below Market Rate Housing	Beach Parking	Totals 2002	Totals 2001
CURRENT ASSETS					
Cash and cash equivalents	$ 1,405,860	$ 40,179	$ 498,605	$ 1,944,644	$ 547,612
Accounts receivable	164,573	9,312	180	174,065	189,880
Prepaid expenses	5,909	-	-	5,909	-
Due from other governments	90	-	-	90	1,250,080
Total current assets	1,576,432	49,491	498,785	2,124,708	1,987,572
RESTRICTED ASSETS					
Cash and cash equivalents	5,954,942	-	-	5,954,942	3,886,306
Investments	147,981	-	-	147,981	369,686
Assessments receivable	10,222,248	-	-	10,222,248	6,129,338
Total restricted assets	16,325,171	-	-	16,325,171	10,385,330
PROPERTY, PLANT AND EQUIPMENT	48,335,614	-	1,302,332	49,637,946	33,962,964
Less: Accumulated depreciation	(3,953,228)	-	(426,085)	(4,379,313)	(3,520,731)
Net property, plant and equipment	44,382,386	-	876,247	45,258,633	30,442,233
OTHER ASSETS					
Notes receivable	-	2,546,025	-	2,546,025	2,488,029
Issuance costs, net	270,718	-	-	270,718	286,282
Total others assets	270,718	2,546,025	-	2,816,743	2,774,311
Total assets	$ 62,554,707	$ 2,595,516	$ 1,375,032	$ 66,525,255	$ 45,589,446
LIABILITIES AND FUND EQUITY					
CURRENT LIABILITIES					
Accounts payable	$ 854,379	$ 8	$ 11,656	$ 866,043	$ 2,463,808
Retainages payable	1,200,169	-	-	1,200,169	407,227
Due to other funds	3,228,298	-	-	3,228,298	143,849
Accrued liabilities	39,060	-	8,961	48,021	35,731
Deferred revenue	14,160	-	-	14,160	11,158
Accrued compensated absences	43,866	-	12,308	56,174	53,083
Bonds payable	29,167	-	-	29,167	28,333
Notes payable	197,075	-	496	197,571	39,602
Accrued interest payable	633,103	-	-	633,103	112,657
Total current liabilities	6,239,277	8	33,421	6,272,706	3,295,448
LONG-TERM LIABILITIES					
Bonds payable	5,435,833	-	-	5,435,833	5,606,667
Notes payable	30,806,267	1,531,036	-	32,337,303	19,476,272
Advance from other funds	1,333	-	-	1,333	17,333
Total long-term liabilities	36,243,433	1,531,036	-	37,774,469	25,100,272
Total liabilities	42,482,710	1,531,044	33,421	44,047,175	28,395,720
FUND EQUITY					
Contributed capital	6,214,916	227,000	469,824	6,911,740	7,127,725
Retained earnings:					
Reserved for debt service	11,872,492	-	-	11,872,492	6,670,432
Reserved for renewal & replacement	110,320	-	-	110,320	83,572
Unreserved	1,874,269	837,472	871,787	3,583,528	3,311,997
Total fund equity	20,071,997	1,064,472	1,341,611	22,478,080	17,193,726
Total liabilities and fund equity	$ 62,554,707	$ 2,595,516	$ 1,375,032	$ 66,525,255	$ 45,589,446

CITY OF SANIBEL, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS
Year Ended September 30, 2002
With Comparative Totals for the Year Ended September 30, 2001

	Sanibel Sewer System	Below Market Rate Housing	Beach Parking	Totals 2002	Totals 2001
OPERATING REVENUES:					
User fees	$ 2,443,891	$ -	$ -	$ 2,443,891	$ 2,273,559
Licenses & permits	-	-	51,260	51,260	51,708
Charges for services	5,867	8,077	479,902	493,846	513,512
Fines & penalties	15,335	-	-	15,335	23,837
Miscellaneous	664	-	-	664	4,516
Total operating revenues	2,465,757	8,077	531,162	3,004,996	2,867,132
OPERATING EXPENSES:					
Salaries and wages	533,349	-	171,320	704,669	550,486
Employee benefits	157,904	-	38,162	196,066	164,684
Contractual services, materials and supplies	618,749	208,505	348,972	1,176,226	905,619
Utilities	198,520	-	25,060	223,580	226,108
Repair and maintenance	299,910	-	10,804	310,714	269,057
Insurance	9,263	-	7,189	16,452	17,149
Depreciation and amortization	785,778	-	88,369	874,147	846,648
Total operating expenses	2,603,473	208,505	689,876	3,501,854	2,979,751
Operating loss	(137,716)	(200,428)	(158,714)	(496,858)	(112,619)
NON-OPERATING REVENUES (EXPENSES)					
Ad valorem taxes	796,927	-	-	796,927	851,556
Intergovernmental	-	-	55,858	55,858	546,000
Special assessment interest	48,018	-	-	48,018	57,233
Interest income	188,346	123,199	6,017	317,562	443,425
Interest expense	(728,610)	(71,535)	(75)	(800,220)	(575,339)
Total non-operating revenues (expenses)	304,681	51,664	61,800	418,145	1,322,875
Income (loss) before contributions and operating transfers	166,965	(148,764)	(96,914)	(78,713)	1,210,256
CONTRIBUTIONS AND OPERATING TRANSFERS					
Contributions	4,968,985	-	-	4,968,985	4,801,696
Operating transfers in	-	394,082	-	394,082	344,572
Total contributions and operating transfers in	4,968,985	394,082	-	5,363,067	5,146,268
Net income	5,135,950	245,318	(96,914)	5,284,354	6,356,524
Allocation of depreciation to contributed capital	215,985	-	-	215,985	215,985
RETAINED EARNINGS, October 1	8,505,146	592,154	968,701	10,066,001	3,493,492
RETAINED EARNINGS, September 30	$ 13,857,081	$ 837,472	$ 871,787	$ 15,566,340	$ 10,066,001

CITY OF SANIBEL, FLORIDA
COMBINING STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2002
With Comparative Totals for the Year Ended September 30, 2001

	Sanibel Sewer System	Below Market Rate Housing
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	$ (137,716)	$ (200,428)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	785,778	-
Net (increase) decrease in accounts receivable	17,239	(1,574)
Net (increase) in notes receivable	-	-
Net increase in prepaid expenses	(5,909)	-
Net increase (decrease) in accounts payable and accrued expenses	(18,578)	(287)
Net increase in compensated absences	667	-
Net increase (decrease) in deferred revenue	3,002	-
Net cash provided by (used in) operating activities	644,483	(202,289)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Operating transfers in	-	394,082
Repayment of advances from other funds	(16,000)	-
Net increase in due to other funds	3,084,449	-
Intergovernmental revenue	-	-
Net cash provided by non-capital financing activities	3,068,449	394,082
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest paid	(603,478)	(71,535)
Principal paid	(539,984)	(155,018)
Ad valorem taxes	796,927	-
Proceeds from debt incurred	14,796,020	-
Increase (decrease) in due to other funds	-	-
Acquisition of capital assets	(16,022,064)	-
Special assessment collections	823,019	-
Capital contributions	53,056	-
Net cash used in capital and related financing activities	(696,504)	(226,553)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	-	-
Proceeds from sale of investments	221,704	-
Interest received	236,364	65,203
Net cash provided by investing activities	458,068	65,203
Net increase (decrease) in cash and cash equivalents	3,474,496	30,443
Cash and cash equivalents, October 1	3,886,306	9,736
Cash and cash equivalents, September 30	$ 7,360,802	$ 40,179

