

VIBBEL

City of Sanibel, Florida



Comprehensive Annual Financial Report
For the fiscal year ended September 30, 2014

INCORPORATED

1974



City of Sanibel elevated to "Silver" status as a Bicycle Friendly CommunitySM by the League of American Bicyclists

In 2014, the League of American Bicyclists recognized the City of Sanibel with a "Silver" Bicycle Friendly Community (BFBSM) award. In 2010 Sanibel was awarded the "Bronze" designation. Only three other Florida communities hold this prestigious designation. This national recognition from the League of American Bicyclists is a source of community pride and appreciated by all.

"Visionary community leaders are recognizing the real-time and long term impact that a culture of bicycling can create," said Andy Clarke, President of the League of American Bicyclists. "We applaud this new round of communities for investing in a more sustainable future for the country and a healthier future for their residents and beyond."



In 1972, four Island women organized the Sanibel Path Committee to start a system of "hike and bike" trails to protect their young children. Since then, the community has systematically developed a citywide non-motorized transportation network. This accomplishment has only been possible due to the City's partners every step of the way – the Sanibel Bicycle Club. The Sanibel Bicycle Club was founded in 1994 and in 2005 established a non-profit fund dedicated to supporting path enhancements. Shortly thereafter the Club constructed a Visitor Center on the Periwinkle Path

In 1976, the first 2½ miles of Sanibel's paths were built along Periwinkle Way with seed money from the original Sanibel Bike Path Committee and a matching grant from the Florida Department of Transportation. Today the City has more than 25 miles of paved Shared Use Paths and 8 miles of natural surface paths.

In 2009 the City adopted the Shared Use Path Master Plan which developed a program to annually expand and improve path safety. As a bikeable and walkable community, Sanibel actively promotes and encourages biking to community events and the weekly Farmers' Market.

More information about the Bike Friendly Community program is available at www.bikeleague.org/BFA.



COMPREHENSIVE ANNUAL FINANCIAL REPORT



City of Sanibel, Florida

For the Fiscal Year Ended
September 30, 2014

Prepared by the Finance Department

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

CITY OF SANIBEL, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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City of Sanibel

800 Dunlop Road
Sanibel, Florida 33957-4096

www.mysanibel.com

AREA CODE - 239

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

March 30, 2015

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

The Comprehensive Annual Financial Report of the City of Sanibel, Florida, (the "City") for the fiscal year ended September 30, 2014 is respectfully submitted. Chapter 218.39, Florida Statutes, requires that a complete set of financial statements be published within nine months of the fiscal year end, be presented in conformance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by licensed independent certified public accountants.

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

The City of Sanibel's financial statements have been audited by CliftonLarsonAllen, LLP a licensed certified public accounting firm. The independent audit was performed to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2014 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the City's financial statements for the fiscal year ended September 30, 2014 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

CITY PROFILE

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

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

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

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

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

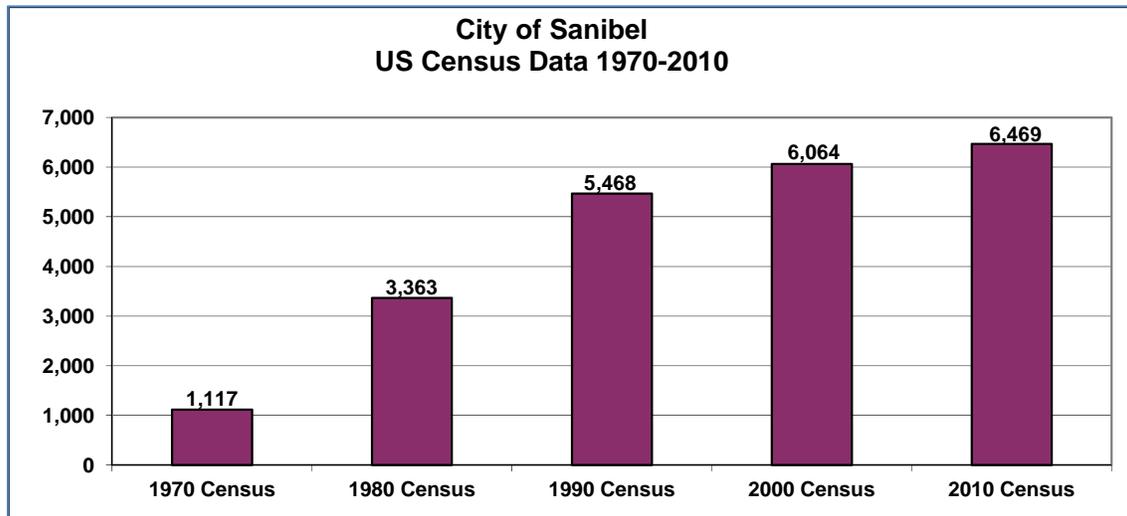
The Comprehensive Annual Financial Report includes all funds of the City of Sanibel and its component unit. The City as the primary government includes Community Housing and Resources, Inc. (CHR) as a component unit using the discrete method of presentation determined pursuant to Government Accounting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

ECONOMIC CONDITION AND OUTLOOK

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

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

Since incorporation, as the City approaches build-out, the population rate of growth has slowed from 201% between 1970 and 1980, 62% between 1980 and 1990, 11% between 1990 and 2000, and 7% between 2000 and 2010. On April 1, 2014 the estimated population was 6,490 (0.32% increase) according to the Bureau of Economic and Business Research at the University of Florida.



*Source: United States Census Bureau, 2010 Census

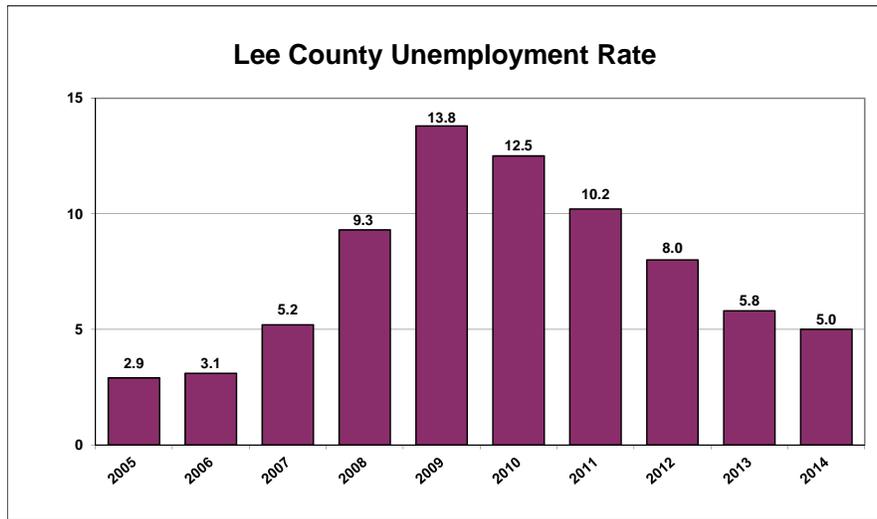
As compared to Lee County and the State of Florida, Sanibel has a relatively older, higher educated population with higher median household incomes.

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

*Source: United States Census Bureau, 2010 Census

According to the Lee County Visitor and Convention Bureau (VCB), tourism employs one out of every five people in Lee County. Based upon statistics collected by the VCB, Lee County receives approximately five million visitors a year that generate approximately \$3 billion dollars in economic impact. In fiscal year 2014 Lee County's tourism industry generated \$33.348 million in tourist tax (bed tax), an increase of 16.5% over FY2013 \$28.622 million.

In the past decade Lee County has experienced the extremes of economic prosperity and economic decline. In 2005 it had one of the lowest unemployment rates in the entire nation at 2.9% and in 2009 one of the highest at 13.8%. In December 2014 the rate stood at 5.0%, the 5th year of decline.

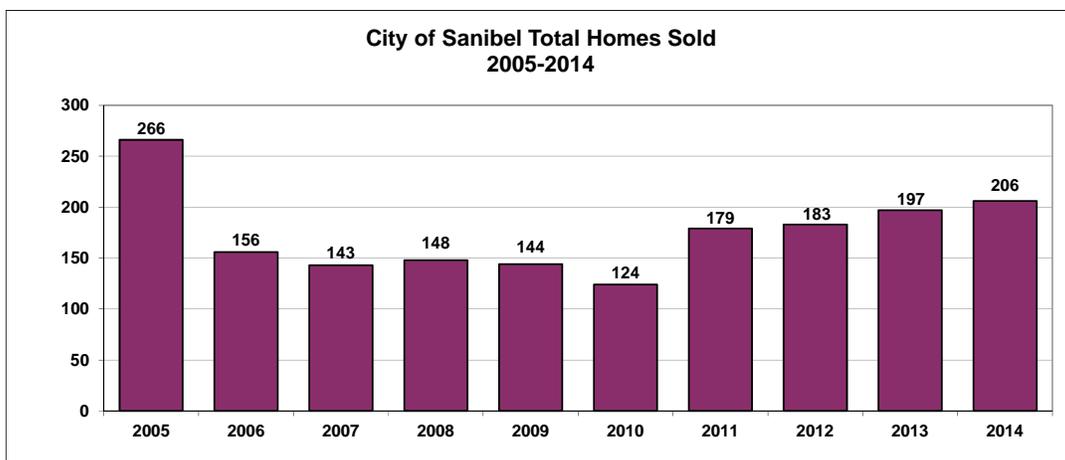


*Source: U.S. Department of Labor
 NOTE: Unemployment rate is for the Cape Coral-Ft. Myers, FL Metropolitan Statistical Area as of December 2014

The majority of visitors to Lee County and Sanibel fly to the destination arriving via the Southwest Florida International Airport (RSW), located 26 miles from the City. The number of visitors arriving at RSW peaked in 2007 with 8.050 million passengers. Local air traffic increased by 4.3% between 2013 (7.638 million) and 2014 (7.970 million).

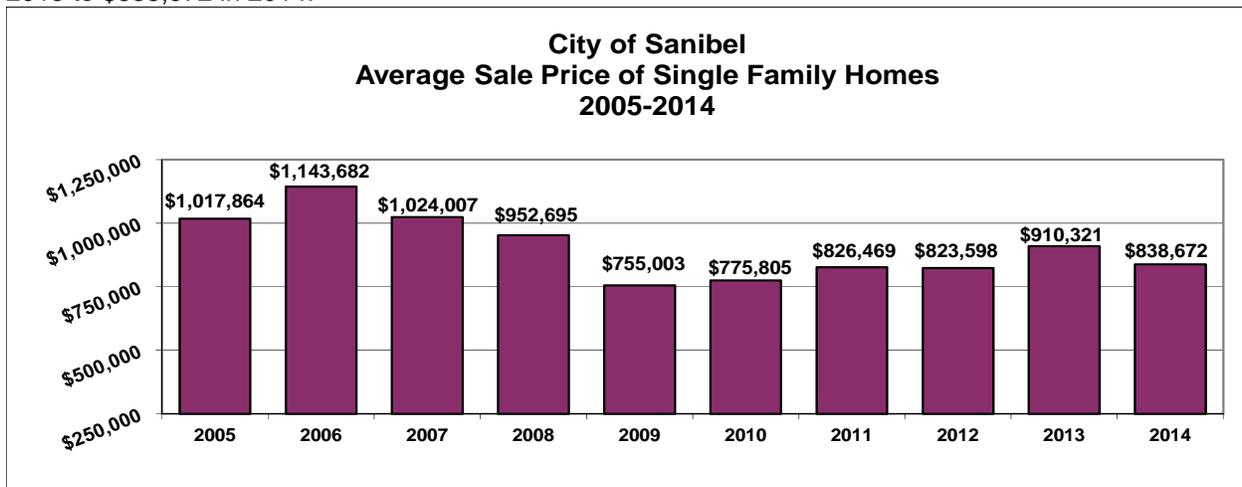
The sole means of vehicular access to Sanibel Island is a causeway owned and operated by Lee County. Annual traffic crossing the causeway peaked in 2001 (3.476 million). Total traffic vehicles entering Sanibel over the causeway increased by 4.6% between 2013 (3.067 million) and 2014 (3.209 million). An interlocal agreement with Lee County provides that the City will receive 21% of surplus tolls once the causeway's junior lien debts were paid. These obligations were satisfied in FY2013. The City received \$1.367 million in FY2014.

Historically, in addition to tourism, real estate has been a major economic component of the region and the City of Sanibel. Sales of single family homes peaked on Sanibel in 2004, with 269 homes sold. In 2014 the volume of single family homes sold increased from 197 homes sold in 2013 to 206 homes sold in 2014.



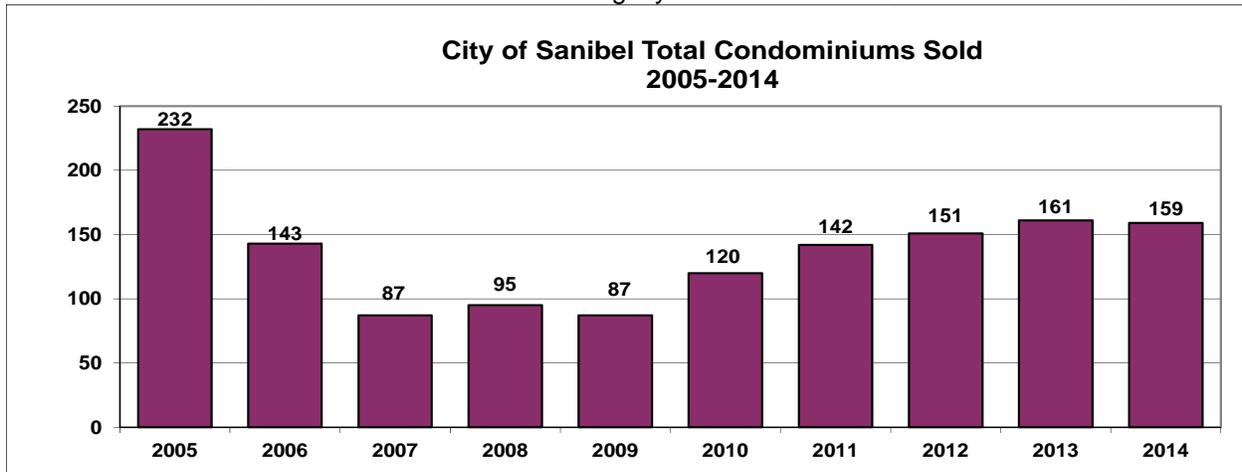
*Source: Sanibel Island VIP Realty Group

In 2014, the average sale price of single family homes on Sanibel decreased by -7.87% from \$910,321 in 2013 to \$838,672 in 2014.



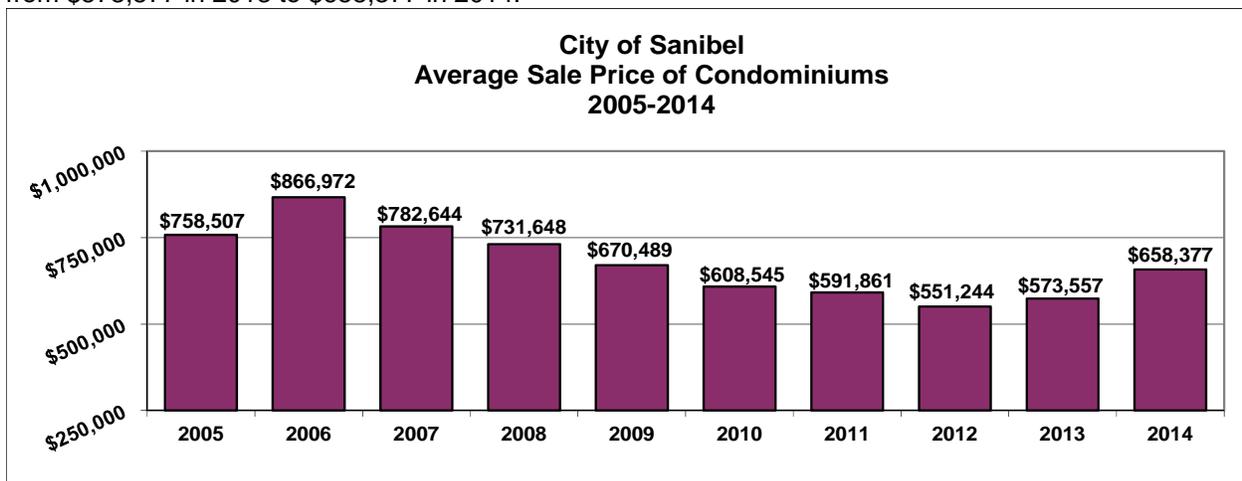
*Source: Sanibel Island VIP Realty Group

The sale of condominiums on Sanibel decreased slightly from 161 units in 2013 to 159 units in 2014.



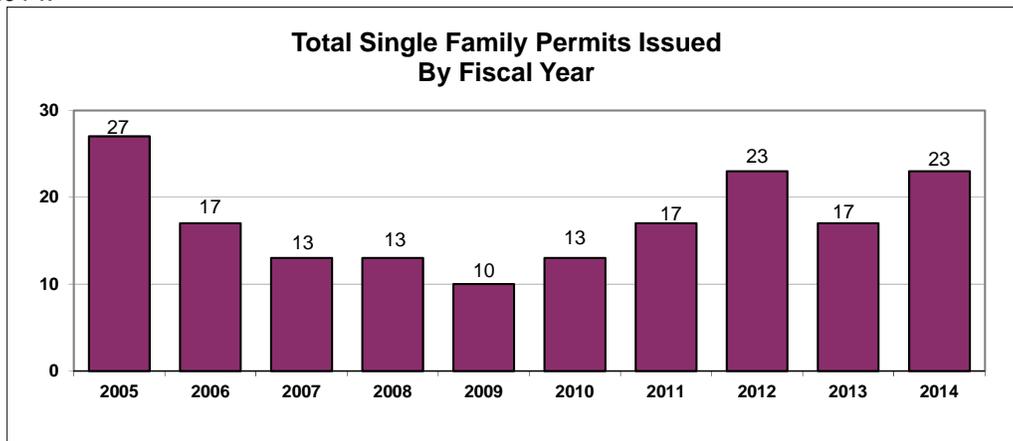
*Source: Sanibel Island VIP Realty Group

The average sales price for condominium units has increased for the second consecutive year (14.79%) from \$573,577 in 2013 to \$658,377 in 2014.



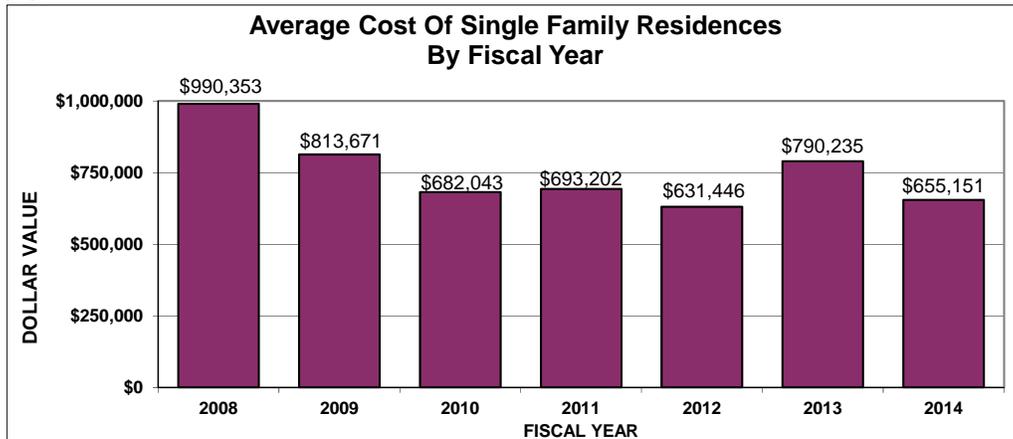
*Source: Sanibel Island VIP Realty Group

Sanibel experienced an increase in construction of new single family homes from 17 units in 2013 to 23 units in 2014.



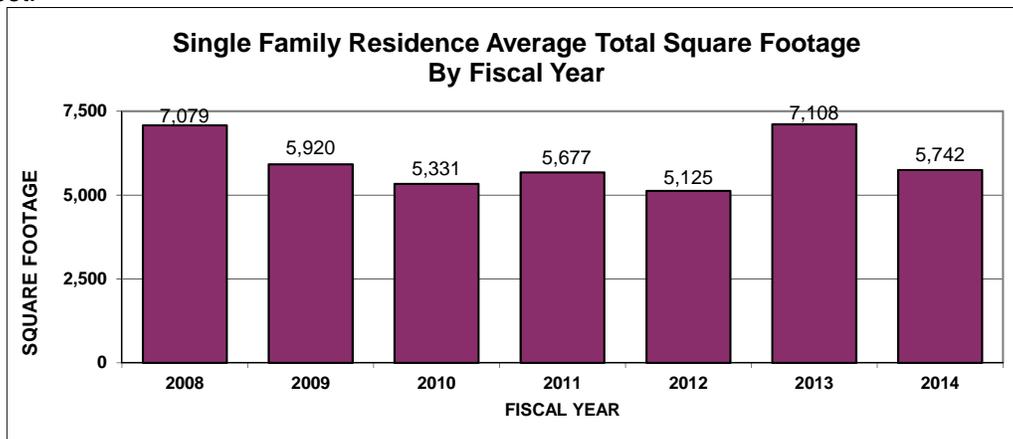
*Source: City of Sanibel, Building Department

The average price of new homes constructed on Sanibel has averaged below \$700,000 in four of the last seven years.