SUPPLEMENTAL DISCLOSURE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES

Sewer assessments receivable new loans of $4,915,929

Beach Parking	Totals 2002	Totals 2001
$ (158,714)	$ (496,858)	$ (112,619)
88,369	874,147	846,648
60	15,725	131,255
-	-	(53,469)
-	(5,909)	-
6,037	(12,828)	3,926
2,424	3,091	19,358
-	3,002	(79)
(61,824)	380,370	835,020
-	394,082	344,572
-	(16,000)	(69,082)
-	3,084,449	-
55,858	55,858	546,000
55,858	3,518,389	821,490
(75)	(675,088)	(663,041)
(1,938)	(696,940)	(528,012)
-	796,927	851,556
-	14,796,020	4,412,646
-	-	(1,700,788)
(37,309)	(16,059,373)	(3,884,618)
-	823,019	459,195
-	53,056	-
(39,322)	(962,379)	(1,053,062)
-	-	(150,000)
-	221,704	49,057
6,017	307,584	500,658
6,017	529,288	399,715
(39,271)	3,465,668	1,003,163
537,876	4,433,918	3,430,755
$ 498,605	$ 7,899,586	$ 4,433,918

CITY OF SANIBEL, FLORIDA
COMBINING SCHEDULE OF CHANGES IN FUND EQUITY - ENTERPRISE FUNDS
Year ended September 30, 2002

	Sanibel Sewer System		
	Contributed Capital	Reserved Retained Earnings	Unreserved Retained Earnings
BALANCES, October 1, 2001	$ 6,430,901	$ 6,754,004	$ 1,751,142
Additions (Deductions):			
Net income (loss)	-	-	5,135,950
Reserves for debt service	-	5,202,060	(5,202,060)
Reserves for renewal & replacement	-	26,748	(26,748)
Depreciation on assets acquired with contributed capital	(215,985)	-	215,985
BALANCES, September 30, 2002	$ 6,214,916	$ 11,982,812	$ 1,874,269

Below Market Rate Housing		Beach Parking		Totals		
Contributed Capital	Unreserved Retained Earnings	Contributed Capital	Unreserved Retained Earnings	Contributed Capital	Reserved Retained Earnings	Unreserved Retained Earnings
$ 227,000	$ 592,154	$ 469,824	$ 968,701	$ 7,127,725	$ 6,754,004	$ 3,311,997
-	245,318	-	(96,914)	-	-	5,284,354
-	-	-	-	-	5,202,060	(5,202,060)
-	-	-	-	-	26,748	(26,748)
-	-	-	-	(215,985)	-	215,985
$ 227,000	$ 837,472	$ 469,824	$ 871,787	$ 6,911,740	$ 11,982,812	$ 3,583,528

CITY OF SANIBEL, FLORIDA
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS-
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - ENTERPRISE FUNDS
Year Ended September 30, 2002

	Sanibel Sewer System		
	Budget	Actual	Variance-Favorable (Unfavorable)
Operating Revenues			
User fees	$ 2,380,032	$ 2,443,891	$ 63,859
Licenses & permits	-	-	-
Charges for services	5,000	5,867	867
Fines & penalties	18,500	15,335	(3,165)
Total operating revenues	2,403,532	2,465,093	61,561
Operating Expenses			
Salaries and wages	569,959	533,349	36,610
Employee benefits	190,469	157,904	32,565
Contractual services, materials and supplies	768,775	618,749	150,026
Utilities	154,242	198,520	(44,278)
Repair and maintenance	170,260	299,910	(129,650)
Insurance	13,000	9,263	3,737
Total operating expenses	1,866,705	1,817,695	49,010
Operating income (loss)	536,827	647,398	110,571
Non-operating revenues (expenses)			
Ad valorem taxes	840,000	796,927	(43,073)
Intergovernmental	-	-	-
Special assessment interest	171,949	48,018	(123,931)
Interest income	160,000	188,346	28,346
Debt proceeds	17,977,681	13,545,941	(4,431,740)
Capital outlay	(17,898,421)	-	17,898,421
Principal retirement	(394,786)	(539,984)	(145,198)
Interest expense	(1,227,289)	(728,610)	498,679
Total non-operating revenues (expenses)	(370,866)	13,310,638	13,681,504
Income (loss) before operating transfers	165,961	13,958,036	13,792,075
Operating transfers			
Operating transfers in	-	-	-
Net income (loss)	$ 165,961	$ 13,958,036	$ 13,792,075

Reconciliation of budgetary basis to GAAP:	
Net income (loss), budgetary basis	$ 13,958,036
Add: Expenses capitalized	-
Principal payments	539,984
Refunds of Prior Year Expenses	664
Interest earnings	-
Contributions	4,968,985
Less: Debt proceeds	(13,545,941)
Depreciation expense	(785,778)
Rent charges applied to notes receivable	-
Net income (loss), GAAP basis	$ 5,135,950

Below Market Rate Housing			Beach Parking		
Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	50,000	51,260	1,260
75,000	73,141	(1,859)	530,000	479,902	(50,098)
-	-	-	-	-	-
75,000	73,141	(1,859)	580,000	531,162	(48,838)
-	-	-	160,466	171,320	(10,854)
-	-	-	47,906	38,162	9,744
207,268	208,505	(1,237)	310,305	348,972	(38,667)
-	-	-	23,000	25,060	(2,060)
-	-	-	15,700	10,804	4,896
-	-	-	2,690	7,189	(4,499)
207,268	208,505	(1,237)	560,067	601,507	(41,440)
(132,268)	(135,364)	(3,096)	19,933	(70,345)	(90,278)
-	-	-	-	-	-
-	-	-	56,400	55,858	(542)
			-	-	-
220	139	(81)	12,000	6,017	(5,983)
775,000	-	(775,000)	-	-	-
(775,000)	-	775,000	(36,001)	(37,309)	(1,308)
(181,578)	(155,018)	26,560	-	-	-
(100,135)	(71,536)	28,599	(100)	(75)	25
(281,493)	(226,415)	55,078	32,299	24,491	(7,808)
(413,761)	(361,779)	(51,982)	52,232	(45,854)	(98,086)
394,082	394,082	-	-	-	-
$ (19,679)	$ 32,303	$ 51,982	$ 52,232	$ (45,854)	$ (98,086)
	$ 32,303			$ (45,854)	
	-			37,309	
	155,018			-	
	-			-	
	123,061			-	
	-			-	
	-			-	
	-			(88,369)	
	(65,064)			-	
	$ 245,318			$ (96,914)	

CITY OF SANIBEL, FLORIDA
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - ENTERPRISE FUNDS
Year Ended September 30, 2002