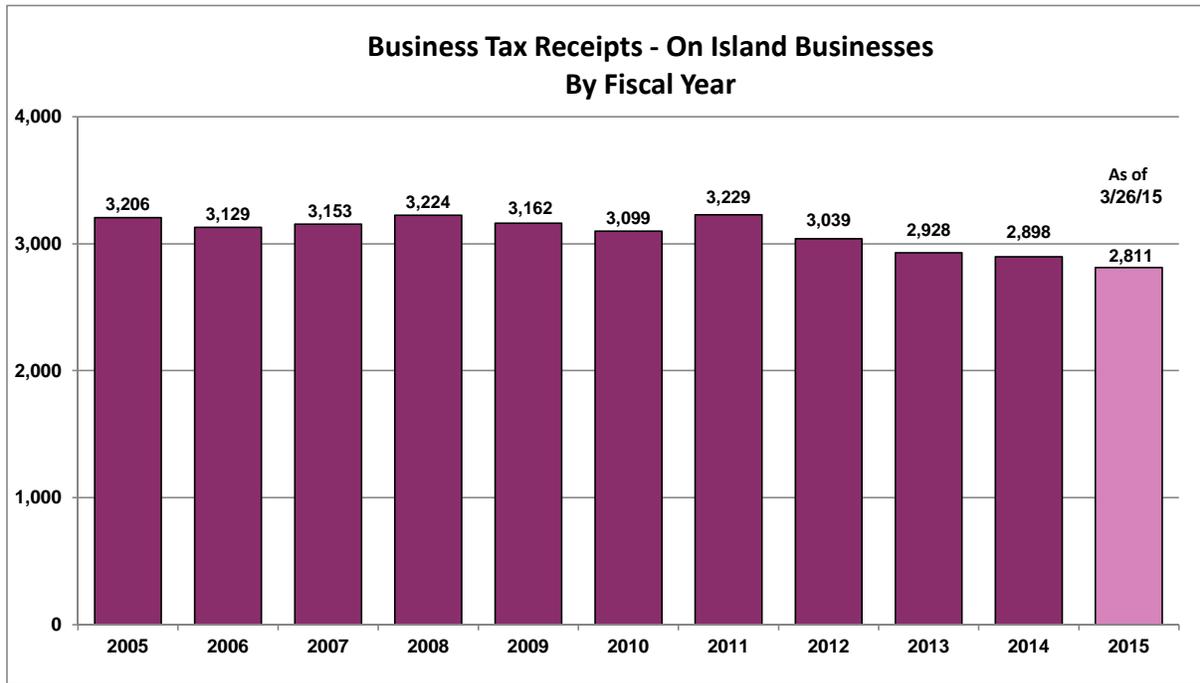
*Source: City of Sanibel, Building Department

Since 2008 the City had seen an overall trend towards relatively smaller homes constructed. With the exception of 2013; the average single family residence total square footage is trending below 6,000 square feet.



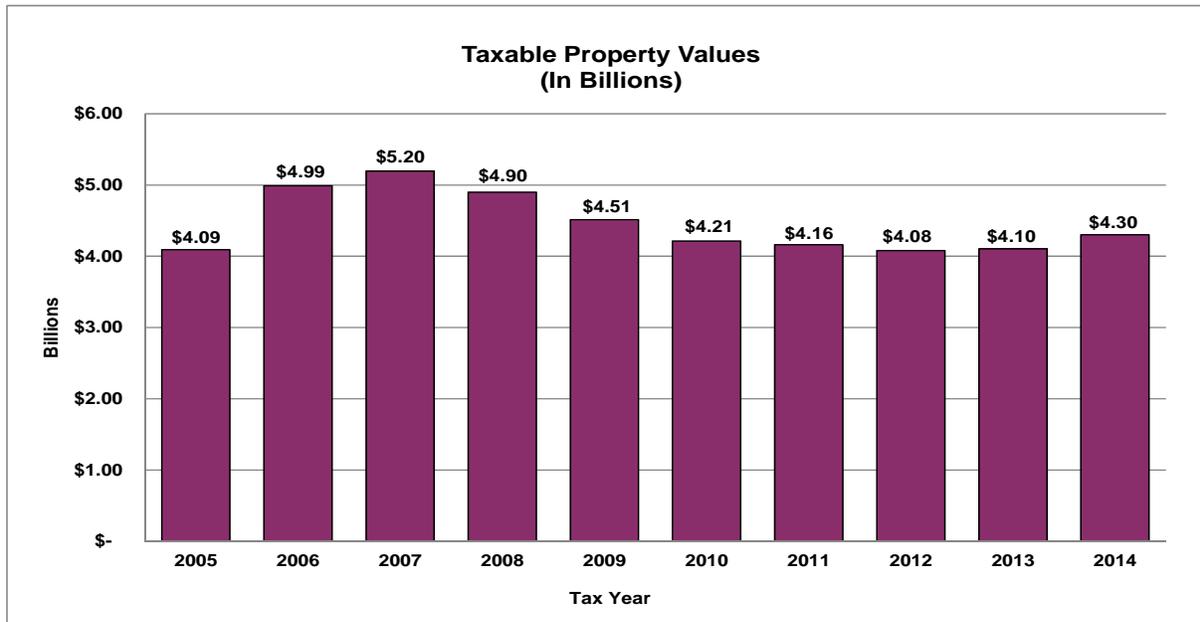
*Source: City of Sanibel, Building Department

In 2004, the City sustained major damage due to Hurricane Charley. The number of on-Island businesses the year of the hurricane was 3,234 and in 2014, the number of on-island businesses decreased to 2,898.



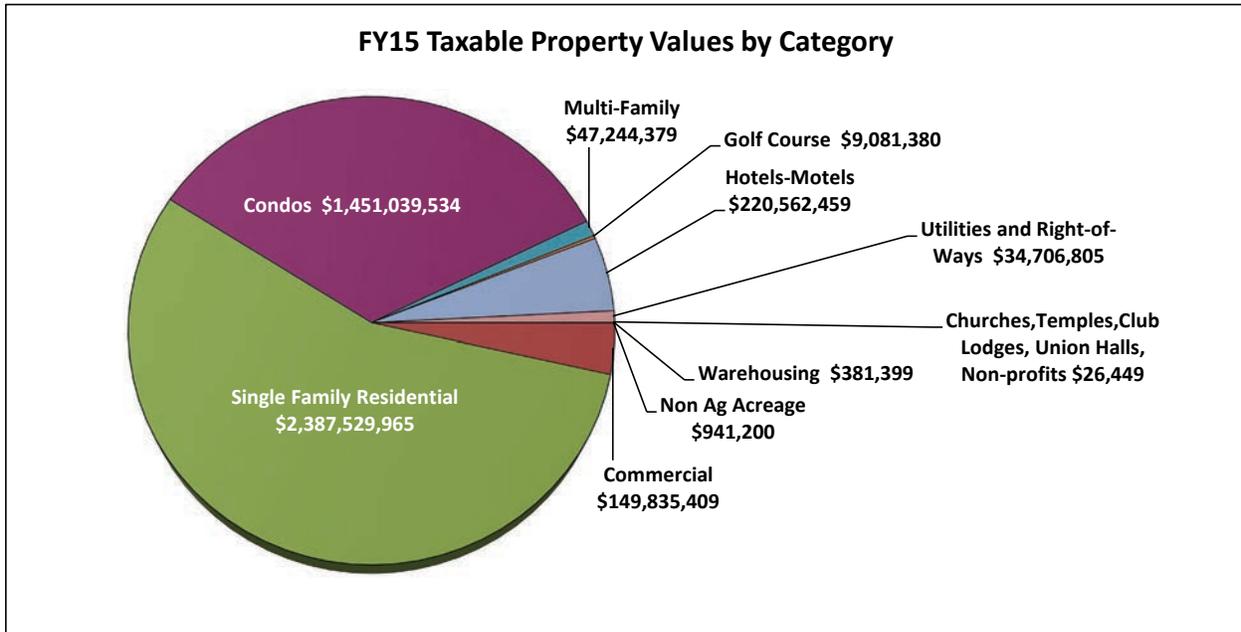
*Source: City of Sanibel, Finance Department

Sanibel's property values peaked in 2007 before beginning to decline in 2008. Property values are 17.2% lower in 2014 compared to the 2007 peak year. In 2014 the City experienced its second year of increased taxable property values (4.8%) following five (5) consecutive years of decline.



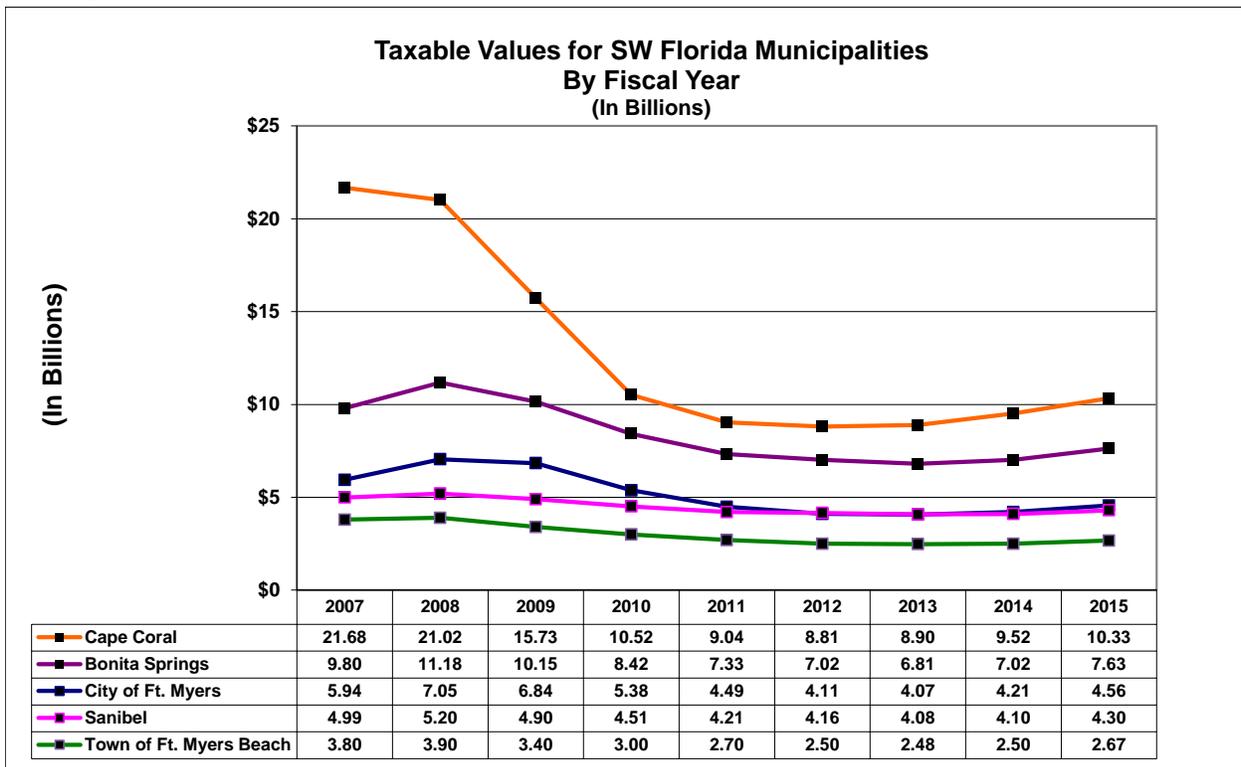
*Source: Lee County Property Appraiser

The primary revenue of the City is property tax. Of the property tax, the most significant component of the property tax is generated from Single Family Properties (55.5%). The second highest generator of property tax is from Condominiums (33.7%), followed by Hotel/Motels (5.1%) and Commercial at (3.5%).



*Source: Lee County Property Appraiser

As compared to other communities in the region, the City of Sanibel's decline in taxable property value was less severe. After five years of decline the City has experienced two years of increase in taxable property values.



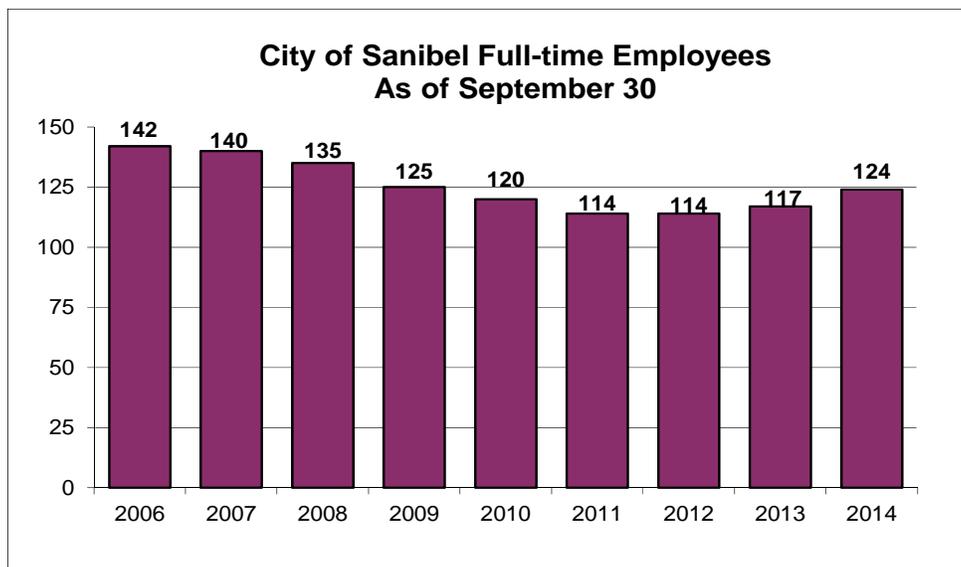
*Source: Lee County Property Appraiser

LONG-TERM FINANCIAL PLANNING

During the current economic down-turn, the City of Sanibel has followed the strategy of reducing fixed costs (personnel and pension), reducing debt, lowering taxes, and protecting reserves. The City's initiatives to improve the pension plans' stability have produced positive results. The General Employees' Pension Plan's funded ratio has increased from a low of 48.24% to 82.51%; the Municipal Police Officers' Pension Plan's funded ratio has increased from a low of 57.14% to 77.85%. At year end the City's general fund's unassigned fund balance of \$2.802 million was equal to 24.2 percent of general fund operating expenditures.

On September 30, 2014, unassigned fund balance available to Council in the general fund (24.2 percent of general fund operating expenditures) falls within the fund balance policy guidelines set by the Council for budgetary and planning purposes (i.e., 17 percent of general fund operating expenditures). If the general fund's unassigned fund balance falls below the acceptable level, the City shall take action necessary to restore the unassigned fund balance to acceptable levels within two years.

The City increased the number of full-time employees from 117 in 2013 to 124 in 2014. The City's 2014 full-time workforce is 12.7% lower than the 2006 full-time workforce of 142.



**Source: City of Sanibel, Finance Department*

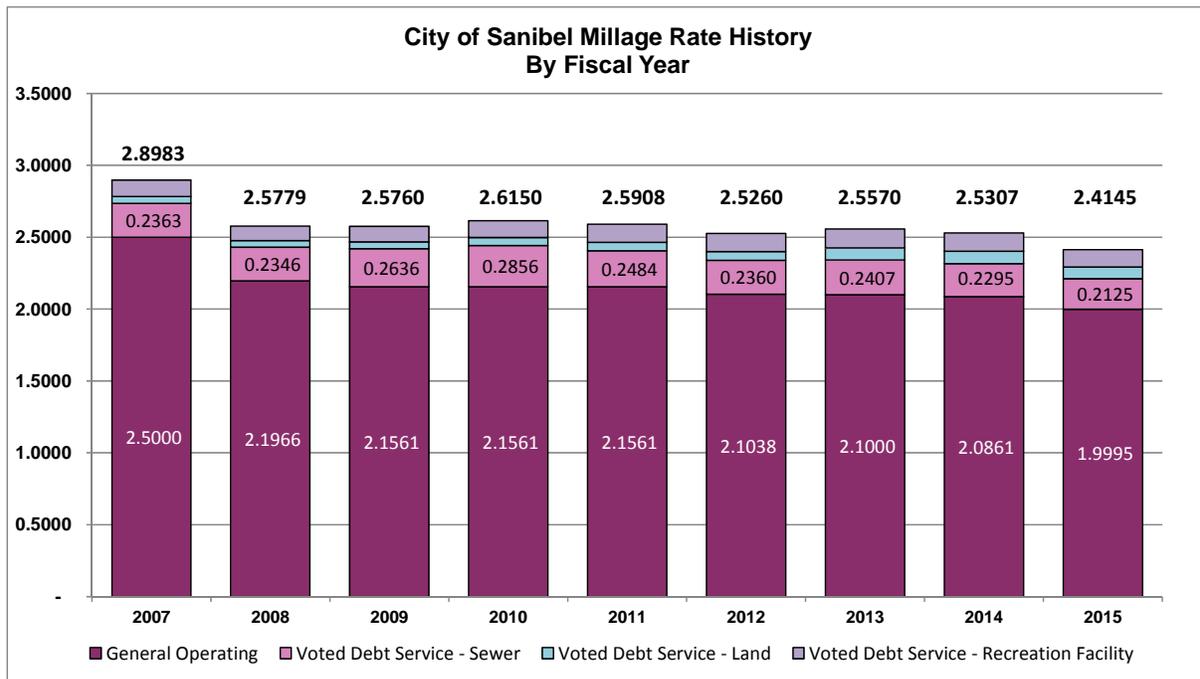
Effective in 2011, City Council significantly modified the General Employees' Defined Benefit Pension Plan to improve the plan's funded ratio and to contain future long-term pension costs. Current employees were provided the option to make an irrevocable election to opt out of the defined benefit plan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

The City's priority is to maintain Sanibel as a world-class, safe, clean, environmentally and fiscally sound municipality. During the economic downturn Sanibel maintained its strong financial position through prudent long-term financial planning and fiscal actions to reduce or contain fixed costs. The City is currently operating under the assumption that the recent economic recession has had a significant impact on Sanibel. This year, even though we experienced upticks in taxable property values, there remains concern how the new flood insurance rates will impact Sanibel property values. Council recognizes that as a barrier island in the sub-tropics, the City remains vulnerable to natural events such as tropical storms and hurricanes. In response to the City's natural vulnerabilities from nature and man, Council committed \$4.5 million for a disaster reserve and \$1.0 million for an environmental initiative reserve.

The City continues to evaluate and implement user fees as part of its efforts for long-term sustainability. In September 2014 the City Council approved a 5 percent increase in Recreation facility membership fees

for residents and 10 percent increase for non-residents; activity and rental fees were increased 5 percent for members and 10 percent for non-members. Sewer fees and reclaimed water rates were increased 3.0 percent beginning October 1, 2014. Beach parking hourly parking fee was increased from \$2 to \$3. In the 2015 budget all other City fees were held flat. The building department and planning department FY2012 and FY2013 fee reductions were continued into FY2015.

The City of Sanibel general operating millage has reduced from 2.500 mills in fiscal year 2007, to 1.9995 mills in fiscal year 2015, with no reduction in basic services.



*Source: City of Sanibel, Finance Department

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

RELEVANT FINANCIAL POLICIES

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

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

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

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

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

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

MAJOR INITIATIVES

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

I. REDEVELOPMENT WORK PLAN FOR THE COMMERCIAL DISTRICT

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

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

II. SUSTAIN AND STRENGTHEN THE CITY'S FINANCIAL STABILITY

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

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

III. IMPROVE WATER QUALITY AND QUANTITY

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

Local

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

In an effort to protect Sanibel's water quality and to proactively address nutrient loading to the Sanibel River, the City has begun work on a **Comprehensive Nutrient Management Plan** for Sanibel. The Plan will include three phases and will provide a basis for development of the Island BMAP. The final phase of the Plan will be completed in 2015 and will include a list of short- and long-term projects that will help reduce nutrients loads on the Island.