	Totals (Memorandum Only)		
	Budget	Actual	Variance-Favorable (Unfavorable)
Operating Revenues			
User fees	$ 2,380,032	$ 2,443,891	$ 63,859
Licenses & permits	50,000	51,260	1,260
Charges for services	610,000	558,910	(51,090)
Fines & penalties	18,500	15,335	(3,165)
Total operating revenues	3,058,532	3,069,396	10,864
Operating Expenses			
Salaries and wages	730,425	704,669	25,756
Employee benefits	238,375	196,066	42,309
Contractual services, materials and supplies	1,286,348	1,176,226	110,122
Utilities	177,242	223,580	(46,338)
Repair and maintenance	185,960	310,714	(124,754)
Insurance	15,690	16,452	(762)
Total operating expenses	2,634,040	2,627,707	6,333
Operating income (loss)	424,492	441,689	17,197
Non-operating revenues (expenses)			
Ad valorem taxes	840,000	796,927	(43,073)
Intergovernmental	56,400	55,858	(542)
Special assessment interest	171,949	48,018	(123,931)
Interest income	172,220	194,502	22,282
Debt proceeds	18,752,681	13,545,941	(5,206,740)
Capital outlay	(18,709,422)	(37,309)	18,672,113
Principal retirement	(576,364)	(695,002)	(118,638)
Interest expense	(1,327,524)	(800,221)	527,303
Total non-operating revenues (expenses)	(620,060)	13,108,714	13,728,774
Income (loss) before operating transfers	(195,568)	13,550,403	13,745,971
Operating transfers			
Operating transfers in	394,082	394,082	-
Net income (loss)	$ 198,514	$ 13,944,485	$ 13,745,971

Reconciliation of budgetary basis to GAAP:	
Net income (loss), budgetary basis	$ 13,944,485
Add: Expenses capitalized	37,309
Principal payments	695,002
Refunds of Prior Year Expenses	664
Interest earnings	123,061
Contributions	4,968,985
Less: Debt proceeds	(13,545,941)
Depreciation expense	(874,147)
Rent charges applied to notes receivable	(65,064)
Net income (loss), GAAP basis	$ 5,284,354

Fiduciary Funds

Pension Trust Funds

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

Expendable Trust Funds

Expendable trust funds are used to account for resources from which both principal and interest may be expended.

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.

Fiduciary Funds
(Description)

PENSION TRUST FUNDS:

General Employees' Retirement - To account for the non-contributory pension plan for eligible City employees except full-time police officers, which is administered by City Council.

Police Officers' Retirement - To account for the contributory pension plan for all full-time police officers and which is self-trusteed and administered by the Police Pension Board established in accordance with Section 185, Florida Statutes.

EXPENDABLE TRUST FUNDS:

Flexible Spending Trust — To account for financial resources held in trust by the City for the contributions made by employees to the IRS Section 125, medical and dependent care flexible spending accounts.

Father Madden Trust - To account for donated assets held by the City as trustee which are designated to be used for the care of stray and domestic animals.

Harriet Spoth Historical Trust - To account for donated assets held by the City as trustee which are designated to be used for preservation of historical sites.

AGENCY FUNDS:

Radon Fund - To account for the receipt disbursement of a 1% charge per square foot on certain building permits which is remitted to the State of Florida on a quarterly basis, pursuant to Part 13, Chapter 10D-91.1314, Florida Administrative Code.

Regional Park Impact Fees - To account for the collection by the City and remittance to Lee County of the Regional Park Impact Fees assessed pursuant to County Ordinance on new construction.

EMS Impact Fees - To account for the collection by the City and remittance to Lee County of the Emergency Medical Services (EMS) Impact Fees assessed pursuant to County Ordinance on new construction.

Fire Control District Fees - To account for the collection of fire inspection fees by the City and remittance to the Sanibel Fire Control District (an independent taxing district) pursuant to an Interlocal Agreement.

Fire Impact Fees - To account for the collection by the City and remittance to the Sanibel Fire Control District of Impact Fees assessed on new construction pursuant to County Ordinance.

Lee County Septic Abandonment - To account for the collection by the City and remittance to Lee County of septic abandonment fees.

School Board Impact Fees - To account for the collection by the City and remittance to Lee County School Board Impact Fees assessed pursuant to County Ordinance on new construction.

City of Sanibel

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CITY OF SANIBEL, FLORIDA
COMBINING BALANCE SHEET - ALL FIDUCIARY FUNDS
September 30, 2002
With Comparative Totals for September 30, 2001

	Pension Trust Funds		Expendable Trust Funds		
ASSETS	General Employees	Municipal Police Officers	Flexible Spending Trust	Father Madden Trust	Harriet Spoth Historical Trust
Cash and cash equivalents	$ 121,345	$ 29,112	$ 2,529	$ 29,353	$ -
Investments	5,540,406	4,051,638	-	-	-
Accounts receivable	-	10,834	-	-	-
Total assets	$ 5,661,751	$ 4,091,584	$ 2,529	$ 29,353	$ -
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Due to other governments	$ -	$ -	$ -	$ -	$ -
Due to other funds	-	-	-	-	-
Accrued liabilities	-	-	2,529	-	-
Total liabilities	-	-	2,529	-	-
FUND EQUITY					
Fund balances					
Reserved for employee pension benefits	5,661,751	4,091,584	-	-	-
Unreserved					
Undesignated	-	-	-	29,353	-
Total fund equity	5,661,751	4,091,584	-	29,353	-
Total liabilities and fund equity	$ 5,661,751	$ 4,091,584	$ 2,529	$ 29,353	$ -

Agency Funds							Totals	
Radon	Regional Park - Impact Fees	EMS Impact Fees	Fire Control District Fees	Fire Impact Fees	Lee Co Septic Abandonment	School Board Impact Fees	2002	2001
$ 327	$ 4,979	$ 14	$ 2,630	$ 4,804	$ 520	$ 11,160	$ 206,773	$ 166,062
-	-	-	-	-	-	-	9,592,044	10,111,963
-	-	-	-	-	-	-	10,834	3,645
$ 327	$ 4,979	$ 14	$ 2,630	$ 4,804	$ 520	$ 11,160	$ 9,809,651	$ 10,281,670
$ 327	$ 4,979	$ 14	$ 2,630	$ 4,804	$ 520	$ 11,160	$ 24,434	$ 19,977
-	-	-	-	-	-	-	-	290
-	-	-	-	-	-	-	2,529	5,062
327	4,979	14	2,630	4,804	520	11,160	26,963	25,329
-	-	-	-	-	-	-	9,753,335	10,012,038
-	-	-	-	-	-	-	29,353	244,303
-	-	-	-	-	-	-	9,782,688	10,256,341
$ 327	$ 4,979	$ 14	$ 2,630	$ 4,804	$ 520	$ 11,160	$ 9,809,651	$ 10,281,670

CITY OF SANIBEL, FLORIDA
COMBINING STATEMENT OF PLAN NET ASSETS -
PENSION TRUST FUNDS
September 30, 2002
With Comparative Totals for September 30, 2001

	General Employees	Municipal Police Officers	Totals 2002	Totals 2001
Assets				
Cash and cash equivalents	$ 121,345	$ 29,112	$ 150,457	$ 97,643
Receivables				
Employer	-	6,988	6,988	-
Member	-	3,846	3,846	3,645
Total receivables	-	10,834	10,834	3,645
Investments				
Mutual Funds				
Equity	-	-	-	791,163
Pooled/Common/Commingled funds:				
Fixed Income	2,752,885	1,870,358	4,623,243	7,584,074
Equity	2,787,521	2,181,280	4,968,801	1,535,513
Total investments	5,540,406	4,051,638	9,592,044	9,910,750
Total assets	5,661,751	4,091,584	9,753,335	10,012,038
Liabilities	-	-	-	-
Net assets held in trust for pension benefits	$ 5,661,751	$ 4,091,584	$ 9,753,335	$10,012,038