- Finish the Comprehensive Nutrient Management Plan, complete with a list of management recommendations and priority projects
- Establish the appropriate budgetary level of expense and capital to complete the Comprehensive Nutrient Management Plan and begin work on critical short-term projects during the next fiscal year.
- Develop and seek approval for a Sanibel Island Water Quality Improvement Program which includes both short-term and long-term improvement goals (reference the list of Short- and Long-term On-Island Nutrient Reduction Goals document on the City's website at www.mysanibel.com/departments/natural-resources).
- Continue implementation of regional fertilizer education program with Lee County and other partners.

State

Support all legislative actions which reduce freshwater releases from Lake Okeechobee that impact the St. Lucie and Indian River Lagoon and Caloosahatchee River and estuary (reference the Short and Long-term State and Federal Goals documents located on the City's website at www.mysanibel.com/departments/natural-resources).

Federal

Work with Federal representatives to appropriate funding for the Water Resources Reform and Development Act (WRRDA) and associated water projects.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sanibel for its comprehensive annual financial report for the fiscal year ended September 30, 2013. This was the twenty-eighth (28th) consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

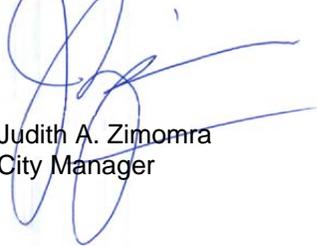
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirement and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2013. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

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

Respectfully submitted,



Judith A. Zimomra
City Manager



Sylvia A. Edwards
Finance Director



Government Finance Officers Association

**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

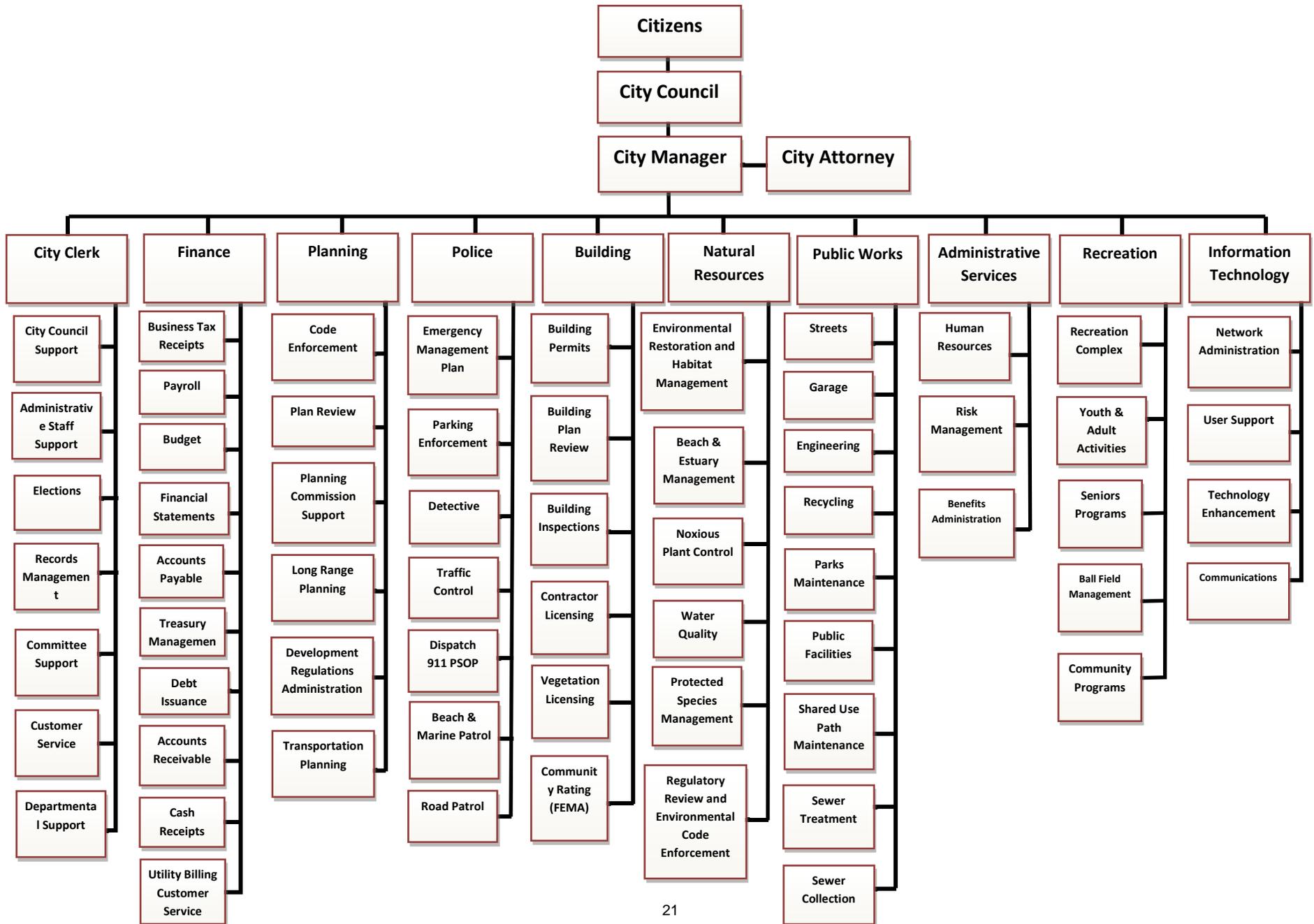
September 30, 2013

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sanibel for its comprehensive annual financial report for the fiscal year ended September 30, 2013. This was the 29th consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

CITY OF SANIBEL, FLORIDA
 ORGANIZATIONAL CHART
 SEPTEMBER 30, 2014



CITY OF SANIBEL, FLORIDA
COUNCIL-MANAGER FORM GOVERNMENT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014



ELECTED OFFICIALS

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

APPOINTED OFFICIALS

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

EXECUTIVE STAFF

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

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

www.mysanibel.com

This section contains the following subsections:

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sanibel, Florida (the "City"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the transportation and recreation special revenue funds, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During fiscal year ended September 30, 2014, the City adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* and GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. In addition, the City's pension plans adopted the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*. As a result of the implementation of GASBS Nos. 65, 67 and 68, the City reported a restatement for the change in accounting principle (see Note 20.) The auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in the net pension liability and related ratios, contributions and investment returns for the general employees' and the municipal police officers pension plans, and the schedules of funding progress and contributions for the other post employment benefit plan on pages 28-45 and 114-120 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Honorable Mayor and City Council
City of Sanibel, Florida

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Fort Myers, Florida
March 27, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

As management of the City of Sanibel, we offer readers of the City of Sanibel's financial statements this narrative overview and analysis of the financial activities of the City of Sanibel for the fiscal year ended September 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which begins on page 7.

FINANCIAL HIGHLIGHTS

- At the close of fiscal year 2014, the City of Sanibel's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$79.19 million (net position). Governmental and business-type assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$44.98 million and \$34.20 million, respectively.
- The City's total net position decreased by \$16.89 million, or -17.6%, in comparison to the prior year, which includes an adjustment to beginning net position of \$19.23 million. This adjustment affected both governmental and business-type activities. The adjustments were a result of the City adopting the provisions of the Governmental Accounting Standards Board (GASB) Statement Nos. 65, 67 and 68. For more information on these adjustments, please refer to Note #20 on page 112. The City's unrestricted net position, which may be used to meet the City's ongoing obligations to its citizens and creditors, decreased by \$16.67 million, including the effects of the adjustments noted above. Negating the effect of these adjustments, the City reported an increase in total net position of \$2.34 million compared to a decrease of \$801,805 in fiscal year 2013.
- The City's governmental activities reported a total net position of \$44.98 million, which is a decrease of \$16.47 million, or -26.8%, in comparison to the prior year primarily attributable to the adjustment noted above. Approximately 9.1% of the total (\$4.09 million) is unrestricted and available for spending at the City's discretion.
- The City's business-type activities reported a total net position of \$34.21 million, which is a decrease of \$417,211, or -1.2%, in comparison to the prior year primarily attributable to the adjustment noted above. Approximately 13.3% of the total, or \$4.56 million, is unrestricted and available for spending at the City's discretion.
- The City's long-term liabilities relating to debt issuances decreased by \$3.52 million during the current fiscal year. This represents the required annual debt service payments on existing debt and a current refunding and refinancing of certain business-type activity debt completed in fiscal year 2014. See Note #11 on page 93 for more information on the refunding. Total long-term liabilities increased due to the City recording a net pension liability of \$9.64 million during fiscal year 2014 based on the requirements of GASB Statement No 68. See Note #14 on page 94 for more information on the net pension liability.
- At the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$17.22 million, a decrease of \$105,790, or -0.6%, in comparison with the prior year.
- At the end of the current fiscal year, fund balance for the general fund was \$11.54 million. Of this balance the following amounts have been committed: 1) \$4.50 million to disaster reserves, 2) \$1.00 million to support environmental initiatives; and 3) \$315,000 to fund emergency insurance deductibles. Also in this balance is \$1.60 million assigned to support the subsequent year's budget per the City's fund balance policy. In addition, \$1.21 million is nonspendable in cash and consists of a long-term loan to the sewer fund (\$1.10 million) and prepaid expenses and inventories of \$108,760. Approximately \$2.80 million (24.3%) is available for spending at the City's discretion (unassigned fund balance).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

The *statement of net position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The unrestricted portion of net position is designed to be similar to bottom line results for private sector companies. This statement combines and consolidates governmental fund current resources (short-term spendable resources) with capital assets and long-term obligations (see page 48).

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

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

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate non-profit operation for which the City is financially accountable. Financial information for Community Housing Resources, Inc. (CHR) is reported separately from the financial information presented for the primary government itself. CHR has issued separately audited financial statements for the year ended September 30, 2014.

The government-wide financial statements can be found on pages 48 and 49 of this report.

Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund *balance sheet* and the governmental fund *statement of revenues, expenditures and changes in fund balances* provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains nineteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, the transportation fund, and the recreation fund, which are considered to be major funds. Data for the other sixteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements and schedules immediately following the required supplementary information and can be found on pages 122-126 of this report.

The City adopts an annual appropriated budget for its general fund, as well as the other governmental funds. Budgetary comparison statements are required only for the general fund and major special revenue funds. Budgetary comparison statements have been provided for the general fund, the transportation fund and the recreation fund to demonstrate compliance with the budget on pages 54-55. Budgetary comparison schedules have also been provided on the other nonmajor governmental funds on pages 127-134.

The basic governmental fund financial statements can be found on pages 50-53 of this report.

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

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

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

The basic proprietary fund financial statements can be found on pages 56-60 of this report.

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

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

The fiduciary fund financial statements can be found on pages 61-62 of this report.

Notes to the financial statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 63-112 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning certain information for the City's pension plans and other post-employment benefits (OPEB) plan. Required supplementary information can be found on pages 113-120 of this report.

GOVERNMENT-WIDE FINANCIAL STATEMENT ANALYSIS

Statement of Net Position

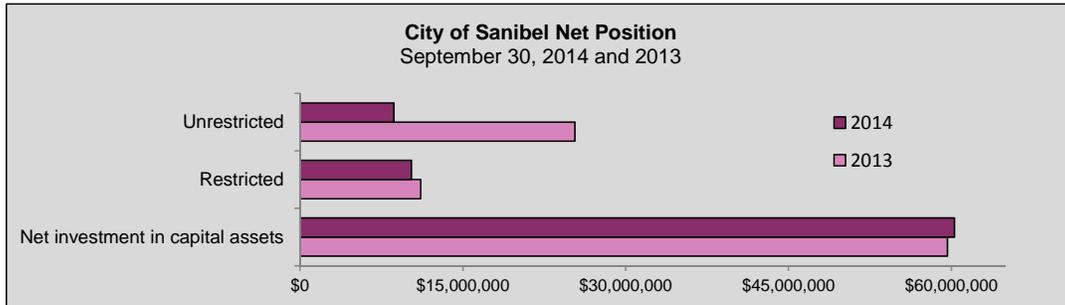
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$79.19 million.

Statement of Net Position (Summary) as of September 30, 2014 and 2013						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$18,643,044	\$25,532,399	\$13,835,538	\$13,842,158	\$32,478,582	\$39,374,557
Capital assets, net	47,174,068	47,929,139	45,865,158	48,131,343	93,039,226	96,060,482
Total assets	65,817,112	73,461,538	59,700,696	61,973,501	125,517,808	135,435,039
Deferred outflows of resources	-	-	141,251	-	141,251	-
Total deferred outflows of res	-	-	141,251	-	141,251	-
Current and other liabilities	1,479,875	1,472,951	474,858	656,374	1,954,733	2,129,325
Long-term liabilities	18,369,163	10,532,011	24,966,198	26,693,664	43,335,361	37,225,675
Total liabilities	19,849,038	12,004,962	25,441,056	27,350,038	45,290,094	39,355,000
Deferred inflows of resources	985,151	-	194,639	-	1,179,790	-
Total deferred inflows of res	985,151	-	194,639	-	1,179,790	-
Net position:						
Net investment in capital assets	37,809,068	38,084,139	22,473,067	21,561,359	60,282,135	59,645,498
Restricted	3,088,775	2,412,824	7,178,063	8,708,211	10,266,838	11,121,035
Unrestricted	4,085,080	20,959,613	4,555,122	4,353,893	8,640,202	25,313,506
Total net position	<u>\$44,982,923</u>	<u>\$61,456,576</u>	<u>\$34,206,252</u>	<u>\$34,623,463</u>	<u>\$79,189,175</u>	<u>\$96,080,039</u>

By far, the largest portion of the City's net position (76.1%) reflect its investment in capital assets (such as land, buildings, parks, roads, bridges, machinery and equipment) less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to citizens; consequently these assets are not available for future spending. Although the capital assets are shown net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate and pay for these liabilities.

An additional portion of the City's net position in the amount of \$10.26 million (13.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$8.64 million (10.9%) is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.

The following graph compares the net position components for fiscal years 2014 and 2013:



At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year. However, as previously discussed, the City's overall net position decreased \$16.89 million from the prior fiscal year, primarily due to an adjustment made to beginning net position. Additional information on the change in net position is discussed in the following sections.



Changes in Net Position

Changes in Net Position (Summary)						
For the Year Ended September 30, 2014 and 2013						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues						
Charges for services	\$ 3,183,264	\$ 3,242,292	\$ 8,117,212	\$ 7,755,682	\$ 11,300,476	\$ 10,997,974
Operating grants and contributions	1,735,335	364,063	1,083,325	1,036,029	2,818,660	1,400,092
Capital grants and contributions	199,669	125,231	174,830	483,358	374,499	608,589
General revenues						
Property taxes	9,103,845	9,136,701	907,735	949,124	10,011,580	10,085,825
Other taxes	2,387,084	2,402,389	-	-	2,387,084	2,402,389
Intergovernmental revenues	657,804	614,949	-	-	657,804	614,949
Other	578,666	251,336	360,330	326,818	938,996	578,154
Total revenues	<u>17,845,667</u>	<u>16,136,961</u>	<u>10,643,432</u>	<u>10,551,011</u>	<u>28,489,099</u>	<u>26,687,972</u>
Expenses (including indirect expense):						
General government	1,989,435	2,645,474	-	-	1,989,435	2,645,474
Public safety	4,818,715	4,968,234	-	-	4,818,715	4,968,234
Physical environment	625,663	657,770	-	-	625,663	657,770
Sewer	-	-	6,651,541	7,197,611	6,651,541	7,197,611
Transportation	4,114,671	4,207,936	-	-	4,114,671	4,207,936
Beach parking	-	-	2,687,152	2,593,668	2,687,152	2,593,668
Economic development	319,055	310,986	-	-	319,055	310,986
Human services	1,000	1,000	-	-	1,000	1,000
Culture/recreation	4,580,446	4,526,040	-	-	4,580,446	4,526,040
Interest on long-term debt	357,954	381,058	-	-	357,954	381,058
Total expenses	<u>16,806,939</u>	<u>17,698,498</u>	<u>9,338,693</u>	<u>9,791,279</u>	<u>26,145,632</u>	<u>27,489,777</u>
Increase (decrease) in net position before transfers	1,038,728	(1,561,537)	1,304,739	759,732	2,343,467	(801,805)
Transfers	(126,975)	-	126,975	-	-	-
Increase (decrease) in net position	<u>911,753</u>	<u>(1,561,537)</u>	<u>1,431,714</u>	<u>759,732</u>	<u>2,343,467</u>	<u>(801,805)</u>
Net position - beginning of year as previously reported	61,456,576	63,018,113	34,623,463	33,863,731	96,080,039	96,881,844
Adjustment (See Note #20)	(17,385,406)	-	(1,848,925)	-	(19,234,331)	-
Net position - beginning of year as restated	<u>44,071,170</u>	<u>63,018,113</u>	<u>32,774,538</u>	<u>33,863,731</u>	<u>76,845,708</u>	<u>96,881,844</u>
Net position - end of year	<u>\$ 44,982,923</u>	<u>\$ 61,456,576</u>	<u>\$ 34,206,252</u>	<u>\$ 34,623,463</u>	<u>\$ 79,189,175</u>	<u>\$ 96,080,039</u>

Governmental activities

Total program revenues increased \$1.39 million (37.2%) to \$5.12 million in fiscal year 2014 from \$3.73 million in fiscal year 2013. Operating grants and contributions accounted for the most significant portion of the increase due to the receipt of \$1.37 million in surplus toll revenue from Lee County, after several years of the City not receiving funds. During fiscal year 2013, the County paid off its junior debt for the Sanibel Causeway. As a result, the interlocal agreement between the City and the County required the reinstatement of the payment of 21% of the surplus tolls collected by Lee County to be remitted to the City. These funds are restricted to transportation related projects and expenses.

The most significant revenue in program services comes from charges for services, which remained relatively stable compared to the previous year, decreasing approximately \$64,000, or -2.0%. Capital grants and contributions increased approximately \$80,000 in fiscal year 2014, mostly driven by an increase in impact fees received under an interlocal agreement with Lee County. Other capital grant activity varies from year to year as projects are approved and completed typically on an annual basis.

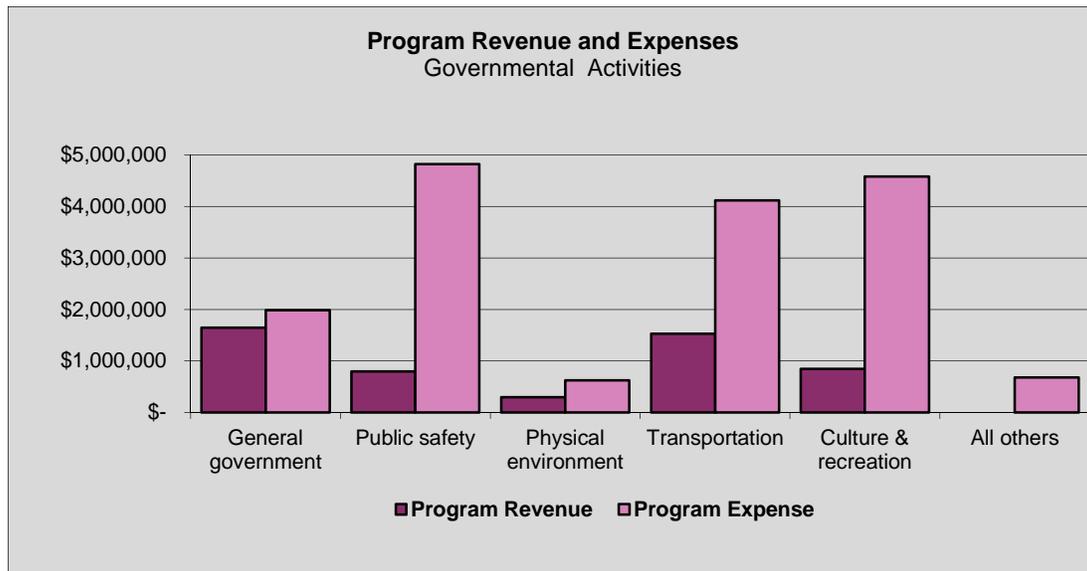
The following table presents the total cost of services for each of the City's five largest programs as well as each program's net cost; that is, total cost less program revenues (i.e. excluding taxes), generated by the activities. The net cost represents the portion of each program that is supported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

Program Revenues and Expenses Governmental Activities				
	Total Cost Of Services		Net Cost (Earnings) Of Services	
	2014	2013	2014	2013
General government	\$ 1,989,435	\$ 2,645,474	\$ 341,475	\$ 1,029,974
Public safety	4,818,715	4,968,234	4,022,241	4,079,899
Physical environment	625,663	657,770	331,600	317,683
Transportation	4,114,671	4,207,936	2,582,098	4,070,382
Culture/Recreation	4,580,446	4,526,040	3,733,248	3,775,930
All others	678,009	693,044	678,009	693,044
Totals	\$ 16,806,939	\$ 17,698,498	\$ 11,688,671	\$ 13,966,912

The total cost of all governmental activities provided this fiscal year was approximately \$16.81 million, a decrease of approximately \$892,000 (-5.0%) from the prior year. As detailed in the statement of activities on page 49, the net cost ultimately paid through taxes and other general revenues was approximately \$11.69 million, a \$2.28 million decrease from fiscal year 2013.

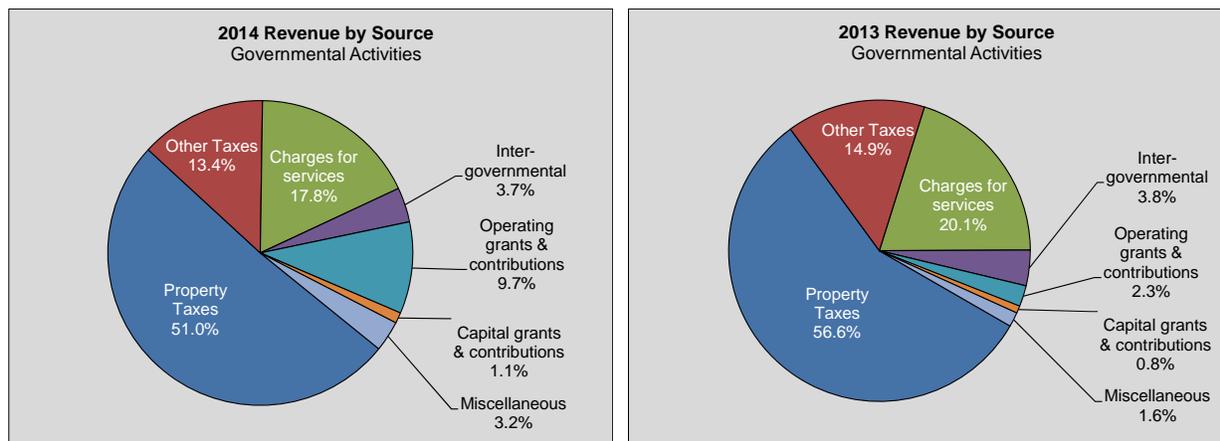
The main component of the decrease in program costs from the previous year is due to a lump sum pension payment of approximately \$1.20 million made in fiscal year 2013 to pay down an actuarial assumption change in the Municipal Police Officers' Pension Plan. This was a one-time payment and was not repeated in fiscal year 2014. Additionally, the City received \$1.37 million due to the reinstatement of surplus toll revenue.

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



Total general revenues increased \$322,000 (2.6%) to \$12.73 million from \$12.41 million in 2013. Higher than anticipated investment returns accounted for the majority of the increase. Additionally, higher collections of impact fees resulting from increased construction activity in the City impacted the general revenue total.

The following graphs compare the composition of revenues for the City's governmental activities for fiscal years 2014 and 2013:



Business-type activities

Revenues

Revenues of the City's business-type activities totaled \$10.64 million in fiscal year 2014, a 0.9% increase from 2013. Total expenses for 2014 were \$9.34 million, a 4.6% decrease from 2013. These results generated an increase in net position of \$1.43 million (before the adjustment to beginning net position as previously discussed). Total net position decreased approximately \$417,000 (-1.2%), which includes a \$1.85 million adjustment to the enterprise fund's beginning net position. See Note #20 on page 112 for more information on this adjustment.

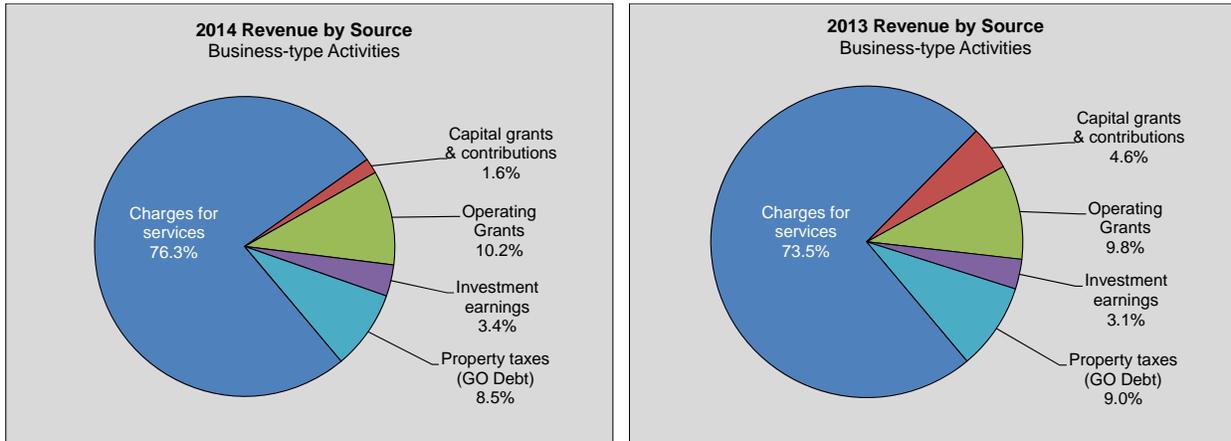
Total program revenues generated from the City's business-type activities increased \$100,000 (1.1%) in 2014 from 2013. Charges for services generated an increase of approximately \$360,000 (4.7%) over 2013, reflecting the 1.5% increase in sewer rates the City Council established at the beginning of 2014 and increased visitors to the City's beaches.

The City's operating grants and contributions are received pursuant to an interlocal agreement with the Lee County Tourist Development Council (TDC) and are accounted for in the Beach Parking fund. These funds increased \$47,000 (4.6%) in 2014 from 2013. These grants mainly fund beach maintenance and prevention of erosion activities and routinely vary from year to year.

Capital grants and contributions decreased \$308,000 (-63.8%) in 2014. In the Sewer fund, capital contributions from sewer connection fees decreased \$20,770, or -13.7%, from the previous year. These contributions typically vary from year to year based on activity and fluctuations are expected. In the Beach Parking fund, capital contributions from the Lee County TDC decreased \$287,000 from 2013 primarily due to renovation projects that were completed in 2013. A large capital grant awarded in fiscal year 2014 to renovate beach restrooms was not completed and moved forward to fiscal year 2015.

General revenues are received from two sources in the City's business-type activities. The majority of revenue comes from tax revenue received from voter-approved tax levies to pay debt service related to the Sewer fund capital expansion projects. Tax revenue received in 2014 totaled approximately \$907,000, a \$41,000 decrease from 2013, based on debt service needs for the year. The second source of general revenues is received from the Sewer fund's investment and banking activity. Greater than expected returns resulted in a \$33,000 increase in interest and investment gains in fiscal year 2014.

The following graphs compare the composition of revenues for the City's business-type activities for fiscal years 2014 and 2013:



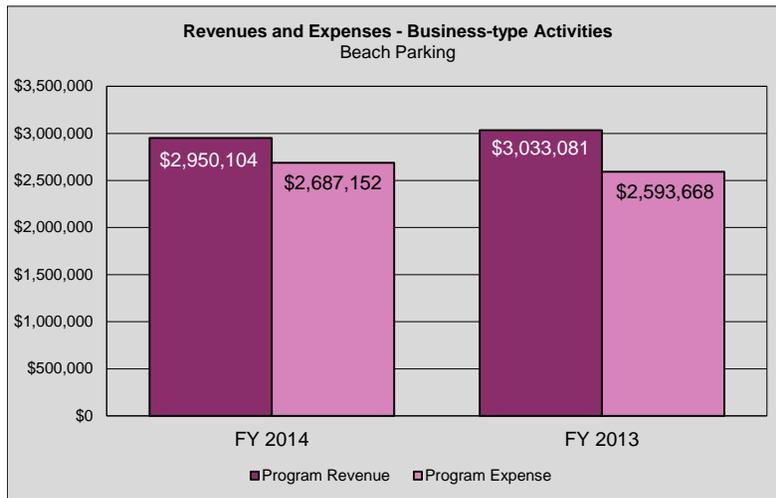
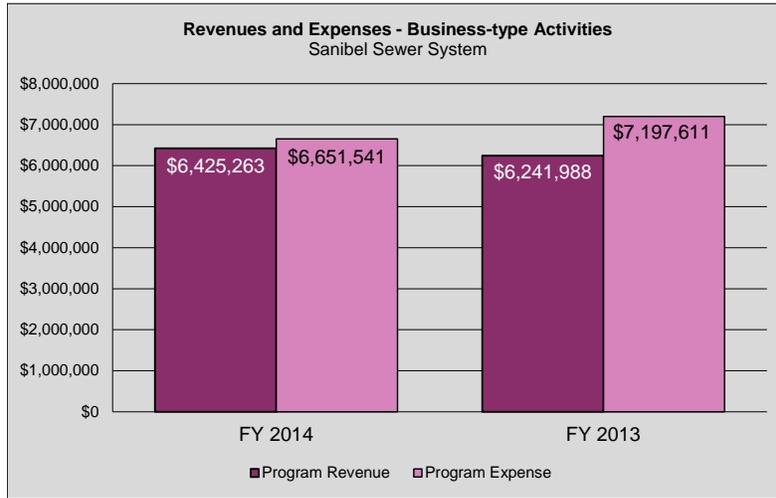
Expenses

Total expenses decreased \$452,000 (-4.6%) in 2014 compared to 2013, following a decrease of 4.1% in 2013 from 2012. Efficiencies and improvements in processes in the sewer fund account for the majority of the continued decrease in expenses. Interest expense was the largest component of the decrease in expenses and accounted for a \$218,000 decrease from 2013. The primary driver for this was the refinancing of certain outstanding sewer debt. See Note #11 on page 93 for more information. Reductions in necessary repairs and maintenance expenses contributed to the rest of the decrease (\$150,000 decrease from 2013).

The beach parking fund's expenses increased \$93,000 in the current year. The City's water quality efforts and increased demand for beach services as the economy continues to improve accounted for the increase.



The following charts compare program expenses with program revenues for the City's business-type activities for fiscal years 2014 and 2013:

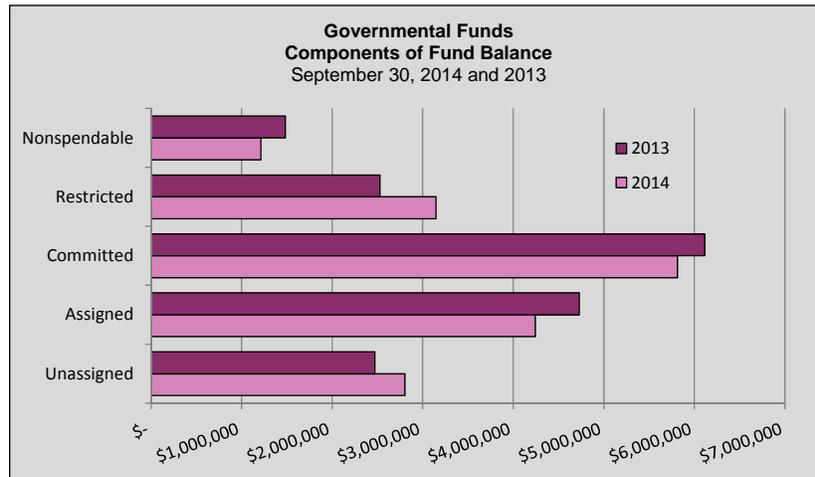


FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

At September 30, 2014, the City's governmental funds reported combined fund balances of \$17.22 million, a decrease of \$105,000 in comparison with the prior year. Approximately 16.3% of this amount (\$2.80 million) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$1.21 million), 2) restricted for particular purposes (\$3.15 million), 3) committed for particular purposes (\$5.82 million), or 4) assigned for particular purposes (\$4.24 million).



General Fund

The *General Fund* is the chief operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. At the end of the current fiscal year the unassigned fund balance of the general fund was \$2.80 million, while total fund balance was \$11.54 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and other financing uses. Unassigned fund balance represents approximately 20.4% of the total general fund expenditures and other financing uses, while total fund balance represents 84.1% of that same amount.

The fund balance of the general fund decreased \$829,000 during fiscal year 2014, which was an improvement over 2013 when the fund balance decreased \$1.57 million. Revenue in the general fund held steady in fiscal year 2014, showing a 1% improvement over 2013, while expenditures were reduced 3.0%. Additionally, other financing sources/uses decreased 10.6% in 2014. These results ended up reducing the decrease in fund balance in the general fund by 47.0% from fiscal year 2013.

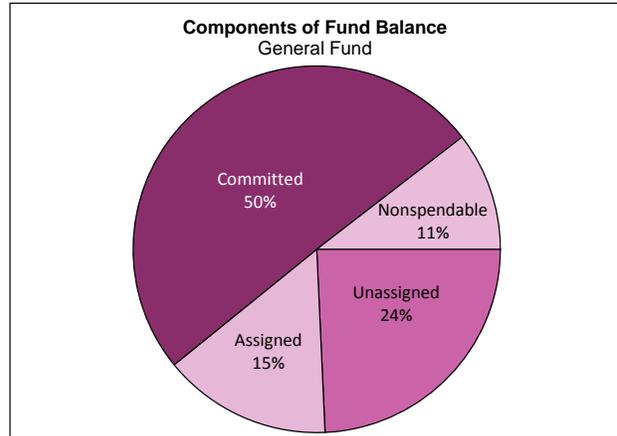
Key factors in the current year results are the net effect of the following items:

- Revenues for the general fund increased by \$127,000 from \$12.78 million in fiscal year 2013 to \$12.91 million in fiscal year 2014: The major components of the increase were 1) \$70,000 increase in charges for services; and 2) better than anticipated results in investment earnings and interest, resulting in a \$104,000 increase from 2013. Other revenue categories had minor decreases, which comprised the rest of the year over year change.
- Total expenditures decreased by \$350,000 to \$11.57 million in fiscal year 2014 from \$11.92 million in fiscal year 2013. General government expenditures decreased \$890,000 in fiscal year 2014, based on the afore mentioned lump sum payment into the Municipal Police Officers' Pension Plan in 2013 that was not repeated in fiscal year 2014. Alternatively, public safety expenditures increased \$518,000, primarily in the area of personnel expenditures due to increased traffic and seasonal visitors to the City as the economy continues to improve and tourism increases.

- Other financing sources and uses resulted in a net reduction in uses of approximately \$259,000 (10.6%) due to reduction in transfers necessary from the general fund to support other governmental funds. Specifically, the transfer from the general fund to the transportation fund that is typically made each year was not necessary in 2014 due to the receipt of toll funds from Lee County.

The chart to the right represents the components of fund balance in the general fund at September 30, 2014:

For information on the general fund's budgetary performance for fiscal year 2014, see the discussion beginning on page 42.

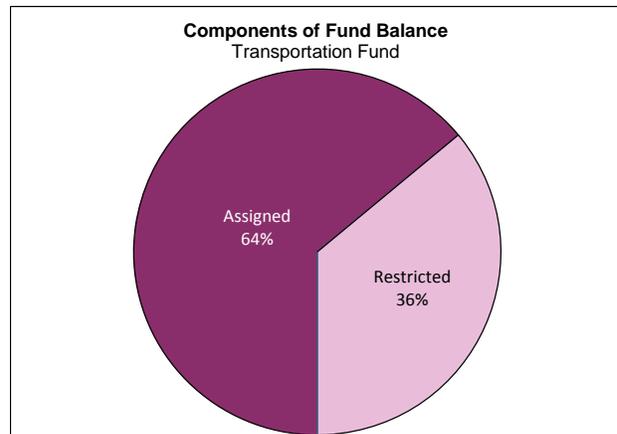


Transportation Fund

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

Per an interlocal agreement with Lee County, the City's receipt of surplus toll revenue from the Sanibel Causeway was reinstated in fiscal year 2014. The County paid off its junior debt on the Causeway and will now remit 21% of the surplus tolls to the City on a biannual basis. These funds are restricted for use for transportation related operational and capital expenditures.

The ending fund balance of the transportation fund increased \$326,000 during 2014 to \$1.12 million. Key factors in this change are the net effect of the following items:



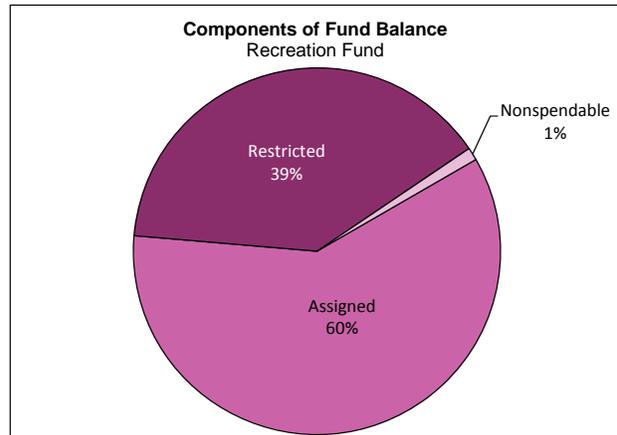
- Revenues from the local option gas taxes increased 3.7% to \$1.53 million in 2014 from \$1.48 million in 2013.
- Approximately \$410,000 in surplus toll revenue was received directly into the transportation fund in fiscal year 2014. An additional \$400,000 was received into the transportation capital projects fund and then subsequently transferred in to the transportation fund to support transportation related operating expenditures.
- Total expenditures remained consistent with the previous year, reflecting a \$24,500 (-1.2%) decrease to finish at \$2.09 million. Slight increases in personnel costs were offset by savings in repairs and maintenance and road materials.

Recreation Fund

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

The ending fund balance of the Recreation fund decreased \$54,000 during 2014 to \$442,319. Key factors in this decrease are the net effect of the following items:

- Revenues in 2014 increased 8.8% compared to 2013, totaling \$735,299 in 2014. The major driver of this increase was in charges for services and memberships at the Recreation Center. Due to increase membership and usage, charges for services increased approximately 12.0% in fiscal year 2014.
- Total expenditures remained consistent with the previous year, with a 0.6% increase over last year (\$2.14 million vs. \$2.13 million). The main reason for the increase related to the additional needs for operating supplies and other related item based on the increased usage noted above.
- In addition to the revenues previously noted, the Recreation fund receives transfers from the general fund to support its ongoing operations. During 2014, transfers from the general fund were approximately \$1.36 million. This reflects an 11.5% increase over the previous year's transfers.

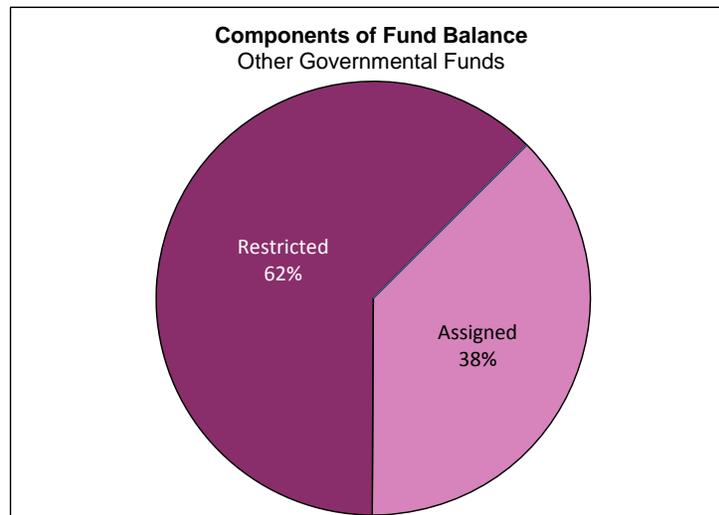


Other Governmental Funds

All other governmental funds are accounted for in the column entitled *other governmental funds*. Other governmental funds include nonmajor special revenue, debt service and capital project funds. Fund balances for this group increased \$451,454 in 2014 from 2013 and total \$4.11 million.