CITY OF SANIBEL, FLORIDA
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS -
PENSION TRUST FUNDS
Year Ended September 30, 2002
With Comparative Totals for the Year Ended September 30, 2001

	General Employees	Municipal Police Officers	Totals 2002	Totals 2001
Additions				
Contributions				
Employer	$ 383,765	$ 199,153	$ 582,918	$ 617,480
Plan member	-	71,282	71,282	44,471
State contributions	-	38,571	38,571	35,448
Total contributions	383,765	309,006	692,771	697,399
Investment income				
Net increase (decrease) in fair value of investments	(175,605)	(152,198)	(327,803)	514,888
Interest and dividends	-	11,596	11,596	17,934
	(175,605)	(140,602)	(316,207)	532,822
Less investment expenses	-	(36,521)	(36,521)	(47,573)
Net investment income	(175,605)	(177,123)	(352,728)	485,249
Total additions	208,160	131,883	340,043	1,182,648
Deductions				
Benefits	250,967	284,005	534,972	458,203
Refunds of contributions	-	7,243	7,243	-
Administrative expenses	32,946	23,585	56,531	26,693
Total deductions	283,913	314,833	598,746	484,896
Net increase (decrease)	(75,753)	(182,950)	(258,703)	697,752
Net assets held in trust for pension benefits October 1	5,737,504	4,274,534	10,012,038	9,314,286
September 30	$ 5,661,751	$ 4,091,584	$ 9,753,335	$ 10,012,038

CITY OF SANIBEL, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
EXPENDABLE TRUST FUNDS
Year Ended September 30, 2002
With Comparative Totals for the Year Ended September 30, 2001

	Father Madden Trust	Harriet Spoth Historical Trust	Totals 2002	Totals 2001
Revenues				
Miscellaneous	$ 1,125	$ 7,995	$ 9,120	$ 17,003
Expenditures				
Current				
General government	-	-	-	50
Human services	229	-	229	2,658
Total expenditures	229	-	229	2,708
Excess of revenue over expenditures	896	7,995	8,891	14,295
Fund Balances, October 1	28,457	215,846	244,303	230,008
Residual equity transfer out	-	(223,841)	(223,841)	-
Fund Balances, September 30	$ 29,353	$ -	$ 29,353	$ 244,303

CITY OF SANIBEL
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS
Year Ended September 30, 2002

	October 1, 2001	Additions	Deletions	September 30, 2002
RADON				
ASSETS				
Cash and cash equivalents	$ 677	$ 1,760	$ 2,110	$ 327
LIABILITIES				
Intergovernmental payable	$ 677	$ 1,760	$ 2,110	$ 327
REGIONAL PARK IMPACT FEE				
ASSETS				
Cash and cash equivalents	$ 4,947	$ 22,353	$ 22,321	$ 4,979
LIABILITIES				
Intergovernmental payable	$ 4,947	$ 22,353	$ 22,321	$ 4,979
EMS IMPACT FEE				
ASSETS				
Cash and cash equivalents	$ 549	$ 1,537	$ 2,072	$ 14
LIABILITIES				
Intergovernmental payable	$ 549	$ 1,537	$ 2,072	$ 14
FIRE CONTROL DISTRICT FEES				
ASSETS				
Cash and cash equivalents	$ 3,013	$ 17,154	$ 17,537	$ 2,630
LIABILITIES				
Intergovernmental payable	$ 3,013	$ 17,154	$ 17,537	$ 2,630
FIRE IMPACT FEE				
ASSETS				
Cash and cash equivalents	$ 9,681	$ 27,825	$ 32,702	$ 4,804
LIABILITIES				
Intergovernmental payable	$ 9,391	$ 27,825	$ 32,412	$ 4,804
Due to other funds	290	-	290	-
TOTAL LIABILITIES	$ 9,681	$ 27,825	$ 32,702	$ 4,804
LEE CO. SEPTIC ABANDONMENT				
ASSETS				
Cash and cash equivalents	$ 1,400	$ 1,240	$ 2,120	$ 520
LIABILITIES				
Intergovernmental payable	$ 1,400	$ 1,240	$ 2,120	$ 520
SCHOOL BOARD IMPACT FEES				
ASSETS				
Cash and cash equivalents	$ -	$ 70,542	$ 59,382	$ 11,160
LIABILITIES				
Intergovernmental payable	$ -	$ 70,542	$ 59,382	$ 11,160
TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	$ 20,267	$ 142,411	$ 138,244	$ 24,434
LIABILITIES				
Intergovernmental payable	$ 19,977	$ 142,411	$ 137,954	$ 24,434
Due to other funds	290	-	290	-
TOTAL LIABILITIES	$ 20,267	$ 142,411	$ 138,244	$ 24,434

City of Sanibel

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Account Groups

The General Fixed Assets Account Group is a self-balancing group of accounts used to account for the fixed assets of the City.

The General Long-term Debt Account Group is a self-balancing group of accounts used to account for bonded debt and other forms of long-term debt supported by general revenue sources.

CITY OF SANIBEL, FLORIDA
SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE
September 30, 2002
With Comparative Totals for September 30, 2001

	2002	2001
Land	$ 20,657,875	$ 14,666,283
Buildings	3,591,280	3,543,273
Improvements other than buildings	11,825,290	10,875,110
Machinery and equipment	3,862,223	3,598,922
	$ 39,936,668	$ 32,683,588
Investments in general fixed assets from:		
General Fund	$ 11,366,908	$ 11,407,519
Special Revenue Funds	2,467,395	2,385,927
Capital Project Funds	25,467,588	18,255,363
Trust Funds	213,008	213,008
Donations	421,769	421,771
	$ 39,936,668	$ 32,683,588

CITY OF SANIBEL, FLORIDA
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
Year Ended September 30, 2002

Function and Activity	October 1, 2001	Additions	Deletions	September 30, 2002
General Government				
Legislative	$ 125,880	$ -	$ -	$ 125,880
Executive	1,888,521	6,519	(5,665)	1,889,375
Management Information	464,639	15,724	-	480,363
Financial	74,190	2,195	(3,922)	72,463
Legal	32,860	-	-	32,860
Planning	61,458	-	-	61,458
	2,647,548	24,438	(9,587)	2,662,399
Public Safety				
Law Enforcement	1,231,074	219,595	(66,077)	1,384,592
Vehicle Weigh Station	75,760	18,145	(5,310)	88,595
Protective Inspections	22,367	-	-	22,367
Emergency and Disaster Relief Services	28,254	-	-	28,254
	1,357,455	237,740	(71,387)	1,523,808
Physical Environment				
Solid Waste	9,155	-	-	9,155
Conservation and Resource Management	11,943,734	5,999,637	-	17,943,371
	11,952,889	5,999,637	-	17,952,526
Economic Environment				
Below Market Rate Housing Program	104,225	-	-	104,225
Scenic Lands	218,607	-	-	218,607
	322,832	-	-	322,832
Transportation				
Road and Street Facilities	10,957,411	1,064,791	(43,096)	11,979,106
Other	56,646	-	(5,023)	51,623
	11,014,057	1,064,791	(48,119)	12,030,729
Culture/Recreation	5,388,807	56,267	(700)	5,444,374
Total General Fixed Assets allocated to functions	$ 32,683,588	$ 7,382,873	$ (129,793)	$ 39,936,668

CITY OF SANIBEL, FLORIDA
SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
September 30, 2002

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Total
General Government					
Legislative	$ 86,839	$ 9,878	$ -	$ 29,163	$ 125,880
Executive	196,522	1,619,172	3,467	70,214	1,889,375
Management Information	-	7,010	-	473,353	480,363
Financial	-	7,300	-	65,163	72,463
Legal	-	576	-	32,284	32,860
Planning	-	5,232	-	56,226	61,458
Total General Government	283,361	1,649,168	3,467	726,403	2,662,399
Public Safety					
Law Enforcement	-	131,925	17,389	1,235,277	1,384,591
Vehicle Weigh Station	-	-	12,586	76,009	88,595
Protective Inspections	-	-	-	22,367	22,367
Emergency and Disaster Relief Services	-	-	-	28,254	28,254
Total Public Safety	-	131,925	29,975	1,361,907	1,523,807
Physical Environment					
Solid Waste	-	-	2,450	6,705	9,155
Conservation and Resource Management	16,209,030	-	1,704,997	29,344	17,943,371
Total Physical Environment	16,209,030	-	1,707,447	36,049	17,952,526
Economic Environment					
Below Market Rate Housing	-	104,225	-	-	104,225
Scenic Lands	218,607	-	-	-	218,607
Total Economic Environment	218,607	104,225	-	-	322,832
Transportation					
Road and Street facilities	528,163	225,596	9,808,985	1,416,363	11,979,107
Other	-	-	4,270	47,353	51,623
Total Transportation	528,163	225,596	9,813,255	1,463,716	12,030,730
Culture/Recreation	3,418,714	1,480,366	271,146	274,148	5,444,374
Total General Fixed Assets allocated to functions	$ 20,657,875	$ 3,591,280	$ 11,825,290	$ 3,862,223	$ 39,936,668

CITY OF SANIBEL, FLORIDA
SCHEDULE OF GENERAL LONG-TERM DEBT
September 30, 2002
With Comparative Totals for September 30, 2001

	2002	2001
Amount available and to be provided for the payment of general long-term debt		
Amount available in debt service funds	$ 247,139	$ 255,543
Amount to be provided	8,962,038	3,468,131
	$ 9,209,177	$ 3,723,674
General long-term debt payable		
Revenue bonds payable		
Farmers Home Bonds, Series 1979	$ 2,188,234	$ 2,261,715
Other general long-term liabilities		
2001 Bond Anticipation Note	5,595,800	-
1997 Note - Bank of America	929,576	1,000,065
3rd Series 1997 Note B #208	2,903	14,214
Compensated absences	492,664	447,680
	7,020,943	1,461,959
	$ 9,209,177	$ 3,723,674

The following statistical tables are not included in this section for the respective reason described below:

Table #8 - Computation of Legal Debt Margin

The City of Sanibel has no legal debt margin requirement.

Table #9 - Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita

The City of Sanibel has no general obligation debt.

Table #10 - Ratio of Annual Debt Service for General Obligation Bonded Debt to Total General Governmental Expenditures

The City of Sanibel has no general obligation debt.

Table #11 - Computation of Direct and Overlapping Debt - General Obligation Debt Only

Neither Lee County, the School Board nor the City of Sanibel have any outstanding general obligation debt.

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
1993	$ 1,785,684	$ 2,311,287	$ 658,500	$ 953,979	$ 284,084	$ 1,982	$ 997,717	$ 911,753	$ 401,669	$ 8,306,655
1994	1,789,236	2,400,363	1,777,942	1,102,364	254,738	1,402	1,032,947	2,330,033	884,675	11,573,700
1995	1,935,728	2,721,856	915,061	1,161,046	226,735	729	999,084	1,579,956	688,407	10,228,602
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	12,851,155
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

(*) Includes General, Special Revenue, Debt Service, Captial Projects and Expendable Trust Funds.

Table #2

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

Fiscal Year	Taxes	Licenses & Permits	Intergovern-mental	Charges for Services	Fines & Forfeitures	Miscel-laneous	Total
1993	$ 5,202,887	$ 1,239,918	$ 1,810,436	$ 334,170	$ 135,870	$ 520,375	$ 9,243,656
1994	5,504,668	760,041	1,693,145	260,802	199,088	813,633	9,231,377
1995	5,654,133	760,856	2,060,480	531,020	370,794	962,738	10,340,021
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

Table #2A

CITY OF SANIBEL, FLORIDA
TAX REVENUE OF GOVENMENTAL 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
1993	$ 4,141,183	$ 492,695	$ 543,551	$ 3,084	$ -	$ 22,374	5,202,887
1994	4,081,955	529,636	865,802	1,688	-	25,587	5,504,668
1995	4,176,968	534,157	915,066	2,479	-	25,463	5,654,133
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

Table #3

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

Fiscal Year	Total Tax Levy	Current (*) Tax Collections	Percent of (*) Levy Collected	Delinquent Tax Collected	Total Tax Collections	Percent of Total Tax Collections To Tax Levy
1993	$ 4,227,008	$ 4,137,352	97.88%	$ 3,831	$ 4,141,183	97.97%
1994	4,257,993	4,074,591	95.69%	7,364	4,081,955	95.87%
1995	4,299,900	4,170,764	97.00%	6,204	4,176,968	97.14%
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%

(*) 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
1993	$ 2,003,766,560	$ 40,236,960	$2,044,003,520	$ 91,332,860	$ 1,952,670,660	95.53%
1994	2,039,171,140	42,067,520	2,081,238,660	103,182,010	1,978,056,650	95.04%
1995	2,126,405,930	40,012,610	2,166,418,540	109,367,060	2,057,051,480	94.95%
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	4,038,194,770	59,040,410	4,097,235,180	441,644,840	3,655,590,340	89.22%

(*) 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

TAX YEAR (**):	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
CITY OF SANIBEL										
General Operating	2.1806	2.1738	2.1413	2.1182	2.0693	2.0126	1.9181	1.7291	1.7291	1.7291
Voted Debt Service-Sewer	-	-	-	-	-	0.3386	0.3638	0.3279	0.2607	0.3838
Voted Debt Service-Land	-	-	-	-	-	-	-	-	-	0.1063
LEE COUNTY:										
General Revenue	4.6850	5.1501	4.5751	4.4751	4.4751	4.4751	4.4751	4.3277	4.3277	4.3277
Capital Improvements	0.5320	0.4720	0.2720	0.2720	0.7720	0.8532	1.0124	1.0124	1.0124	1.0124
DEPENDENT DISTRICTS:										
Library	0.4766	0.4766	0.4766	0.5755	0.5755	0.5755	0.9630	0.9630	0.9630	0.9630
INDEPENDENTS DISTRICTS:										
Hyacinth Control	0.0398	0.0396	0.0396	0.0396	0.0392	0.0392	0.0378	0.0358	0.0358	0.0327
Mosquito Control	0.3982	0.3970	0.3970	0.3970	0.3928	0.3928	0.3792	0.3595	0.3595	0.3294
Fire Control District	0.6216	0.6910	0.7141	0.6896	0.7170	0.8474	0.8326	0.7518	0.7841	0.8381
WATER MANAGEMENT DISTRICTS										
South Florida Water Management	0.5970	0.6470	0.6470	0.5720	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
West Coast Inland Waterway	0.0200	0.0195	0.0192	0.0189	0.0300	0.0400	0.0400	0.0400	0.0400	0.0400
SCHOOL BOARD:										
General Operating	9.2350	9.3720	9.2710	9.3480	9.2450	9.3060	8.9410	8.7980	8.7980	8.5720
TOTAL	18.7858	19.4386	18.5529	18.6059	19.0129	19.5774	19.6600	19.0422	19.0073	19.0315