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

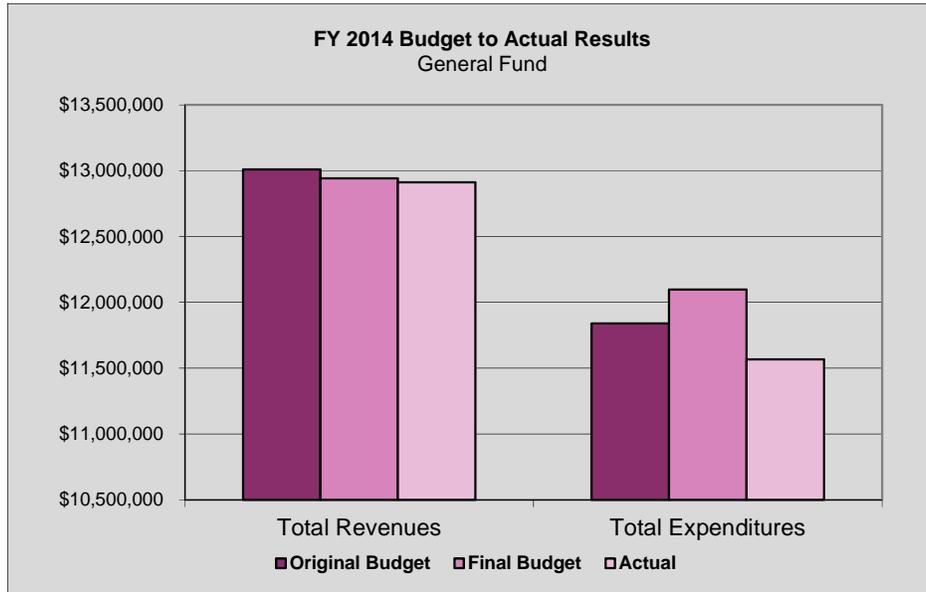
- Voter approved debt service ad valorem tax receipts remained steady with the 2013 results based on anticipated debt service needs. Total tax collected was \$850,501 in 2014 compared to \$853,159 in 2013.
- Intergovernmental revenues increased \$1.09 million in fiscal year 2014. The overwhelming majority of this increase relates to the aforementioned receipt of surplus toll revenue from Lee County in the transportation capital projects fund. The City allocated approximately \$955,000 in surplus toll revenue during 2014 to the Transportation Capital Projects fund. As previously mentioned, \$400,000 of these funds were transferred to the transportation fund. The rest remained in the transportation capital projects funds for future projects.
- Better than expected investment returns and interest increased other revenue 113.9% in fiscal year 2014 to finish at \$439,276, compared to \$157,334 in fiscal year 2013.
- Total expenditures decreased slightly in 2014 compared to 2013 (-0.2%). Increases in capital outlay and transportation expenses were offset by interest expense on debt savings and general government expenditure reductions.
- Transfers in from other funds decreased 52.2% in fiscal year 2014. The main reason for this decrease was the reduction of the transfer from the general fund to the transportation capital projects fund for capital purposes, since the surplus toll revenue noted above supplanted the resources of the fund.



For more information, see the combining financial statements for the City's non-major governmental funds beginning on page 121.

Proprietary funds. The City's proprietary funds are comprised of enterprise funds. An enterprise fund is used to account for activities for which a fee is charged to external users for goods and services. These funds provide the same type of information found in the government-wide financial statements business-type activities. See the discussion of business-type activities beginning on page 35. For additional detail, see the propriety fund statements on pages 56-60.

GENERAL FUND BUDGETARY HIGHLIGHTS



During fiscal year 2014, there was a \$70,000 (-0.5%) decrease in budgeted total revenue between the original and final amended budget and a \$257,000 (2.2%) increase in budgeted total operating expenditures between the original and final amended budget.

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

- Ad valorem property tax receipts were decreased \$327,000 to recognize the early payment discount utilized by taxpayers;
- Intergovernmental revenue was increased to recognize several grants that were received during fiscal year 2014;
- Charges for services budget was increased \$105,000 due to increase cost recovery amounts by the general fund from other funds. The general fund recovers costs spent on behalf of other funds via a report prepared by a specialist each year.

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

- General government personnel costs were increased approximately \$63,000 due to a reorganization in the Legislative Department approved by the City Council in fiscal year 2014;
- The budget for public safety personnel costs was increased to account for the \$65,000 pension contribution from the State of Florida. Additional costs related to increased demand for police services on the island due to increased tourism (traffic enforcement, control, etc.) also contributed approximately \$66,000 to the budget increase.
- Transportation personnel costs increased approximately \$80,000 based on increased need.

During fiscal year 2014, there was a \$30,000 (-0.2%) decrease in final budgeted total revenue and actual total revenue. The variances that comprised this small decrease were widespread and no specific line items were greatly decreased.

Budget-to-actual expenditures show a \$530,000 (4.4%) positive variance (actual less than budget). This decrease was uniform through most departments and reflects the continuation of cost containment efforts throughout the City.

A more detailed analysis of the general fund budget comparison can be found in the budgetary comparison statement found on page 54 of this report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City's capital assets as of September 30, 2014 reflect an investment of \$93.04 million, net of accumulated depreciation.

The following schedule provides a comparative summary of net capital assets by category for both governmental and business-type activities. Additional information on the City's capital assets can be found in Note 9 on pages 88-89 of this report.

Capital Assets (net of depreciation) as of September 30,						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Land	\$24,964,425	\$24,964,425	\$ 1,860,674	\$ 1,860,674	\$ 26,825,099	\$ 26,825,099
Buildings	12,861,996	13,480,868	1,365,082	1,132,913	14,227,078	14,613,781
Improvements other than buildings	1,054,768	948,704	758,239	803,468	1,813,007	1,752,172
Vehicles and equipment	1,045,015	1,206,895	937,947	1,091,919	1,982,962	2,298,814
Infrastructure	7,247,864	7,069,570	40,793,928	42,864,649	48,041,792	49,934,219
Construction work in progress	-	258,677	149,288	377,720	149,288	636,397
Total capital assets	\$47,174,068	\$47,929,139	\$45,865,158	\$48,131,343	\$ 93,039,226	\$ 96,060,482

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

Description	Cost
<i>Purchases/Acquisitions</i>	
Pond Apple Park/Shipleigh Connector Boardwalk	\$196,990
Playground Equipment – Recreation Center	36,000
Periwinkle Way improvements.....	680,800
Trucks/vehicles (4).....	98,800
Various technology equipment	48,410
Recreation center equipment.....	11,270
Lighthouse rehabilitation	342,800
Various beach equipment	26,350
Sewer plant head works bypass line	235,450
<i>Construction Work in Progress</i>	
Lighthouse beach restrooms	24,269
Generator/platform for lift station	82,431
<i>Disposals</i>	
Trucks/vehicles (7).....	80,130
Recreation center equipment.....	2,700

Long-term debt. As of September 30, 2014, the City had \$32.90 million in general obligation bonds, revenue bonds, and notes payable outstanding. The following schedule provides a comparative summary of the City's outstanding debt:

Long-term Debt as of September 30,						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Bonds						
G.O. bonds	\$ 9,365,000	\$ 9,845,000	\$ -	\$ -	\$ 9,365,000	\$ 9,845,000
Revenue bonds	-	-	8,888,260	2,687,823	8,888,260	2,687,823
Notes Payable	-	-	14,645,081	23,882,161	14,645,081	23,882,161
Total	\$ 9,365,000	\$ 9,845,000	\$23,533,341	\$26,569,984	\$32,898,341	\$36,414,984

The City's total debt related to bonds and notes payable decreased by \$3.52 million during the current fiscal year due to annual scheduled principal payments. No additional debt was issued during fiscal year 2014; however, certain business-type debt was currently refunded and refinanced.

Additional information about the City's long-term debt and the current refunding can be found in Note 11 beginning on page 90 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Property Values

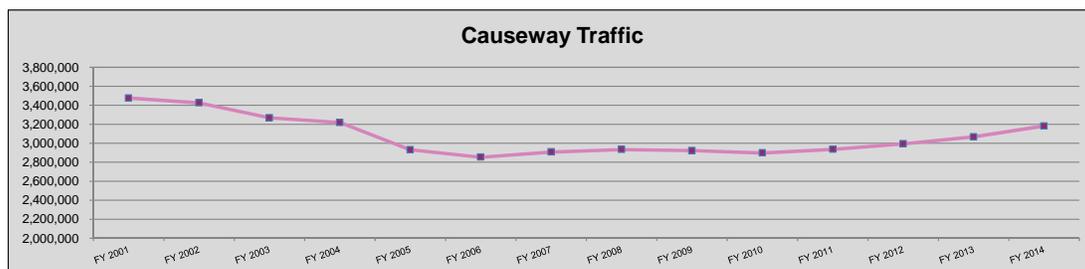
Property values continued to increase in fiscal year 2015, following a modest increase in fiscal year 2014. Property values increased 4.8% in 2015 to \$4,300,931,329. As with much of Southwest Florida, Sanibel experienced its highest property values in 2007. Property values steadily decreased in the following years; however in the last two years, the trend appears to be reversing.

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

Tourism

Based on information from the Lee County Toll system's (LeeWay) traffic reports, the Sanibel causeway's fiscal year 2014 cumulative vehicle totals has decreased by 8.5% from the fiscal year 2001 peak. The annual cumulative count is down by approximately 295,000 vehicles, from 3.48 million in fiscal year 2001 to 3.18 million vehicles in fiscal year 2014.

Traffic volume increased in fiscal year 2014 by 115,000 vehicles, a 3.7% increase from fiscal year 2013. This is another positive indicator that the tourism economy is improving.



Other Economic Factors and Legislation

According to the U.S. Department of Labor Bureau of Labor Statistics, the unemployment rate for the Cape Coral-Fort Myers Metropolitan Area (that includes the City) for December 2014 was 5.0%, a slight decline from the December 2013 rate of 5.8%. This is another indicator that the economic conditions in the area are improving.

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

Next Year's Budget and Rates

The following economic factors currently affect the City of Sanibel and were considered in developing the 2015 fiscal year budget:

- The City's property value for fiscal year 2015 increased 4.8% to \$4,300,931,329. Taxable values peaked in the City during 2007 and after five consecutive years of decreasing values the trend is starting to reverse with two consecutive years of modest increases;
- The City Council adopted a tax rate equal to the rolled back rate for fiscal year 2015. The rolled back rate is the rate that would bring in the same dollar revenue as the previous year's millage rate, adjusted for new construction;
- Beach parking fees were increased from \$2 to \$3 per hour;
- Sewer fees and reclaimed water rates were increased 3% for fiscal year 2015;
- Recreation Center membership fees were increased 5% for residents and 10% for non-residents; activity fee and rental fees were increased 5% for members and 10% for non-members;
- With the recommencement of the receipt of surplus toll revenue from the Sanibel Causeway through Lee County, fiscal year 2015 is the first year since 2004 that transportation operating costs have not had to be subsidized by the general fund;
- Completed labor negotiations with both unions resulting in a 3% wage increase for all employees.

Requests for Information

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

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



This section contains the following subsections:

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Statement of Activities	49
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Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	51
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	52
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Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund	54
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CITY OF SANIBEL, FLORIDA
STATEMENT OF NET POSITION
September 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Community Housing & Resources, Inc.
ASSETS				
Cash and cash equivalents	\$ 9,605,201	\$ 7,154,954	\$ 16,760,155	\$ 163,785
Investments	6,356,595	3,776	6,360,371	-
Receivables (net of allowance for uncollectibles)				
Accounts	89,382	294,875	384,257	-
Interest	123,713	-	123,713	-
Due from other governments	684,831	576,350	1,261,181	-
Internal balances	1,375,000	(1,375,000)	-	-
Inventories	9,691	2,520	12,211	-
Prepays	104,069	-	104,069	31,510
Restricted assets:				
Cash and cash equivalents	294,472	1,057,550	1,352,022	49,461
Interest & taxes receivable	90	-	90	-
Assessments receivable	-	6,120,513	6,120,513	-
Capital assets (net of accumulated depreciation, where applicable):				
Land	24,964,425	1,860,674	26,825,099	768,913
Buildings	12,861,996	1,365,082	14,227,078	4,060,106
Improvements other than buildings	1,054,768	758,239	1,813,007	-
Vehicles and equipment	1,045,015	937,947	1,982,962	16,490
Infrastructure	7,247,864	40,793,928	48,041,792	-
Construction in progress	-	149,288	149,288	-
Total Assets	<u>65,817,112</u>	<u>59,700,696</u>	<u>125,517,808</u>	<u>5,090,265</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	141,251	141,251	-
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ 141,251</u>	<u>\$ 141,251</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable and other accrued liabilities	1,157,517	320,998	1,478,515	60,948
Accrued interest payable	57,543	153,860	211,403	-
Unearned revenue	264,815	-	264,815	377
Long-term liabilities:				
Due within one year	2,143,607	3,000,618	5,144,225	29,775
Due in more than one year	16,225,556	21,965,580	38,191,136	1,607,351
Total Liabilities	<u>19,849,038</u>	<u>25,441,056</u>	<u>45,290,094</u>	<u>1,698,451</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of pension earnings	985,151	194,639	1,179,790	-
Total deferred outflows of resources	<u>\$ 985,151</u>	<u>\$ 194,639</u>	<u>\$ 1,179,790</u>	<u>\$ -</u>
NET POSITION				
Net investment in capital assets	37,809,068	22,473,067	60,282,135	3,384,073
Restricted for:				
Public safety	863,291	-	863,291	-
Transportation	932,994	-	932,994	-
Capital projects	515,194	76,838	592,032	-
Debt service	294,562	7,101,225	7,395,787	-
Donations received	343,883	-	343,883	-
Special Assessments	138,851	-	138,851	-
Unrestricted	4,085,080	4,555,122	8,640,202	7,741
Total Net Position	<u>\$ 44,982,923</u>	<u>\$ 34,206,252</u>	<u>\$ 79,189,175</u>	<u>\$ 3,391,814</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2014

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position			Component Unit Community Housing & Resources, Inc.
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
						Governmental Activities	Business-type Activities		
Primary government:									
Governmental activities:									
General government	\$ 4,611,205	\$ (2,621,770)	\$ 1,575,060	\$ -	\$ 72,900	\$ (341,475)		\$ (341,475)	
Public safety	4,466,804	351,911	753,675	40,000	2,799	(4,022,241)		(4,022,241)	
Physical environment	618,177	7,486	213,825	80,238	-	(331,600)		(331,600)	
Transportation	3,533,495	581,176	-	1,416,696	115,877	(2,582,098)		(2,582,098)	
Economic environment	284,346	34,709	-	-	-	(319,055)		(319,055)	
Human services	1,000	-	-	-	-	(1,000)		(1,000)	
Culture/recreation	3,819,004	761,442	640,704	198,401	8,093	(3,733,248)		(3,733,248)	
Interest on long-term debt	357,954	-	-	-	-	(357,954)		(357,954)	
Total governmental activities	<u>17,691,985</u>	<u>(885,046)</u>	<u>3,183,264</u>	<u>1,735,335</u>	<u>199,669</u>	<u>(11,688,671)</u>		<u>(11,688,671)</u>	
Business-type activities:									
Sewer system	6,203,951	447,590	6,294,512	-	130,751	-	\$ (226,278)	(226,278)	
Beach parking	2,249,696	437,456	1,822,700	1,083,325	44,079	-	262,952	262,952	
Total business-type activities	<u>8,453,647</u>	<u>885,046</u>	<u>8,117,212</u>	<u>1,083,325</u>	<u>174,830</u>	<u>-</u>	<u>36,674</u>	<u>36,674</u>	
Total primary government	<u>26,145,632</u>	<u>-</u>	<u>11,300,476</u>	<u>2,818,660</u>	<u>374,499</u>	<u>(11,688,671)</u>	<u>36,674</u>	<u>(11,651,997)</u>	
Component unit:									
Community Housing & Resources, Inc.	\$ 1,141,782	\$ -	\$ 602,279	\$ 389,530	\$ -				(149,973)
General revenues:									
Property taxes, levied for general purpose						8,253,344	-	8,253,344	-
Property taxes, levied for debt service						850,501	907,735	1,758,236	-
Gas taxes						1,534,406	-	1,534,406	-
Local business taxes						284,521	-	284,521	-
Communications taxes						568,157	-	568,157	-
Intergovernmental revenues, not restricted to specific programs						657,804	-	657,804	-
Investment earnings						135,333	360,330	495,663	261
Miscellaneous						443,333	-	443,333	11,061
Transfers						(126,975)	126,975	-	-
Total general revenues and transfers						<u>12,600,424</u>	<u>1,395,040</u>	<u>13,995,464</u>	<u>11,322</u>
Change in net position						911,753	1,431,714	2,343,467	(138,651)
Net position - beginning of year as previously reported						61,456,576	34,623,463	96,080,039	3,530,465
Adjustment (See Note #20)						(17,385,406)	(1,848,925)	(19,234,331)	-
Net position - beginning of year as restated						<u>44,071,170</u>	<u>32,774,538</u>	<u>76,845,708</u>	<u>3,530,465</u>
Net position - end of year						<u>\$ 44,982,923</u>	<u>\$ 34,206,252</u>	<u>\$ 79,189,175</u>	<u>\$ 3,391,814</u>

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

CITY OF SANIBEL, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2014

	General	Transportation	Recreation	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 4,202,332	\$ 958,757	\$ 537,350	\$ 4,201,234	\$ 9,899,673
Investments	6,356,595	-	-	-	6,356,595
Receivables (net of allowance for uncollectibles)					
Accounts	81,438	1,859	3,599	2,576	89,472
Interest	123,713	-	-	-	123,713
Due from other funds	1,397,558	-	-	-	1,397,558
Due from other governments	93,666	539,752	6,077	45,336	684,831
Inventories	4,690	-	5,001	-	9,691
Prepays	104,069	-	-	-	104,069
Total assets	<u>\$ 12,364,061</u>	<u>\$ 1,500,368</u>	<u>\$ 552,027</u>	<u>\$ 4,249,146</u>	<u>\$ 18,665,602</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 295,371	\$ 321,297	\$ 44,000	\$ 80,916	\$ 741,584
Retainages payable	-	31,527	-	14,316	45,843
Due to other funds	-	-	-	22,558	22,558
Deposits	6,053	-	-	-	6,053
Accrued liabilities	275,177	24,093	46,974	17,793	364,037
Unearned revenue	246,081	-	18,734	-	264,815
Total liabilities	<u>822,682</u>	<u>376,917</u>	<u>109,708</u>	<u>135,583</u>	<u>1,444,890</u>
Fund balances:					
Nonspendable:					
Inventories	4,690	-	5,001	-	9,691
Prepaid expenditures	104,069	-	-	-	104,069
Long-term loans to other funds	1,100,000	-	-	-	1,100,000
Restricted for:					
Building permits, inspections, operations	-	-	-	863,291	863,291
Transportation capital projects	-	405,007	-	527,987	932,994
Other capital projects	-	-	-	161,436	161,436
Debt service	-	-	-	352,105	352,105
Impact fees for capital projects	-	-	-	353,758	353,758
Donations received	-	-	173,317	170,566	343,883
Canal dredging and trimming	-	-	-	138,851	138,851
Committed to:					
Disaster reserve	4,500,000	-	-	-	4,500,000
Environmental initiative reserve	1,000,000	-	-	-	1,000,000
Insurance deductible reserve	315,000	-	-	-	315,000
Assigned to:					
Transportation	-	718,444	-	-	718,444
Parks and recreation	-	-	264,001	18,954	282,955
Other capital projects	-	-	-	1,526,615	1,526,615
Other post employment benefits	118,301	-	-	-	118,301
Subsequent year's budget	1,597,201	-	-	-	1,597,201
Unassigned:	2,802,118	-	-	-	2,802,118
Total fund balances	<u>11,541,379</u>	<u>1,123,451</u>	<u>442,319</u>	<u>4,113,563</u>	<u>17,220,712</u>
Total liabilities and fund balances	<u>\$ 12,364,061</u>	<u>\$ 1,500,368</u>	<u>\$ 552,027</u>	<u>\$ 4,249,146</u>	<u>\$ 18,665,602</u>

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

CITY OF SANIBEL, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2014

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

Total fund balances - governmental funds		\$ 17,220,712
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		47,174,068
Debt interest payable that will not be liquidated with current financial resources, is not reported in the funds.		(57,543)
Deferred inflows of resources related to pension earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		(985,151)
Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.		(171,864)
Net pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(8,340,319)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
	Bonds and notes payable	\$ (9,365,000)
	Compensated absences	<u>(491,980)</u>
		<u>(9,856,980)</u>
Net position of governmental activities		<u>\$ 44,982,923</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2014