(*) 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
2002

Taxpayer	Type of Business	Assessed Valuation	Percentage of Total Assessed Valuation
1. Casa Ybel Beach Resort	Resort	$ 33,233,710	0.81%
2. Meristar	Resort/Real Estate	28,344,990	0.69%
3. Tortuga Beach Club	Resort-Hotel	20,336,180	0.50%
4. Sanibel Cottages	Resort-Hotel	17,841,100	0.44%
5. West Wind Association of Sanibel	Resort-Hotel	12,540,660	0.31%
6. Shell Island Beach Club	Resort-Hotel	12,379,280	0.30%
7. Carroll, James P. & Patricia	Resort-Hotel	10,915,650	0.27%
8. Sanibel Beach Club Association	Resort	10,055,630	0.25%
9. Periwinkle Place Partners	Real Estate	9,981,000	0.24%
10. Miller, Tanya B.	Real Estate	10,204,140	0.25%
	TOTAL	$ 165,832,340	4.05%

Source: Lee County Tax Collector

Table #7

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

Fiscal Year	Special Assessment Billings	Special Assessments Collected
1993	$ -	$ -
1994	-	-
1995	-	-
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

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(***)
				Principal	Interest	Total	
1993	$ 1,247,458	$ 718,603	$ 528,855	$ -	$ 365,695	$ 365,695	$ 1.45
1994	1,334,088	925,421	408,667	-	398,072	398,072	1.03
1995	1,601,443	1,089,169	512,274	60,000	367,451	427,451	1.20
1996	1,631,397	1,196,098	435,299	95,000	365,591	460,591	0.95
1997	1,997,275	1,492,863	504,412	115,000	330,704	445,704	1.13
1998	1,983,382	1,178,141	805,241	140,000	322,516	462,516	1.74
1999	1,964,717	1,004,723	959,994	150,000	316,916	466,916	2.06
2000	2,058,086	1,195,621	862,465	155,000	310,729	465,729	1.85
2001	2,476,124	1,255,969	1,220,155	160,000	304,063	464,063	2.63
2002	2,329,367	1,586,821	742,546	170,000	296,864	466,864	1.59

(*) 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 Donax 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 Impact Fees in the Current Account in the Impact 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 Impact Fees in the Current Account must be adequate at all time 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

	Number of Customers				Monthly Rates							
					Residential	Commercial						
						Meter Size						Consumption Per
Fiscal Year	Total	Residential	Commercial	Inactive	Flat Fee	5/8"	1"	1-1/2"	2"	3"	4"	1,000 gallons
1992	961	751	209	1	$ 23.63	$ 10.84	$ 27.10	$ 54.19	$ 77.70	$ 173.41	$ 270.96	$ 2.38
1993	1,016	789	226	1	24.34	11.84	29.60	59.18	84.84	189.36	296.89	2.60
1994	1,039	787	251	1	25.07	12.20	30.49	60.96	87.39	195.04	305.80	2.68
1995	1,188	912	276	0	29.43	14.33	35.80	71.58	102.61	229.01	359.07	3.15
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

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

Table #14

CITY OF SANIBEL
INSURANCE IN FORCE
September 30, 2002

Type of Coverage	Coverage Amount	
General/Professional Liability	$ 100,000	Each Person
	200,000	Each Occurence
a) Errors & Omissions Liability		
b) Employee Benefits Program Administration Liability		
c) Broad Form Property Damage		
d) Extra Contractual Legal Expense		
Automobile	$ 100,000	Each Person
	$ 200,000	Each Occurence
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	$ 31,035,762	
b) Inland Marine	$ 614,308	
c) Electronic Data Processing	$ 350,000	
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	$ 7,761,800	
Windstorm Coverage	$ 9,478,000	
Boiler & Machinery	$ 3,000,000	
Law Enforcement Death Benefits (Statutory)	$ 25,000	Line of Duty AD&D
	$ 25,000	Fresh Pursuit
	$ 75,000	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

	New Construction(*)					
	Commercial		Residential			
Fiscal Year	Number of Permits	Value	Number of Permits	Value	Bank Deposits(**)	Property Value(***)
1993	6	$ 3,266,633	61	$ 15,898,744	$ 144,714,033	$ 1,952,670,660
1994	3	3,681,000	68	11,591,020	174,536,885	1,978,056,650
1995	1	521,700	62	8,835,385	180,422,103	2,057,051,480
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

(*) 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

Table #16

CITY OF SANIBEL, FLORIDA
DEMOGRAPHIC AND MISCELLANEOUS STATISTICS

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:	4.00	Feet
	13.00	Feet
Precipitation - Annually	42.30	Inches
Temperature: Annual Average	74 °	Fahrenheit
August Average	83 °	Fahrenheit
January Average	64 °	Fahrenheit

DEMOGRAPHICS:

Resident Population 2001 Data		6,135
Seasonal Peak Service Population		33,000
Registered Voters		4,833
Resident Average Age 2000		60.5
Average Assessed Home Value 2001 Data	$	460,170
Median Family Income - 2001	$	71,813
Public Education (Operated at County Level)		
Elementary/Middle School		1
Enrollment (Kindergarten through Eighth)		445
Police Station		1
Number of Sworn Officers (Full Time Equivalent)		24.00
Fire Stations (Operated at County Level)		2
Number of Full-time Firefighters		23
Fire Hydrants		442
Public Libraries		1
Library Holdings		60,822

Water & Sewer Utilities	Water	Sewer
Active Accounts	4,849	1,969
Miles of Mains	122.1	
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	52.00	Miles
Public Roads - Unpaved	9.00	Miles
Bicycle Paths	22.62	Miles
Causeway (County Owned - Round Trip $3.00)	3	Miles
Causeway Traffic	3,430,316	Autos
Public & Conservation Land Total	8,271	Acres
J.N. "Ding" Darling Wildlife Refuge	6,185	Acres
Sanibel-Captiva Conservation Foundation	1,250	Acres
Lee County	196	Acres
City of Sanibel	640	Acres

City of Sanibel

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Supplemental Reports

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

Report on Bond Covenant Compliance

Independent Auditors' Report on Compliance and on Internal Control over Compliance Applicable to Each Major Federal Program

Schedule of Expenditures of Federal Awards

Notes to Schedule of Expenditures of Federal Awards

Schedule of Findings and Questioned Costs

Management Letter

Response to Management Letter

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

*Regulated by the State of Florida

SCHULTZ CHAIPEL & CO. L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and City Council
City of Sanibel
Sanibel, Florida

We have audited the general-purpose financial statements of the City of Sanibel, Florida (the "City"), as of and for the year ended September 30, 2002, and have issued our report thereon dated March 5, 2003. 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 general-purpose financial statements, insofar as it relates to the amounts included for Community Housing and Resources, Inc., is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

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DIVISION FOR CPA FIRMS, AICPA

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 general-purpose financial statements and not to provide assurance 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 over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general-purpose 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. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City in a separate letter dated March 5, 2003.