	General	Transportation	Recreation	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes					
Property	\$ 8,253,344	\$ -	\$ -	\$ 850,501	\$ 9,103,845
Gas	-	1,534,406	-	-	1,534,406
Casualty insurance premium	65,862	-	-	-	65,862
Local business	284,521	-	-	-	284,521
Communications services	568,157	-	-	-	568,157
Permits, Fees, Special Assessments	943,361	-	-	626,961	1,570,322
Intergovernmental revenues	773,042	460,405	30,797	1,222,056	2,486,300
Charges for services	1,783,650	-	640,649	9,808	2,434,107
Fines and forfeitures	41,047	-	55	22,779	63,881
Other revenue	198,852	17,416	63,798	439,276	719,342
Total revenues	<u>12,911,836</u>	<u>2,012,227</u>	<u>735,299</u>	<u>3,171,381</u>	<u>18,830,743</u>
EXPENDITURES					
Current					
General government	4,957,000	-	-	60,528	5,017,528
Public safety	4,222,774	-	-	683,799	4,906,573
Physical environment	559,895	-	-	38,500	598,395
Transportation	834,996	2,094,163	-	223,459	3,152,618
Economic environment	284,346	-	-	-	284,346
Human services	-	-	-	1,000	1,000
Culture/recreation	699,152	-	2,135,988	380,803	3,215,943
Debt service					
Principal retirement	-	-	-	480,000	480,000
Interest and fiscal charges	-	-	-	360,336	360,336
Capital outlay	<u>8,156</u>	<u>-</u>	<u>4,930</u>	<u>779,733</u>	<u>792,819</u>
Total expenditures	<u>11,566,319</u>	<u>2,094,163</u>	<u>2,140,918</u>	<u>3,008,158</u>	<u>18,809,558</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,345,517</u>	<u>(81,936)</u>	<u>(1,405,619)</u>	<u>163,223</u>	<u>21,185</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	85,815	408,025	1,364,761	774,046	2,632,647
Transfers out	<u>(2,260,726)</u>	<u>-</u>	<u>(13,081)</u>	<u>(485,815)</u>	<u>(2,759,622)</u>
Total other financing sources (uses)	<u>(2,174,911)</u>	<u>408,025</u>	<u>1,351,680</u>	<u>288,231</u>	<u>(126,975)</u>
Net change in fund balances	(829,394)	326,089	(53,939)	451,454	(105,790)
Fund balances, beginning of year	<u>12,370,773</u>	<u>797,362</u>	<u>496,258</u>	<u>3,662,109</u>	<u>17,326,502</u>
Fund balances, end of year	<u>\$ 11,541,379</u>	<u>\$ 1,123,451</u>	<u>\$ 442,319</u>	<u>\$ 4,113,563</u>	<u>\$ 17,220,712</u>

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

CITY OF SANIBEL, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2014

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

Net change in fund balances - total governmental funds		\$ (105,790)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p>		
	Capital Outlay \$	792,819
	Depreciation	<u>(1,541,871)</u>
		(749,052)
<p>Net effect of various miscellaneous transactions involving capital assets (i.e. disposals, transfers, donations) which decrease net position.</p>		
		(6,019)
<p>Issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
	Principal debt payments	480,000
<p>The (increase) decrease in certain accrued liabilities reported in the Statement of Activities does not require the use of current financial resources and therefore is not reported as expenditures in the governmental funds.</p>		
	Accrued other postemployment benefits	(6,924)
	Accrued compensated absences	30,091
	Accrued interest payable	<u>2,382</u>
		25,549
<p>Revenue recognized in the statement of activities from a previous period that provides a current financial resource is reported in the funds in the current year. This change represents the change caused by the "available" revenue recognition criteria.</p>		
		(28,150)
<p>Cash pension contributions reported in the funds were more than the calculated pension expense on the statement of activities and therefore increased net position.</p>		
		<u>1,295,215</u>
Change in net position of governmental activities		<u>\$ 911,753</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
For the Fiscal Year Ended September 30, 2014

	Budgets		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 8,580,499	\$ 8,253,052	\$ 8,253,344	\$ 292
Business tax receipts	289,332	289,332	284,521	(4,811)
Casualty insurance premium tax	63,574	63,574	65,862	2,288
Communications services tax	575,000	575,000	568,157	(6,843)
Licenses and permits	914,500	914,500	943,361	28,861
Intergovernmental revenues	646,500	774,441	773,042	(1,399)
Charges for services	1,616,500	1,722,165	1,783,650	61,485
Fines and forfeitures	36,500	36,500	41,047	4,547
Other revenue	288,500	312,840	198,852	(113,988)
Total revenues	<u>13,010,905</u>	<u>12,941,404</u>	<u>12,911,836</u>	<u>(29,568)</u>
Expenditures				
Current				
General Government				
Legislative	260,689	341,618	328,516	13,102
Administrative	855,189	835,110	808,260	26,850
Information Technology	954,736	948,427	842,067	106,360
Finance	937,085	930,518	905,985	24,533
Legal	571,872	580,612	569,306	11,306
Planning	950,432	930,432	827,323	103,109
Other General Government	686,142	721,642	675,543	46,099
Total General Government	<u>5,216,145</u>	<u>5,288,359</u>	<u>4,957,000</u>	<u>331,359</u>
Public Safety				
Police	4,080,604	4,233,879	4,210,633	23,246
SEMP	24,030	20,530	12,141	8,389
Total Public Safety	<u>4,104,634</u>	<u>4,254,409</u>	<u>4,222,774</u>	<u>31,635</u>
Physical Environment				
Garbage Recycling	58,940	65,740	63,554	2,186
Natural Resources Management	604,243	558,356	496,341	62,015
Total Physical Environment	<u>663,183</u>	<u>624,096</u>	<u>559,895</u>	<u>64,201</u>
Transportation	<u>791,726</u>	<u>872,112</u>	<u>834,996</u>	<u>37,116</u>
Economic Environment	<u>285,544</u>	<u>285,544</u>	<u>284,346</u>	<u>1,198</u>
Culture/Recreation				
Museum	138,551	178,250	174,244	4,006
Public Facilities	585,934	566,834	512,726	54,108
Performing Arts Facility	12,080	12,680	12,182	498
Total Culture/Recreation	<u>736,565</u>	<u>757,764</u>	<u>699,152</u>	<u>58,612</u>
Capital Outlay	<u>42,000</u>	<u>14,420</u>	<u>8,156</u>	<u>6,264</u>
Total Expenditures	<u>11,839,797</u>	<u>12,096,704</u>	<u>11,566,319</u>	<u>530,385</u>
Excess revenues over expenditures	<u>1,171,108</u>	<u>844,700</u>	<u>1,345,517</u>	<u>500,817</u>
Other financing sources (uses)				
Transfers in	15,815	85,815	85,815	-
Reserve for contingencies	(6,390,000)	-	-	-
Transfers out	(2,757,805)	(2,260,726)	(2,260,726)	-
Reserve for undercollection	-	-	-	-
Total other financing sources (uses)	<u>(9,131,990)</u>	<u>(2,174,911)</u>	<u>(2,174,911)</u>	<u>-</u>
Net change in fund balance	(7,960,882)	(1,330,211)	(829,394)	500,817
Fund balance, October 1, 2013	11,928,328	12,370,773	12,370,773	-
Fund balance, September 30, 2014	<u>\$ 3,967,446</u>	<u>\$ 11,040,562</u>	<u>\$ 11,541,379</u>	<u>\$ 500,817</u>

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

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – OTHER MAJOR FUNDS
For the Fiscal Year Ended September 30, 2014

	Transportation Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Gas taxes	\$ 1,425,000	\$ 1,482,591	\$ 1,534,406	\$ 51,815
Intergovernmental revenues	43,250	456,360	460,405	4,045
Other revenue	<u>9,000</u>	<u>9,000</u>	<u>17,416</u>	<u>8,416</u>
Total revenues	<u>1,477,250</u>	<u>1,947,951</u>	<u>2,012,227</u>	<u>64,276</u>
Expenditures				
Current				
Transportation	<u>2,574,978</u>	<u>2,566,478</u>	<u>2,094,163</u>	<u>472,315</u>
Excess revenues (under) expenditures	<u>(1,097,728)</u>	<u>(618,527)</u>	<u>(81,936)</u>	<u>536,591</u>
Other financing sources (uses)				
Transfers in	<u>721,543</u>	<u>408,025</u>	<u>408,025</u>	<u>-</u>
Net change in fund balance	<u>(376,185)</u>	<u>(210,502)</u>	<u>326,089</u>	<u>536,591</u>
Fund balance, October 1, 2013	<u>376,185</u>	<u>797,362</u>	<u>797,362</u>	<u>-</u>
Fund balance, September 30, 2014	<u>\$ -</u>	<u>\$ 586,860</u>	<u>\$ 1,123,451</u>	<u>\$ 536,591</u>

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

	Recreation Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 25,000	\$ 25,000	\$ 30,797	\$ 5,797
Charges for services	554,355	615,455	640,649	25,194
Fines and forfeitures	-	-	55	55
Other revenue	<u>75,000</u>	<u>76,000</u>	<u>63,798</u>	<u>(12,202)</u>
Total revenues	<u>654,355</u>	<u>716,455</u>	<u>735,299</u>	<u>18,844</u>
Expenditures				
Current				
Recreation	2,188,028	2,261,499	2,135,988	125,511
Capital Outlay	<u>-</u>	<u>28,808</u>	<u>4,930</u>	<u>23,878</u>
Total expenditures	<u>2,188,028</u>	<u>2,290,307</u>	<u>2,140,918</u>	<u>149,389</u>
Excess revenues (under) expenditures	<u>(1,533,673)</u>	<u>(1,573,852)</u>	<u>(1,405,619)</u>	<u>168,233</u>
Other financing sources (uses)				
Transfers in	1,338,673	1,364,761	1,364,761	-
Transfers out	<u>-</u>	<u>(13,081)</u>	<u>(13,081)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,338,673</u>	<u>1,351,680</u>	<u>1,351,680</u>	<u>-</u>
Net change in fund balances	<u>(195,000)</u>	<u>(222,172)</u>	<u>(53,939)</u>	<u>168,233</u>
Fund balance, October 1, 2013	<u>347,450</u>	<u>496,258</u>	<u>496,258</u>	<u>-</u>
Fund balance, September 30, 2014	<u>\$ 152,450</u>	<u>\$ 274,086</u>	<u>\$ 442,319</u>	<u>\$ 168,233</u>

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

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2014

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 5,995,783	\$ 1,159,171	\$ 7,154,954
Receivables (net of allowance for uncollectibles)			
Accounts	294,286	589	294,875
Restricted assessments receivable	491,871	-	491,871
Due from other governments	724	575,626	576,350
Inventories	2,520	-	2,520
Total current assets	<u>6,785,184</u>	<u>1,735,386</u>	<u>8,520,570</u>
Noncurrent assets			
Investments	3,776	-	3,776
Restricted assets:			
Cash and cash equivalents	1,057,550	-	1,057,550
Assessments receivable	5,628,642	-	5,628,642
Total noncurrent assets	<u>6,689,968</u>	<u>-</u>	<u>6,689,968</u>
Capital assets			
Land	1,471,456	389,218	1,860,674
Buildings	1,420,934	1,108,842	2,529,776
Improvements other than buildings	-	1,524,398	1,524,398
Vehicles and equipment	2,165,433	1,033,036	3,198,469
Infrastructure	69,162,445	-	69,162,445
Construction in progress	82,431	66,857	149,288
Less accumulated depreciation	(31,111,813)	(1,448,079)	(32,559,892)
Total capital assets, net	<u>43,190,886</u>	<u>2,674,272</u>	<u>45,865,158</u>
Total noncurrent assets	<u>49,880,854</u>	<u>2,674,272</u>	<u>52,555,126</u>
Total assets	<u>56,666,038</u>	<u>4,409,658</u>	<u>61,075,696</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	141,251	-	141,251
Total deferred outflows of resources	<u>\$ 141,251</u>	<u>\$ -</u>	<u>\$ 141,251</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
September 30, 2014

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
LIABILITIES			
Current liabilities			
Account payable and other current liabilities	\$ 167,659	\$ 66,171	\$ 233,830
Accrued liabilities	46,134	41,034	87,168
Accrued interest payable	153,860	-	153,860
Due to other funds	275,000	-	275,000
Compensated absences	32,200	23,772	55,972
Debt:			
Revenue bonds	1,216,123	-	1,216,123
Notes Payable	1,300,098	-	1,300,098
Total debt	<u>2,516,221</u>	<u>-</u>	<u>2,516,221</u>
Total current liabilities	<u>3,191,074</u>	<u>130,977</u>	<u>3,322,051</u>
Noncurrent liabilities			
Due to other funds	1,100,000	-	1,100,000
Net pension liability	629,248	674,260	1,303,508
Compensated absences	10,733	7,925	18,658
Other postemployment benefits	30,271	24,448	54,719
Debt:			
Revenue bonds	7,672,137	-	7,672,137
Notes Payable	13,344,983	-	13,344,983
Total debt	<u>21,017,120</u>	<u>-</u>	<u>21,017,120</u>
Total noncurrent liabilities	<u>22,787,372</u>	<u>706,633</u>	<u>23,494,005</u>
Total liabilities	<u>25,978,446</u>	<u>837,610</u>	<u>26,816,056</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of pension earnings	111,190	83,449	194,639
Total deferred inflows of resources	<u>111,190</u>	<u>83,449</u>	<u>194,639</u>
NET POSITION			
Net investment in capital assets	19,798,795	2,674,272	22,473,067
Restricted for:			
Debt service	7,101,225	-	7,101,225
Capital projects	76,838	-	76,838
Unrestricted	3,740,795	814,327	4,555,122
Total net position	<u>\$ 30,717,653</u>	<u>\$ 3,488,599</u>	<u>\$ 34,206,252</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2014

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
OPERATING REVENUES			
Charges for services	\$ 6,188,177	\$ 1,612,428	\$ 7,800,605
Licenses and permits	-	106,702	106,702
Fines and forfeitures	19,238	103,509	122,747
Other revenue	87,097	61	87,158
Total operating revenues	<u>6,294,512</u>	<u>1,822,700</u>	<u>8,117,212</u>
OPERATING EXPENSES			
Personal services	1,262,949	1,137,719	2,400,668
Contractual services	377,466	447,313	824,779
Materials and supplies	228,969	133,407	362,376
Utilities	315,083	68,083	383,166
Depreciation	2,479,349	194,352	2,673,701
Insurance	19,121	26,731	45,852
Administrative charges	505,897	531,142	1,037,039
Repairs and maintenance	729,661	144,115	873,776
Total operating expenses	<u>5,918,495</u>	<u>2,682,862</u>	<u>8,601,357</u>
Operating income (loss)	<u>376,017</u>	<u>(860,162)</u>	<u>(484,145)</u>
NON-OPERATING REVENUES (EXPENSES)			
Taxes	907,735	-	907,735
Investment earnings	99,104	15,213	114,317
Special assessment interest income	246,013	-	246,013
Intergovernmental	-	1,083,325	1,083,325
Gain (loss) on disposition of equipment	-	(4,290)	(4,290)
Interest expense and fiscal charges	(733,046)	-	(733,046)
Total non-operating revenues (expenses)	<u>519,806</u>	<u>1,094,248</u>	<u>1,614,054</u>
Income before capital contributions and transfers	895,823	234,086	1,129,909
CAPITAL CONTRIBUTIONS			
Capital contributions	130,751	-	130,751
Capital contributions intergovernmental	-	44,079	44,079
Total capital contributions	<u>130,751</u>	<u>44,079</u>	<u>174,830</u>
TRANSFERS			
Transfers in from other funds	-	135,000	135,000
Transfers out to other funds	-	(8,025)	(8,025)
Total net transfers	<u>-</u>	<u>126,975</u>	<u>126,975</u>
Change in net position	1,026,574	405,140	1,431,714
Net position - beginning of year as previously reported	30,673,966	3,949,497	34,623,463
Adjustment (See Note #20)	(982,887)	(866,038)	(1,848,925)
Net position - beginning of year as restated	<u>29,691,079</u>	<u>3,083,459</u>	<u>32,774,538</u>
Net position - end of year	<u>\$ 30,717,653</u>	<u>\$ 3,488,599</u>	<u>\$ 34,206,252</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2014

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 6,290,158	\$ 1,823,350	\$ 8,113,508
Cash payments to suppliers for goods and services	(2,079,438)	(1,545,080)	(3,624,518)
Cash payments to employees for services	<u>(1,447,535)</u>	<u>(1,243,408)</u>	<u>(2,690,943)</u>
Net cash provided (used) by operating activities	<u>2,763,185</u>	<u>(965,138)</u>	<u>1,798,047</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advance annual payment	(275,000)	-	(275,000)
Transfers from other funds	-	135,000	135,000
Transfers to other funds	-	(8,025)	(8,025)
Subsidy from intergovernmental grants	-	<u>1,090,501</u>	<u>1,090,501</u>
Net cash provided (used) by noncapital financing activities	<u>(275,000)</u>	<u>1,217,476</u>	<u>942,476</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Collection of taxes for bond debt service	908,048	-	908,048
Capital contributions from intergovernmental grants	-	44,079	44,079
Capital contributions	130,751	-	130,751
Collection of special assessments	833,344	-	833,344
Acquisition/construction of capital assets	(301,800)	(119,242)	(421,042)
Proceeds from capital debt issuance	9,493,598	-	9,493,598
Principal paid on capital debt	(12,692,418)	-	(12,692,418)
Interest paid on capital debt	(775,818)	-	(775,818)
Proceeds from sales of capital assets	-	<u>9,236</u>	<u>9,236</u>
Net cash used by capital and related financing activities	<u>(2,404,295)</u>	<u>(65,927)</u>	<u>(2,470,222)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments purchased	(673,498)	-	(673,498)
Proceeds from maturity of investments	2,852,131	-	2,852,131
Interest and investment earnings	<u>346,203</u>	<u>15,213</u>	<u>361,416</u>
Net cash provided by investing activities	<u>2,524,836</u>	<u>15,213</u>	<u>2,540,049</u>
Net increase in cash and cash equivalents	2,608,726	201,624	2,810,350
Cash and equivalents, beginning of year	<u>4,444,607</u>	<u>957,547</u>	<u>5,402,154</u>
Cash and equivalents, end of year	<u>\$ 7,053,333</u>	<u>\$ 1,159,171</u>	<u>\$ 8,212,504</u>

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2014

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
Reconciliation of operating loss to net cash provided (used) by operating activities			
Operating gain (loss)	\$ 376,017	\$ (860,162)	\$ (484,145)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities			
Depreciation	2,479,349	194,352	2,673,701
Amortization	20,926	-	20,926
Non-cash pension expense	(183,341)	(108,329)	(291,670)
Net (increase) decrease in assets:			
Accounts receivables	(4,354)	650	(3,704)
Inventories	(2,520)	-	(2,520)
Other assets	18,534	-	18,534
Net increase (decrease) in liabilities:			
Accounts payable	59,819	(194,289)	(134,470)
Accrued payroll and compensated absence:	(2,736)	1,355	(1,381)
Other postemployment benefits	1,491	1,285	2,776
Net cash provided (used) by operating activities	<u>\$ 2,763,185</u>	<u>\$ (965,138)</u>	<u>\$ 1,798,047</u>
Noncash investing, capital, and financing activities:			
Decrease in fair value of investments		\$ 9,801	
Write-off unamortized bond prepaid insurance at refunding		18,533	

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
September 30, 2014

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 772,336	\$ 15,749
Investments, at market value		
Treasury inflation protection securities	497,333	-
US government and agencies securities	1,264,174	-
Corporate stocks	8,005,387	-
Corporate bonds	4,020,146	-
Convertibles	3,644,473	-
Master limited partnerships	2,646,997	-
Mutual funds:		
Fixed income	4,144,991	-
Equity	7,277,420	-
International equity	6,011,210	-
Real estate investments trusts	738,402	-
Real estate commingled fund	942,627	-
Total investments at fair value	<u>39,193,160</u>	<u>-</u>
Receivables - contributions	45,438	-
Receivables - interest and dividends	85,974	-
Total assets	<u>40,096,908</u>	<u>\$ 15,749</u>
LIABILITIES		
Accrued benefits and other liabilities	26,570	-
Due to other governments	-	15,749
Total liabilities	<u>26,570</u>	<u>\$ 15,749</u>
NET POSITION		
Net position restricted for pensions	<u>\$ 40,070,338</u>	

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

CITY OF SANIBEL, FLORIDA
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended September 30, 2014

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions	
Employer	\$ 2,643,900
State of Florida	65,862
Plan members	<u>180,110</u>
Total contributions	<u>2,889,872</u>
Investment income	
Net appreciation in fair value of investments	2,967,324
Interest and dividends	<u>1,222,321</u>
Total investment earnings	4,189,645
Less investment expense	<u>(200,405)</u>
Net investment earnings	<u>3,989,240</u>
Total additions	<u>6,879,112</u>
DEDUCTIONS	
Benefits paid	1,971,736
Lump sum DROP distributions	49,635
Refunds of contributions	7,455
Administrative expenses	<u>65,821</u>
Total deductions	<u>2,094,647</u>
Change in net position	4,784,465
Net position - beginning of year	
As previously reported	34,902,103
Adjustment (See Note #20)	<u>383,770</u>
Net position - beginning of year as restated	<u>35,285,873</u>
Net position - end of year	<u><u>\$ 40,070,338</u></u>

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

This section contains the following subsections:

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CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

As prescribed by the GASB, the financial reporting entity consists of the primary government, organizations for which the primary government are financially accountable and other organizations whose exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Each potential component unit is individually evaluated using specific criteria outlined by the GASB to determine whether the entity is: a) part of the primary government; b) a component unit which should be included in the reporting entity (blended or discretely presented); or c) an organization which should be excluded from the reporting entity entirely. The principal criteria for classifying a potential component unit include: a) the legal separateness of the organization; and b) the financial accountability to the primary government resulting from either the primary government's ability to impose its will on the potential component unit or the potential component unit's fiscal dependency on the primary government.