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 is not intended to be and should not be used by anyone other than these specified parties.

Schultz, Chaipel & Co., LLP

Schultz, Chaipel & Co., L.L.P.
March 5, 2003

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

*Regulated by the State of Florida

SCHULTZ CHAIPEL & CO. LLP
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT ACCOUNTANTS

Honorable Mayor and City Council
City of Sanibel
Sanibel, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States, the general-purpose financial statements of the City of Sanibel, Florida, (the "City") as of and for the year ended September 30, 2002, as listed in the Table of Contents, and have issued our report thereon dated March 5, 2003. 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 general-purpose 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.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the terms, covenants, provisions or conditions as prescribed in Articles IV and V of the authorizing resolution (No. 93-115) for the $7,185,000 Sewer Utility Revenue Refunding and Improvement Bonds, Series 1993, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

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

Schultz, Chaipel & Co., LLP

Schultz, Chaipel & Co., L.L.P.
March 5, 2003

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DIVISION FOR CPA FIRMS, AICPA

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

*Regulated by the State of Florida

SCHULTZ CHAIPEL & CO. LLP

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

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, 2002. The City's major federal programs are identified in the summary of auditors' 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; OMB Circular A-133, and *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, 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, 2002.

12660 [illegible]
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239 [illegible]
Fax: 239 [illegible]
E-Mail: [illegible]
Website: [illegible]

DIVISION FOR CPA FIRMS, AICPA

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the 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 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.

Schedule of Expenditures of Federal Awards

We have audited the general-purpose financial statements of the City as of and for the year ended September 30, 2002, and have issued our report thereon dated March 5, 2003. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material aspects, in relation to the general-purpose financial statements taken as a whole.

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

Schultz, Chaipel & Co., LLP

Schultz, Chaipel & Co., L.L.P.
March 5, 2003

CITY OF SANIBEL, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2002

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal or Pass-Through Contract Number	Expenditures
Environmental Protection Agency:			
Passed through State of Florida, Department of Environmental Protection			
Clean Water State Revolving Fund Construction Loan Agreement	66.458	CS 120835080	$ 10,463,028
Clean Water State Revolving Fund Construction Loan Agreement	66.458	CS 120835090	2,930,092
Clean Water State Revolving Fund Construction Loan Agreement	66.458	WWG12083510A	480,529
Clean Water State Revolving Fund Construction Loan Agreement	66.458	WWG12083510L	101,287
Total Environmental Protection Agency			13,974,936
U.S. Fish and Wildlife Services:			
Coastal Wetlands, Planning, Protection and Restoration Act	15.611	2001-0163-000	50,000
Coastal Wetlands, Planning, Protection and Restoration Act	15.611	98210-1-G887	40,000
Total U.S. Fish and Wildlife Services			90,000
Department of Justice:			
Passed through Florida Department of Community Affairs			
Local Law Enforcement Block Grants Program	16.592	01-CJ-2E-09-46-02-111	7,250
			$ 14,072,186

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NOTE 1 PURPOSE OF THE SCHEDULE

The Schedule of Expenditures of Federal Awards (the Schedule) is a supplementary schedule required by Office of Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations.*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 show the total expenditures for each of the City's federal financial assistance programs as identified in the Catalog of Federal and Domestic Assistance (CFDA). The CFDA is a government-wide compendium of individual federal programs. Federal financial assistance programs that have not been assigned a CFDA number are indicated with an "N/A."

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 of Sanibel are those programs that exceeded $300,000 for the year ended September 30, 2002.

Reporting Entity

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

Basis of Accounting

Federal expenditures included in the Schedule are reported using the modified accrual basis of accounting.

CITY OF SANIBEL, FLORIDA

Schedule of Findings and Questioned Costs
Year Ended September 30, 2002

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified	
Internal control over financial reporting:		
• Material weakness(es) identified?	_____ yes	X no
• Reportable condition(s) identified that are not considered to be material weakness(es)?	_____ yes	X none reported
Noncompliance material to financial statements noted?	_____ yes	X no
Internal control over major federal programs:		
• Material weakness(es) identified?	_____ yes	X no
• Reportable condition(s) identified that are not considered to be material weakness(es)?	_____ yes	X none reported
Type of auditors' 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 Circular A-133?	_____ yes	X no

Section I – Summary of Auditors' Results (Continued)

Identification of major programs:

Federal Program CFDA Number(s)	Name of Federal Program or Cluster
66.458	Capitalization Grants for the State Revolving Fund

Dollar threshold used to distinguish between Type A or Type B programs/projects: $ 300,000

Auditee qualified as low-risk auditee? _____ Yes ___X___ 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 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.

Section IV – Corrective Action Plan

No corrective action plan is required because there were no findings required to be reported under the Federal or Florida Single Audit Acts.

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

*Regulated by the State of Florida

SCHULTZ CHAIPEL & CO. L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

MANAGEMENT LETTER

Honorable Mayor and City Council
City of Sanibel
Sanibel, Florida

We have audited the general-purpose financial statements of the City of Sanibel, Florida (the "City"), as of and for the year ended September 30, 2002, and have issued our report thereon dated March 5, 2003.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting, Independent Auditors' Report on Compliance and Internal Control over Compliance Applicable to each Major Federal Program and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 5, 2003, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with provisions of Chapter 10.550, Rules of the Auditor General. Those rules (Section 10.554(1)(g)1.a.) require that we address in the management letter, if not already addressed in auditor's reports on compliance and internal controls whether or not inaccuracies, shortages, defalcations, fraud and/or violations of laws, rules, regulations and contractual provisions reported in the preceding annual financial audit report have been corrected. There were no inaccuracies, shortages, defalcations, fraud and violations of laws, rules, regulations, or contractual provisions disclosed in the preceding financial audit report.

The Rules of the Auditor General (Section 10.554(1)(g)1.(b.) require that we address in the management letter, if not already addressed in auditor's reports on compliance and internal controls whether or not recommendations made in the preceding annual financial report have been followed. The recommendations made in the preceding year have been corrected except as noted below.

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DIVISION FOR CPA FIRMS, AICPA

The Rules of Auditor General (Section 10.554(1)(g)2.) require that we comment on whether or not the City complied with Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes except for Section 218.415(14) which requires the government's officials responsible for making investment decisions to complete eight hours of continuing education in investment practices and products and Section 218.415(15) which requires periodic reporting of investment activities to the legislative and governing body of the local government.

The Rules of the Auditor General (Section 10.554(1)(g)3.) require that we include any recommendations to improve the local governmental entities financial management, accounting procedures, and internal controls. Our recommendations are as follows:

PRIOR YEAR COMMENT THAT CONTINUES TO APPLY

Comment

The City has begun to develop an information technology (IT) program for long-term planning, effective prioritization of user needs and allocation of limited resources for the various identified needs. Two important aspects of this plan are the identification of user needs and setting the priority of addressing such needs. Within the program developed, a high priority was given to the needs of the Police Department and a number of tasks have been accomplished.

During the year however, a number of areas of the program were not addressed. Examples of this include HTE upgrades not yet being installed for the accounting software and the integration of Code Enforcement with HTE. The upgrades are necessary to assure the financial reporting software is operating appropriately while the integration of Code Enforcement allows the Finance Department to track outstanding liens and pursue collection of such liens. We have also been informed that the IT Steering Group meetings are infrequent and a formal priority list with milestones has not been developed.