In determining the agencies, boards or authorities to be included in the comprehensive annual financial report, the City has considered all potential component units. Under criteria established by the GASB, component units are to be either blended with the primary government or presented discretely. For a component unit to be blended it must meet one or both of the following two situations: 1) the board of the component unit is substantively the same as that of the primary government; or 2) the component unit serves the primary government exclusively, or almost exclusively.

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

Community Housing and Resources, Inc. (CHR) is a legally separate organization with its own board that is not selected by the City Council. CHR provides services almost entirely to the citizens of the City of Sanibel. CHR is fiscally dependent upon the City in that there is a financial burden to the City and the nature and significance of the relationship between the City and CHR is such that excluding CHR from the City's financial statements would be misleading and incomplete. Additionally, the support that the City provides to CHR is a significant financial component of its overall operations. CHR has issued separate financial statements for the year ended September 30, 2014, which may be obtained at the entity's administrative offices located at 2401 Library Way, Sanibel, Florida, 33957.

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements

The basic financial statements consist of the government-wide financial statements and fund financial statements. Both sets of statements distinguish between the governmental and business-type activities of the City.

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

The Statement of Net Position reports all financial and capital resources of the City's governmental and business-type activities. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses and indirect expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment including depreciation. The City does not allocate the interest expense of governmental fund debt but the City does allocate certain indirect costs such as finance, personnel, legal, etc., from general government to other functions and/or segments. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

The City's fiduciary funds are presented in the fund financial statements.



Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

The emphasis in fund financial statements is on the major funds. The GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined), for the determination of major funds. In addition, the City can choose to report certain funds as major funds for qualitative reasons. The nonmajor funds are presented in one column in the fund financial statements.

Note 1. Summary of Significant Accounting Policies (Continued)

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

The City reports the following major governmental funds:

- **General Fund** – the general fund is the City’s primary operating fund, and is used to account for all financial resources except those required to be accounted for in another fund. All tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The majority of current operating expenditures of the City, other than proprietary fund activities, are financed through revenues received by the general fund.
- **Transportation Fund** – a special revenue fund used to account for the public works department’s street division. All activities necessary to provide repaving, maintenance and repairs to the City’s streets, shared-use paths and drainage system. Revenues are received from local option gas taxes, municipal fuel allocation portion of the State of Florida’s municipal shared revenues and fuel tax rebates. Additionally, an interlocal agreement with Lee County provides the City with 21% of the Causeway’s surplus tolls.
- **Recreation Fund** – a special revenue fund used to account for the recreation center programs and the Center-4-Life center programs. All activities necessary to provide recreation programs are accounted for in this fund. Revenues are received from membership fees and program fees. An interlocal agreement with the Lee County School Board provides twenty (20%) percent reimbursement for the recreation center’s electric costs.

The City reports the following major proprietary funds:

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

- **Pension Trust Funds** – to account for resources used to finance the City's retirement programs. These funds are accounted for in the same manner as proprietary fund types. The City has two pension trust funds which accumulate resources to provide retirement benefits to City employees. The two pension trust funds are the Municipal Police Officers' Pension Trust Fund and the General Employees' Pension Trust Fund.
- **Agency Funds** – to account for fees collected and held by the City as an agent for individuals, private organizations and other governmental agencies. The City collects and remits funds to the Sanibel Fire Rescue District, the Lee County School Board and various departments within Lee County.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule include payments-in-lieu of taxes where the amount is reasonably equivalent in value to the interfund services provided and charges between the City's sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

D. Cash and Cash Equivalents and Investments

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

Note 1. Summary of Significant Accounting Policies (Continued)

D. Cash and Cash Equivalents and Investments (Continued)

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

E. Interfund Receivables and Payables

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

F. Inventories

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

G. Prepaid Items

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

H. Restricted Assets

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 1. Summary of Significant Accounting Policies (Continued)

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, shared-use paths, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at an estimated fair market value at the date of donation. The difference between the fair value and the amount paid for bargain purchase assets transferred between governmental entities at nominal amounts is treated as if it were a donated asset. In the governmental funds only the amount paid in cash is reported as a capital expenditure. The difference between fair value and the capital expenditure is reported as capital contribution revenue in the government-wide financial statement.

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

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

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

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

J. Compensated Absences

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

K. Long-Term Obligations

In the government-wide financial statements and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

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

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

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City only has one item that qualifies for reporting in this category. In the business-type activities column of the government-wide statement of net position a deferred charge on refunding is reported, resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized using the straight line method over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item that qualifies for reporting in this category. A deferred inflow of pension earnings is reported for both governmental and business-type activities in the statement of net position. See Note 14 for more information on this line item.

M. Utility Connection (Impact) Fees

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

N. Special Assessments

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

Note 1. Summary of Significant Accounting Policies (Continued)

O. Unearned Revenue

Receipts that do not meet the criteria for revenue recognition, such as business tax receipts collected in advance, are reported as unearned revenues for both the government-wide and the fund financial statements.

P. Intragovernmental Allocation of Administrative Expenses

The general fund incurs certain administrative expenses for other funds, including accounting, legal, data processing, personnel administration, and other services. The governmental activities that received these services were charged \$1,736,724 and the business-type activities that received these services were charged \$885,046.

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

Q. Fund Balance

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

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

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

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

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

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 1. Summary of Significant Accounting Policies (Continued)

Q. Fund Balance (continued)

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

R. Minimum Fund Balance Policy

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

S. Net Position

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

Note 2. Stewardship, Compliance and Accountability

A. Budgets - Legal Compliance

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

<u>FUND</u>	<u>REASON</u>
<i>Special Revenue Funds</i>	
Fertilizer Outreach and Education	No expenditures were planned for the year
Historical Committee Fund	No expenditures were planned for the year

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 2. Stewardship, Compliance and Accountability (Continued)

A. Budgets - Legal Compliance (continued)

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

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

The level of control whereby expenditures cannot exceed appropriations is at the fund level. During the fiscal year ended September 30, 2014, various supplemental appropriations were approved by the City Council in accordance with this policy.

B. Budgeted Excess of Expenditures over Appropriations

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

C. Property Taxes

All real and tangible personal property taxes are due and payable on November 1 of each year, or as soon thereafter as the tax roll is certified by the Lee County Property Appraiser, and become delinquent on April 1 of the following year. The Lee County Tax Collector does the billing and collection of all property taxes for the City. The tax collector mails to each property owner on the tax roll a notice of taxes levied by the various governmental entities in the County. Discounts are allowed for payment of property taxes made between November 1 and March 1. Tax certificates for the full amount of any unpaid taxes or assessments must be sold no later than June 1st of each year.

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

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

The City is, in general, permitted by the State to levy property taxes up to \$10 per \$1,000 of assessed valuation for general governmental services. The tax rates for the year ended September 30, 2014 (tax year 2013) for the general governmental operations and voted debt service for the sewer expansion project, the 2012 Series General Obligation Refunding Bonds used to purchase environmentally sensitive land, and the 2006 Series General Obligation Bonds used to construct a recreational facility were 2.0861, 0.2295, 0.0860, and 0.1291, respectively, per \$1,000 of assessed property valuation.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 3. Deposits and Investments

A. Deposits

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

Financial institutions qualifying as public depositories shall deposit with the Florida Chief Financial Officer eligible collateral at the pledging level required pursuant to Chapter 280. The Florida Security for Public Deposits Act has a procedure for the payment of losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof, and therefore, the City is not exposed to custodial credit risk for its deposits.

At September 30, 2014, the carrying amount of cash on hand and on deposit with banks, including interest-bearing deposits, was \$7,539,550. The carrying amount of cash with the City's investment accounts pending overnight sweep from money market funds at September 30, 2014 was \$19.

B. Investments

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

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

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 3. Deposits and Investments (Continued)

B. Investments (Continued)

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

Following is a summary of the City's pooled investments at September 30, 2014 excluding investments in the City's pension funds:

Pooled Investments						
Investment Type	Percent of Portfolio	Fair Value	Investment Maturities			
			Less Than 3 Months	3-12 Months	1-3 Years	Over 3 Years
Cash	0.00%	\$ 19	\$ 19	\$ -	\$ -	\$ -
SBA Florida PRIME	1.85%	190,577	190,577	-	-	-
Federated Prime MMF	0.13%	13,670	13,670	-	-	-
FDIC Insured MM	0.41%	42,528	42,528	-	-	-
Taxable Municipal Obligations	87.40%	8,982,196	1,315,581	2,918,123	3,023,348	1,725,144
Corporate Bonds	10.21%	1,049,017	50,092	410,773	401,984	186,168
		<u>\$ 10,278,007</u>	<u>\$ 1,612,467</u>	<u>\$ 3,328,896</u>	<u>\$ 3,425,332</u>	<u>\$ 1,911,312</u>

Following is a summary of the City's non-pooled investments at September 30, 2014 excluding investments in the City's pension funds:

Non-Pooled Investments						
Investment Type	Percent of Portfolio	Fair Value	Investment Maturities			
			Less Than 3 Months	3-12 Months	1-3 Years	Over 3 Years
GNMA	0.03%	\$ 1,913	\$ -	\$ -	\$ -	\$ 1,913
⁽¹⁾ FHLMC	0.06%	3,776	-	-	-	3,776
SBA Florida PRIME	3.97%	265,382	265,382	-	-	-
Federated Prime MMF	0.78%	51,831	51,831	-	-	-
Taxable Municipal Obligations	85.73%	5,725,145	1,491,216	2,634,585	1,599,344	-
Corporate Bonds	9.43%	629,537	171,175	353,633	104,729	-
		<u>\$ 6,677,583</u>	<u>\$ 1,979,604</u>	<u>\$ 2,988,218</u>	<u>\$ 1,704,073</u>	<u>\$ 5,689</u>

⁽¹⁾ The FHLMC investment has a "no rating" (NR) by Standard's & Poor and Moody's. Original investment of \$595,000 was made in 1993. Balance remaining to be redeemed as of September 30, 2014 is \$3,776.

The Florida State Board of Administration's (SBA) Florida PRIME meets the criteria of a Rule 2a-7 like pool and the investments are valued using the account balance which is stated at amortized cost. Rule 2a-7 is the rule that permits money market funds to use amortized cost to maintain a constant net asset value (NAV) of \$1.00 per share. The weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2014, was 39 days. The Florida PRIME is rated by Standard & Poor's as AAAM.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 3. Deposits and Investments (Continued)

B. Investments (Continued)

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

The Federated Prime Obligations Fund (Federated Prime MMF) is rated with Triple A ratings from three credit rating agencies: Standard & Poor's, Moody's and Fitch. The securities are valued at amortized cost to maintain a constant net asset value (NAV) of \$1.00 per share. The weighted average days to maturity (WAM) at September 30, 2014, was 47 days.

All the municipal bonds and notes are investment grade with Standard and Poor's credit ratings of A- to AAA or a Moody's rating of A1 to Aa1. Except for two BBB+ ratings, the corporate bonds' Standard and Poor's credit ratings are A- to AA+.

PORTFOLIO	Portfolio Characteristics at 9/30/2014			Investment Policy		
	% Invested in Corporate Bonds	Average Credit Rating	Average Maturity	Maximum % in Corp. Bonds	Minimum Credit Rating	Average Maximum Maturity
	Pooled Investments					
Operating Portfolio	9.7%	AA	0.4	Short term	A	High Liquidity
Surplus Portfolio	11.0%	AA	2.6	15.0%	A	3.0
Non-Pooled Investments						
Reserves Portfolio	9.9%	A+	0.7	10.0%	A	1.0

Prepared by City's investment adviser, Integrity Fixed Income Management, LLC

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

Credit Risk. The City's policy requires limiting investments to the safest types of securities and diversifying the investment portfolio so that potential losses on individual securities will be minimized. As previously noted the City's investment in the SBA Florida PRIME investment pool and the Federated Prime MMF is rated AAAM by Standard's and Poor as of September 30, 2014; the municipal and corporate bonds' Standard and Poor's' credit ratings range from A- to AAA except for two BBB+ ratings as of September 30, 2014.

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 3. Deposits and Investments (Continued)

B. Investments (Continued)

Custodial Credit Risk. The City's investment policy requires securities be held with a third party custodian and all securities purchased by, and all collateral obtained by the City should be properly designated as an asset of the City. The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the federal government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. As of September 30, 2014, the City's investment portfolios were held with third-party custodians as required by the City's investment policy.

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

C. Pension Trust Funds' Deposits and Investments

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

Cash and Cash Equivalents

At September 30, 2014, the carrying amount of the Pension Funds' cash and cash equivalents was \$772,336. Cash consists of \$6,844 deposited in the City's pool cash account which is maintained in a qualified public depository in accordance with Chapter 280 of the Florida Statutes. Cash equivalents consist of \$444,552 placed with Federated Prime Value Obligations Fund, rated Triple A by all three ratings agencies; \$140,422 placed with Goldman Sachs Financial Square Treasury Obligations Fund, an AAAM rated money market fund by Standard & Poor's and an Aaa-mf rating by Moody's, \$173,165 placed with Fidelity Institutional Prime Class I Fund rated AAAM by Standard & Poor's and Aaa-mf by Moody's, and \$7,353 placed with SEI Government Principal, which invests exclusively in U.S. Treasury obligations, obligations issued to guaranteed by agencies or instrumentalities of the U.S. Government and repurchase agreements fully-collateralized by such obligations.

Investment Portfolio

Each Board of Trustees of the City's Pension Funds adopted a comprehensive investment policy, pursuant to Florida Statutes Section 112.661, that established permitted investments, asset allocation limits, issuer limits, credit rating requirements, and maturity limits to protect the Pension Funds' cash and investment assets. As of September 30, 2014, the City's Pension Funds had the following investment types:

General Employees' Pension Investments				Maturities		
Investment Type	Percent of Portfolio	Fair Value	Equities	Less Than	1-5	Over
				1 Year	Years	5 Years
Cash Equivalents:						
Money Market Funds	2.42%	\$ 584,974	\$ -	\$ 584,974	\$ -	\$ -
Investments:						
Domestic Equities	40.24%	9,722,238	9,722,238	-	-	-
International Equities	15.13%	3,655,989	3,655,989	-	-	-
Convertibles	8.65%	2,090,118	2,090,118	-	-	-
Master Limited Partnerships	5.73%	1,385,665	1,385,665	-	-	-
TIPS*	2.06%	497,333	-	-	232,104	265,229
Government Obligations	3.32%	802,655	-	72,317	681,627	48,711
Mortgage/Asset Backed Sec	1.91%	461,519	-	-	-	461,519
Collateralized Mtge Oblig	2.28%	551,401	-	-	100,198	451,203
Corporate Bonds	14.36%	3,468,745	-	866,376	2,570,006	32,363
Real Estate	3.90%	942,627	-	-	-	942,627
		<u>\$24,163,264</u>	<u>\$16,854,010</u>	<u>\$ 1,523,667</u>	<u>\$ 3,583,935</u>	<u>\$ 2,201,652</u>

*TIPS - Treasury Inflation Protection Securities

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 3. Deposits and Investments (Continued)

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

Municipal Police Officers' Pension Investments				Maturities		
Investment Type	Percent of Portfolio	Fair Value	Equities	Less Than 6 Months	6-12 Months	Over 1 Year
Cash Equivalents:						
Money Market Funds	1.14%	\$ 180,518	\$ -	\$ 180,518	\$ -	\$ -
Investments:						
Large Cap Growth Equities	10.84%	1,711,499	1,711,499	-	-	-
Large Cap Value Equities	10.09%	1,594,473	1,594,473	-	-	-
Mid-cap Equities	7.96%	1,258,032	1,258,032	-	-	-
Small-cap Equities	6.31%	996,565	996,565	-	-	-
Convertibles	9.84%	1,554,355	1,554,355	-	-	-
Master Limited Partnerships	7.99%	1,261,332	1,261,332	-	-	-
International Equities	14.91%	2,355,221	2,355,221	-	-	-
Fixed Income (bonds)	26.25%	4,144,991	-	4,144,991	-	-
REIT*	4.67%	738,402	738,402	-	-	-
		<u>\$ 15,795,388</u>	<u>\$ 11,469,879</u>	<u>\$ 4,325,509</u>	<u>\$ -</u>	<u>\$ -</u>

*REIT - Real Estate Investment Trust

Credit Risk

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

Equity Securities

General: Domestic equity investments (common stocks, Master Limited Partnerships, convertible bonds, convertible preferred issues, and preferred stock) issued by a corporation organized under the laws of the United States or the District of Columbia provided the corporation is listed on one or more of the recognized national exchanges or OTC. Convertible bonds, convertible preferred issues, and preferred stock will be deemed as equity and shall not be held to the same rating standards as fixed-income. Foreign securities convertibles are limited to those that settle in U.S. dollars and trade on one or more of the national exchanges. Domestic equity managers may only invest in foreign securities designated as American Depository Receipts (ADR).

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

Fixed Income Securities

General: The credit quality of fixed income securities shall hold a rating of Baa2/Mid BBB or above by Moody's and Standard & Poor's respectively. In the event of a split rating, the lower rating shall prevail. In the event of a downgrade, the active fixed income manager may hold up to 5% at market value of their total portfolio in bonds rated below Baa2/Mid BBB. The active fixed income manager must notify the pension fund's consultant in writing within ten (10) business days of any such downgrade. Permitted fixed income securities rated below A3/A- shall be limited to 20% of the total bond portfolio.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 3. Deposits and Investments (Continued)

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

The General Employees' Pension Trust corporate bond holdings of \$3,468,745 were rated AAA to BAA by Barclay with an average quality rating of AA-.

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

Custodial Credit Risk

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

As of September 30, 2014, the General Employees' Pension Trust Fund equity investments were held with a third-party custodian as required by Florida Statutes. Its investments in the external investment pools and in mutual funds are not exposed to custodial credit risks because their existence is not evidenced by securities that exist in physical or book entry form.

As of September 30, 2014, the Municipal Police Officers' Pension Trust Fund equity investments were held with a third-party custodian as required by Florida Statutes. Its investments in mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. Its investments in equity and equity index funds, equity mutual funds and fixed income funds securities are uninsured, are not registered in the name of the government, and are held by the counterparty.

Concentration of Credit Risk

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

Equity Securities

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

Police: A maximum of 70% of the fund's total asset value may be invested in equity securities (including convertible bonds). A target of 10% of the fund's total asset value may be vested in convertibles and a target of 5% of the fund's total asset value may be vested in Master Limited Partnerships. Not more than 5% of the fund's total asset cost value may be invested in a single corporate issuer nor shall the aggregate investment in any one corporate issuer exceed 5% of the outstanding capital stock of the company. Foreign equity securities are limited to 25% of total assets value.

Fixed Income Securities

General: A target of 23% at fair value of the fund's total asset value may be invested in domestic fixed income securities. Non-government bond investments in any one issuing company shall be limited to 2.0% of the total bond portfolio. Foreign issued fixed-income securities may not exceed 10% of the market value of the total fund portfolio.

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2014

Note 3. Deposits and Investments (Continued)

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

Police: A target of 30% at fair value of the fund's total asset value may be invested in fixed income securities. A maximum of 5% at cost of the fund's total asset value may be invested in the securities of any single fixed income issuer (excludes issues of the United States Government or any governmental agency).

Investment Policy:

The following was the respective Board's adopted asset allocation policy as of September 30, 2014:

Asset Class	General Target Allocation	Police Target Allocation
Domestic Equity	38%	35%
International Equity	15%	15%
Bonds	23%	30%
TIPS	02%	N/A
Convertibles	10%	10%
Private Real Estate/REIT	05%	05%
MLPs	05%	05%
Cash	02%	00%
Total	100%	100%

Concentrations

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

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

General: For the year ended September 30, 2014 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 11.00 percent.

Police: For the year ended September 30, 2014 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 10.91 percent.