Recommendation

To enhance the effectiveness of the IT program and function, we recommend that frequent IT Steering Group meetings be held and that the priority list be updated as necessary. A project status report should be developed which includes the projected milestones for project completion. The project status report should be discussed at least quarterly at the IT Steering Group meeting.

CURRENT YEAR COMMENT

Comment

The City implemented a rate change for its sewer system effective January 1, 2002. The new rates for commercial customers were entered incorrectly leading to over charges for most of the City's commercial customers. The remaining customers were not updated to reflect the new billing rates from the prior year and were billed the rates that were in effect during fiscal year 1999. These customers were not updated due to a sewer billing system error. The net effect of the sewer billing errors was that the City over charged sewer customers approximately $19,000 which was corrected by crediting their accounts in fiscal year 2003.

Recommendation

We recommend that a person other than the sewer accountant review any billing rate changes to verify that the correct rates have been entered. This same person should also review the billing registers after a billing rate change has been entered to verify that all customers have been updated for the rate change.

Comment

The City's investment policy as outlined in Resolution No. 96-85 states that the Finance Director will report at least annually to the City Manager and the City Council on the status of the City's investments. This reporting was not completed during fiscal year 2002. Pursuant to Resolution No. 96-85, the report should include a list of individual securities marked to market value as well as the percentage of the total portfolio which each type of investment represents.

Recommendation

We recommend that the Finance Director prepare the required reports as outlined in Resolution No. 96-85. The reports should provide a clear picture of the status of the City's current investment portfolio and transactions made during the year. This reporting will increase the accountability of the City's investment managers.

Comment

At the January 7, 2003 City Council meeting, the Council began the discussion regarding Community Housing Resources, Inc. ("CHR") and the note receivable due from CHR of over $2.5 million at September 30, 2002. The discussion included the possibility of taking title of the CHR property in exchange for the note receivable and simultaneously entering a long-term lease agreement with CHR for these facilities at a nominal annual rental. CHR would continue to operate the housing programs. This matter was tabled pending additional information.

Recommendation

We recommend that the Council continue to investigate the possibility of exchanging the note receivable for the underlying real estate. If this exchange is not feasible, the Council should consider the collectibility of the note receivable and direct the City Manager and Finance Director as to its ultimate disposition.

The Rules of the Auditor General (Section 10.554(1)(g)4.) require disclosure in the management letter of the following matter if not already addressed in auditor's reports on compliance and internal controls: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention, of the auditor. Our audit disclosed no such matters required to be disclosed.

The Rules of the Auditor General (Section 10.554(1)(g)5.) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the general-purpose financial statements. The City discloses the information in the notes to the general-purpose financial statements.

As required by the Rules of the Auditor General (Section 10.554(1)(g)6.a.), the scope of our audit included a review of the provisions of Sections 218.503(1), Florida Statutes, regarding financial emergencies. We determined that the City is not in a state of financial emergency as a consequence of the conditions described in Section 218.503, Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1)(g)6.b.), we determined that the annual financial report of the City for the fiscal year ended September 30, 2002, filed with the Department of Banking and Finance pursuant to Section 218.32, Florida Statutes, is an agreement with the financial audit report for the fiscal year ended September 30, 2002.

As required by the Rules of Auditor General (Sections 10.554(1)(g)6.c. and 10.556), we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based part on representations made by management and the review of financial information provided by the same.

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

Schultz, Chaipel & Co, LLP

Schultz, Chaipel & Co., L.L.P.
March 5, 2003

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City of Sanibel

800 Dunlop Road
Sanibel, Florida 33957-4096

AREA CODE - 239

TY COUNCIL	472-4135
MINISTRATIVE	472-3700
ILDING	472-4555
IERGENCY MANAGEMENT	472-3111
ANCE	472-9615
GAL	472-4359
RKS & RECREATION	472-9075
ANNING	472-4136
LICE	472-3111
BLIC WORKS	472-6397
ILITIES	472-1008

April 30, 2003

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

RE: Response to management comments made during review of Fiscal Year 2002 Financial Statements

Dear Sir or Madam:

Pursuant to Chapter 10.550, "Rules of the Auditor General – Local Governmental Entity Audits" and Section 11.45(3)(a)4, Florida Statutes, the City's auditors, Schultz Chaipel & Co., L.L.P., CPA's made the following recommendations to the City's management based on their audit of the City's general purpose financial statements for the fiscal year ended September 30, 2002.

PRIOR YEAR COMMENTS THAT CONTINUE TO APPLY

Recommendation: To enhance the effectiveness of the IT program and function, we recommend that frequent IT Steering Group meetings be held and that the priority list be updated as necessary. A project status report should be developed which includes the projected milestones for project completion. The project status report should be discussed at least quarterly at the IT Steering Group meeting.

Response: City management concurs with this comment. During fiscal year 2002, prioritization of HTE upgrades were evaluated and top priority was given to applying Police Department application upgrades. In response to last year's comment, the City prepared the Information Technology Plan (ITP). The City plans to distribute the program documentation as part of the Administrative Policies and Procedures Manual.

This Plan outlines:

- Resource Allocation
- Training
- Creation of an IT Steering Group comprised of application users
- Software Application and Hardware Acquisition
- Software Application Development
- Project Priorities
- Systems Use: Data, E-mail, internet, phone and Desktop PC Configuration
- Access to City Data and Systems: External Employee Access and Non-employee Access
- Use of outside contractors
- Emergency procedures
- Intranet

Once the IT Steering Group is established, a formal priority list with milestones will be developed with input from all users. A high priority will be given to upgrading interfacing applications, such as Code Enforcement and Accounts Receivable for lien collection, to safeguard collection of City assets.

CURRENT YEAR COMMENTS

Recommendation: We recommend that a person other than the sewer accountant review any billing rate changes to verify that the correct rates have been entered. This same person should also review the billing registers after a billing rate change has been entered to verify that all customers have been updated for the rate change.

Response: In concurrence with this comment, the Finance Director or Assistant Finance Director will verify billing rate changes as well as the quarterly billings prior to mailing to insure that proper rates have been applied.

Recommendation: We recommend that the Finance Director prepare the required reports as outlined in Resolution # 96-85. The reports should provide a clear picture of the status of the City's current investment portfolio and transactions made during the year. This reporting will increase the accountability of the City's investment managers.

Response: The Finance Director has prepared the required reports as outlined in Resolution #96-85 for Fiscal Year 2002 investment activity which will be presented to Council in May, 2003. Regular investment reports will be scheduled and presented annually to City Council in accordance with the City policy.

Recommendation: We recommend that the Council continue to investigate the possibility of exchanging the note receivable [from Community Housing & Resources, Inc. (CHR)] for the underlying real estate. If this exchange is not feasible, the Council should consider the collectibility of the note receivable and direct the City Manager and Finance Director as to its ultimate disposition.

Response: The City is continuing to negotiate the exchange of notes receivable due to the City from CHR for the underlying real estate owned by CHR.

City management appreciates Schultz Chaipel & Co., L.L.P., CPA's recommendations and intends to follow through with expeditious implementation of these improvements to the City's financial management.

Sincerely,

Judith A. Zimomra
City Manager

JAZ/rml

City of Sanibel

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