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 3. Deposits and Investments (Continued)

D. Additional Information

As of September 30, 2014 the City had the following deposits and investments:

CASH AND CASH EQUIVALENTS AND INVESTMENTS	
Type	Fair Value
US Govt Agency Securities	\$ 5,689
Pension Investments	39,193,160
City Investments-Reserves Account	6,354,682
Total Investments	45,553,531
PLUS: Cash Equivalents	
Checking Accounts	7,538,465
SBA Florida PRIME	455,959
City Pool Investment-Operating Account	4,694,569
City Pool Investment-Surplus Account	5,336,644
City Money Market Funds	108,048
Pension Money Market Funds	765,492
Total Cash Equivalents	18,899,177
TOTAL Cash Equivalents and Investments	64,452,708
PLUS: Cash on Hand	1,085
TOTAL: Cash & Cash Equivalents and Investments	\$ 64,453,793

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

	<u>Unrestricted</u>		<u>Restricted</u>		<u>Total</u>
	Cash & Equivalents	Investments	Cash & Equivalents	Investments	Cash & Investments
GOVERNMENTAL ACTIVITIES					
General	\$ 4,202,332	\$ 6,356,595	\$ -	\$ -	\$ 10,558,927
Transportation	958,757	-	-	-	958,757
Recreation	537,350	-	-	-	537,350
Other Gov't Funds	3,906,762	-	294,472	-	4,201,234
Total Governmental	9,605,201	6,356,595	294,472	-	16,256,268
BUSINESS-TYPE ACTIVITIES					
Sewer System	5,995,783	3,776	1,057,550	-	7,057,109
Beach Parking	1,159,171	-	-	-	1,159,171
Total Business-type	7,154,954	3,776	1,057,550	-	8,216,280
FIDUCIARY FUNDS					
Pension Trust Fund	-	-	772,336	39,193,160	39,965,496
Agency Funds	-	-	15,749	-	15,749
Total Fiduciary	-	-	788,085	39,193,160	39,981,245
TOTAL	\$ 16,760,155	\$ 6,360,371	\$ 2,140,107	\$ 39,193,160	\$ 64,453,793

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 3. Deposits and Investments (Continued)

E. Restricted Cash and Investments

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

	Governmental Restricted		Business-Type Restricted	
	Cash &		Cash &	
	<u>Equivalents</u>	<u>Investments</u>	<u>Equivalents</u>	<u>Investments</u>
Debt service	\$ 294,472	\$ -	\$ 804,120	\$ -
Debt reserves	-	-	176,592	-
Construction	-	-	76,838	-
	<u>\$ 294,472</u>	<u>\$ -</u>	<u>\$1,057,550</u>	<u>\$ -</u>

Note 4. Accounts Receivable

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

	General	Transportation	Recreation	Other Governmental	Total
	Fund	Fund	Fund	Funds	
Accounts receivable	\$ 81,438	\$ 1,859	\$ 3,599	\$ 2,576	\$ 89,472
Interest receivable	123,713	-	-	-	123,713
Due from other funds	1,397,558	-	-	-	1,397,558
Due from other governments	93,666	539,752	6,077	45,336	684,831
Total receivables	<u>\$ 1,696,375</u>	<u>\$ 541,611</u>	<u>\$ 9,676</u>	<u>\$ 47,912</u>	<u>\$ 2,295,574</u>

\$1,397,558 of the due from other funds receivable in the general fund was eliminated in the conversion from the governmental funds balance sheet to the government-wide statement of net position (\$1,375,000 due from the Sewer fund and \$22,558 due from the Ballpark Maintenance fund).

Additionally, in the government-wide statement of net position, \$90 of receivables is reported as restricted assets for debt service

Fiduciary funds are not included in the government-wide statements.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 4. Accounts Receivable (Continued)

Accounts receivable reported in the enterprise funds represent fees for sewer services provided by the City (billed and unbilled). The accounts receivable are net of a \$13,180 allowance for uncollectible accounts. Receivables, net of allowance for uncollectibles, as of year-end for the City's business-type activities are as follows:

	Sanibel Sewer System	Beach Parking Fund	Total
Unrestricted			
Accounts receivable	\$ 294,286	\$ 589	\$ 294,875
Due from other governments	724	575,626	576,350
Total unrestricted	295,010	576,215	871,225
Restricted			
Assessments receivable	6,120,513	-	6,120,513
Total net receivables	\$ 6,415,523	\$ 576,215	\$ 6,991,738

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

Note 5. Unearned Revenues

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

As of September 30, 2014, the business-type funds did not have any unearned revenues. The various components of unearned revenue reported in the governmental funds were as follows:

Unearned Revenue		
Governmental Funds:	Unavailable	Unearned
Unearned revenues:		
Prepaid weight permits	-	2,606
Prepaid business tax receipts	-	243,475
Recreation center gift cards	-	209
Donations for FY2014 after school financial assistance program	-	18,525
Total unearned revenue for governmental funds		\$ 264,815

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 6. Accounts Payable and Other Accrued Liabilities

At September 30, 2014, the City reported accounts payable and accrued liabilities as follows:

	General Fund	Transportation Fund	Recreation Fund	Other Governmental Funds	Total
GOVERNMENTAL FUNDS					
Accounts and retainages payable	\$ 295,371	\$ 352,824	\$ 44,000	\$ 95,232	\$ 787,427
Deposits	6,053	-	-	-	6,053
Accrued liabilities	275,177	24,093	46,974	17,793	364,037
Due to other funds	-	-	-	22,558	22,558
Total	<u>\$ 576,601</u>	<u>\$ 376,917</u>	<u>\$ 90,974</u>	<u>\$ 135,583</u>	<u>\$ 1,180,075</u>
	Sanibel Sewer System	Beach Parking Fund	Total		
ENTERPRISE FUNDS					
Accounts and retainages payable	\$ 167,659	\$ 66,171	\$ 233,830		
Accrued liabilities	46,134	41,034	87,168		
Accrued interest payable	153,860	-	153,860		
Due to other funds	1,375,000	-	1,375,000		
Total	<u>\$ 1,742,653</u>	<u>\$ 107,205</u>	<u>\$ 1,849,858</u>		

The due to other funds of \$1,375,000 in the enterprise fund line and the \$22,558 included in the governmental funds were eliminated in the conversion from the statement of net position to the government-wide statement of net position. An accrued interest payable of \$57,543 included in the governmental activities column of the government wide statement of net position will not be liquidated with current financial resources and is not included in the governmental funds balance sheet.

Note 7. Interfund Receivables, Payables and Transfers

The following schedule as of September 30, 2014, represents interfund receivables and payables in the fund financial statements:

Receivable Fund	Payable Fund	Purpose for Balance	Amount
General	Sanibel Sewer System	City's advance to the sewer system primarily related to effluent disposal/reuse as initially required by regulatory agencies. \$1,100,000 is not anticipated to be collected within the next fiscal year. \$275,000 repaid annually.	\$ 1,375,000
General	Ball Park Maintenance	Short term loan to ball park maintenance fund. Entire balance expected to be collected in FY15.	22,558
		TOTAL	<u>\$ 1,397,558</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 7. Interfund Receivables, Payables and Transfers (Continued)

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

Interfund Transfers:	Transfers In				
	General	Transportation	Recreation	Other Governmental	Total Governmental Funds
Transfers Out					
General Fund	\$ -	\$ -	\$ 1,364,761	\$ 760,965	\$ 2,125,726
Recreation Fund	-	-	-	13,081	13,081
Other Governmental Funds	85,815	400,000	-	-	485,815
Beach Parking Fund	-	8,025	-	-	8,025
Total	<u>\$ 85,815</u>	<u>\$ 408,025</u>	<u>\$ 1,364,761</u>	<u>\$ 774,046</u>	<u>\$ 2,632,647</u>

Interfund Transfers:	Transfers In		Total Transfers
	Beach Parking	Total Enterprise Funds	
Transfers Out			
General Fund	\$ 135,000	\$ 135,000	
Total	<u>\$ 135,000</u>	<u>\$ 135,000</u>	<u>\$ 2,767,647</u>

Source	Transfer to	Amount	Purpose
General Fund	Special Revenue Fund	\$ 50,445	City expense for Shell Harbor dredging
General Fund	Special Revenue Fund	3,000	City match for Sanibel Isles canal trimming
General Fund	Special Revenue Fund	5,000	City match for Sanibel Isles/Water Shadows dredging
General Fund	Recreation Fund	1,364,761	Budgeted for recreation center program
General Fund	Special Revenue Fund	165,159	Budgeted for ballpark maintenance
General Fund	Capital Projects Fund	528,269	Budgeted for capital acquisition fund
General Fund	Capital Projects Fund	9,092	Budgeted for transportation capital improvements
General Fund	Beach Parking Fund	135,000	Budgeted to support water quality efforts
Recreation Fund	Capital Projects Fund	13,081	Repairs for recreation complex
Capital Acquisition Fund	General Fund	70,000	Public facility improvements and maintenance
Transportation Capital Fund	Transportation Fund	400,000	Repair and maintenance for street program
Periwinkle Way Capital Fund	General Fund	15,815	Return of unspent funds from project completion
Beach Parking Fund	Transportation Fund	8,025	Traffic count study
TOTAL		<u>\$ 2,767,647</u>	

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2014

Note 8. Intergovernmental and Contribution Revenues

The following schedule as of September 30, 2014, represents intergovernmental and contribution revenues in the government-wide statement of activities:

	General Fund	Transportation Fund	Recreation Fund	Other Governmental Funds	Total
Governmental activities					
Operating Grants & Contributions					
Public safety	\$ 40,000	\$ -	\$ -	\$ -	\$ 40,000
Physical environment	75,238	-	-	5,000	80,238
Transportation	-	460,405	-	956,291	1,416,696
Culture/Recreation	-	-	30,797	167,604	198,401
Capital Grants & Contributions					
General Government	-	-	-	72,900	72,900
Public safety	-	-	-	2,799	2,799
Transportation	-	-	-	115,877	115,877
Culture/Recreation	-	-	-	8,093	8,093
General Revenues	657,804	-	-	-	657,804
Total	\$ 773,042	\$ 460,405	\$ 30,797	\$ 1,328,564	\$ 2,592,808
	Sanibel Sewer System	Beach Parking Fund	Total		
Business-type activities					
Operating Grants & Shared Revenues					
Transportation	\$ -	\$ 1,083,325	\$ 1,083,325		
Capital Grants & Contributions					
Physical Environment	130,751	-	130,751		
Transportation	-	44,079	44,079		
Total	\$ 130,751	\$ 1,127,404	\$ 1,258,155		

The intergovernmental revenues of \$1,222,056 reported in the Other Governmental Funds column of the Statement of Revenues, Expenditures and Changes in Fund Balance was increased by \$134,658 for impact fees received from other governmental agencies, which are reported as other revenues in the governmental fund financial statements and reduced by \$28,150 in revenue recognized in the Statement of Activities in the prior year and recognized in the current year in the fund financial statements due to availability timing.



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 9. Capital Assets

Capital asset activity for the year ended September 30, 2014 was as follows:

	Beginning			Ending
	Balances	Increases	Decreases	Balances
<u>Governmental activities</u>				
Capital assets, not being depreciated:				
Land	\$24,964,425	\$ -	\$ -	\$24,964,425
Construction in progress	258,677	-	(258,677)	-
Total capital assets, not being depreciated	<u>25,223,102</u>	<u>-</u>	<u>(258,677)</u>	<u>24,964,425</u>
Capital assets, being depreciated:				
Buildings	19,129,160	-	-	19,129,160
Improvements other than buildings	4,777,036	232,990	-	5,010,026
Infrastructure	13,732,899	680,795	-	14,413,694
Vehicles and equipment	4,710,289	137,711	(50,887)	4,797,113
Total capital assets, being depreciated	<u>42,349,384</u>	<u>1,051,496</u>	<u>(50,887)</u>	<u>43,349,993</u>
Less accumulated depreciation for:				
Buildings	(5,648,292)	(618,872)	-	(6,267,164)
Improvements other than buildings	(3,828,332)	(126,926)	-	(3,955,258)
Infrastructure	(6,663,329)	(502,501)	-	(7,165,830)
Vehicles and equipment	(3,503,394)	(293,572)	44,868	(3,752,098)
Total accumulated depreciation	<u>(19,643,347)</u>	<u>(1,541,871)</u>	<u>44,868</u>	<u>(21,140,350)</u>
Total capital assets, being depreciated, net	<u>22,706,037</u>	<u>(490,375)</u>	<u>(6,019)</u>	<u>22,209,643</u>
Governmental activities capital assets, net	<u>\$47,929,139</u>	<u>\$ (490,375)</u>	<u>\$ (264,696)</u>	<u>\$47,174,068</u>
<u>Business-type activities</u>				
Capital assets, not being depreciated:				
Land	\$ 1,860,674	\$ -	\$ -	\$ 1,860,674
Construction in progress	377,720	106,699	(335,131)	149,288
Total capital assets, not being depreciated	<u>2,238,394</u>	<u>106,699</u>	<u>(335,131)</u>	<u>2,009,962</u>
Capital assets, being depreciated:				
Buildings	2,186,963	342,813	-	2,529,776
Improvements other than buildings	1,510,605	13,793	-	1,524,398
Infrastructure	68,927,015	235,430	-	69,162,445
Vehicles and equipment	3,173,001	57,438	(31,970)	3,198,469
Total capital assets, being depreciated	<u>75,797,584</u>	<u>649,474</u>	<u>(31,970)</u>	<u>76,415,088</u>
Less accumulated depreciation for:				
Buildings	(1,054,050)	(110,644)	-	(1,164,694)
Improvements other than buildings	(707,137)	(59,022)	-	(766,159)
Infrastructure	(26,062,366)	(2,306,151)	-	(28,368,517)
Vehicles and equipment	(2,081,082)	(197,884)	18,444	(2,260,522)
Total accumulated depreciation	<u>(29,904,635)</u>	<u>(2,673,701)</u>	<u>18,444</u>	<u>(32,559,892)</u>
Total capital assets, being depreciated, net	<u>45,892,949</u>	<u>(2,024,227)</u>	<u>(13,526)</u>	<u>43,855,196</u>
Business-type activities capital assets, net	<u>\$48,131,343</u>	<u>\$ (1,917,528)</u>	<u>\$ (348,657)</u>	<u>\$45,865,158</u>

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2014

Note 9. Capital Assets (Continued)

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

<u>Governmental activities:</u>	
General government	\$ 68,780
Public safety	107,044
Physical environment	58,084
Transportation	572,331
Culture/recreation	735,632
Total governmental activities	<u>\$ 1,541,871</u>
<u>Business-type activities:</u>	
Sanibel Sewer System	\$ 2,479,349
Beach Parking	194,352
Total business-type activities	<u>\$ 2,673,701</u>

Note 10. Operating Leases

In the governmental funds rental expenditures under operating leases for the year ended September 30, 2014 amounted to \$27,593.

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

Fiscal Year	Amount
2015	\$ 24,781
2016	7,253
2017	2,559
2018	326
2019	-
TOTAL	<u>\$ 34,919</u>



CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2014

Note 11. Long-term Debt

Governmental activities long-term debt at September 30, 2014, is comprised of the following:

General Obligation Bonds

\$2,970,000 General Obligation Refunding Bonds, Series 2012, issued to retire General Obligation Bonds, Series 2002 that were issued to purchase environmentally sensitive land. The 2012 GO Bonds have fixed interest rate of 2.07% due semiannually on August 1 and February 1, principal payments are due annually on August 1, collateralized with Voted Debt Service Ad Valorem Taxes, final payment is due August 2022. \$ 2,420,000

\$8,350,000 General Obligation Bonds, Series 2006, issued to construct a recreation facility, have interest payable varying from 4.0% to 4.35% due semiannually on August 1 and February 1, principal payments are due annually on August 1, collateralized with Voted Debt Service Ad Valorem Taxes, final payment is due February 2036. 6,945,000

9,365,000

Net pension liability 8,340,319

Compensated absences 491,980

Other postemployment benefits obligation 171,864

Total Governmental Activities \$ 18,369,163



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 11. Long-term Debt (Continued)

Business-type activities long-term debt at September 30, 2014, is comprised of the following:

Revenue Bonds Payable

\$9,493,598 Sanibel Sewer System Refunding Revenue Bonds, Series 2014, issued to realize debt service savings from the 2003 Refunding bonds and the State of Florida revolving loan for the Phase 2 expansion notes payable, collateralized by the net revenues of the sewer system, with a fixed interest rate of 1.43% payable semi-annually, and principal payments payable annually from 2014 through 2021. \$ 8,888,260

Notes Payable

Disbursements, service fees and capitalized interest for a \$5,424,184 State of Florida revolving loan #835090, issued to finance Phase 2B collection system expansion, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 3.08%; due December, 2022. 2,499,908

Disbursements, service fees and capitalized interest for a \$8,501,591 State of Florida revolving loans #WWG83510, issued to finance Phase 2C collection system expansion, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 3.11%; due June, 2023. 4,198,196

Disbursements, service fees and capitalized interest for a \$6,274,127 State of Florida revolving loans # WW83511, issued to finance Phase 3A collection system expansion, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 2.67%, due August, 2023. 3,124,927

Disbursements, service fees and capitalized interest for a \$5,353,820 State of Florida revolving loan # WW83512S, issued to finance Phase 3B collection system expansion, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 3.40% due June 2026. 4,822,050

14,645,081

Net pension liability 1,303,508

Compensated absences payable 74,630

Other postemployment benefits obligation 54,719

Total Business-Type Activities \$ 24,966,198

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 11. Long-term Debt (Continued)

Changes in long-term debt and other long-term obligations for the year ended September 30, 2014, are as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation bonds	\$ 9,845,000	\$ -	\$ (480,000)	\$ 9,365,000	\$ 490,000
Net pension liability	10,620,685	227,253	(2,507,619)	8,340,319	-
Compensated absences	522,071	314,558	(344,649)	491,980	368,983
Other postemployment benefits	164,940	6,924	-	171,864	-
Governmental activities totals	<u>\$ 21,152,696</u>	<u>\$ 548,735</u>	<u>\$ (3,332,268)</u>	<u>\$ 18,369,163</u>	<u>\$ 858,983</u>
Business-type Activities					
Revenue Bonds	\$ 2,850,000	\$ 9,493,598	\$ (3,455,338)	\$ 8,888,260	\$ 1,216,123
Less:					
Issuance discounts *	(9,815)	-	9,815	-	-
Loss on refunding *	(152,362)	-	152,362	-	-
Net revenue bonds payable	2,687,823	9,493,598	(3,293,161)	8,888,260	1,216,123
Notes payable	23,882,161	-	(9,237,080)	14,645,081	1,300,098
Net pension liability	1,789,817	20,219	(506,528)	1,303,508	-
Compensated absences	71,737	74,057	(71,164)	74,630	55,972
Other postemployment benefits	51,943	2,776	-	54,719	-
Business-type Activities Totals	<u>\$ 28,483,481</u>	<u>\$ 9,590,650</u>	<u>\$ (13,107,933)</u>	<u>\$ 24,966,198</u>	<u>\$ 2,572,193</u>

** Issuance discounts and losses on refunding are now reported as Deferred Outflows of Resources and presented as a separate line item on the Statement of Net Position.*

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

	Governmental Activities	
	Year ending	General Obligation Bonds
	September 30,	Principal Interest
2015	\$ 490,000	\$ 345,106
2016	505,000	330,386
2017	520,000	315,136
2018	540,000	299,358
2019	555,000	283,548
2020-2024	2,370,000	1,165,856
2025-2029	1,740,000	805,630
2030-2034	2,160,000	395,414
2035-2036	485,000	26,427
Total	<u>\$ 9,365,000</u>	<u>\$ 3,966,861</u>

	Business-type Activities					
	Year ending	Revenue Bonds		Notes Payable		Total
	September 30,	Principal	Interest	Principal	Interest	Principal Interest
2015	1,216,123	122,770	1,300,098	403,247	2,516,221	526,017
2016	1,233,576	105,317	1,340,280	402,652	2,573,856	507,969
2017	1,251,279	87,614	1,381,714	361,217	2,632,993	448,831
2018	1,269,236	69,657	1,424,438	318,495	2,693,674	388,152
2019	1,287,451	51,442	1,468,490	274,441	2,755,941	325,883
2020-2024	2,630,595	47,189	6,785,098	682,541	9,415,693	729,730
2025-2026	-	-	944,963	40,500	944,963	40,500
Total	<u>\$ 8,888,260</u>	<u>\$ 483,989</u>	<u>\$ 14,645,081</u>	<u>\$ 2,483,093</u>	<u>\$ 23,533,341</u>	<u>\$ 2,967,082</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 11. Long-term Debt (Continued)

Current Refunding

In February 2014, the City issued \$9,493,598 in Series 2014 revenue bonds with a fixed interest rate of 1.43%. The proceeds were used to currently refund the outstanding principal amount of the City's Sewer Utility Revenue Refunding Bonds, Series 2003 (carrying an interest rate of 2.0% to 3.9%) and to refinance debt owed to the Florida Department of Environmental Protection pursuant to State Revolving Fund Loan agreement number 835080 (carrying an interest rate of 3.5%). The maturity date of the issued debt was accelerated from 2022 to 2021.

The retirement of the refunded bonds resulted in an accounting loss of \$162,177 due to unamortized bond-related accounts for the Sewer Utility Revenue Refunding Bonds, Series 2003. The loss is deferred for financial reporting, and recognized over the term of the Sewer System Refunding Revenue Bonds, Series 2014. Unamortized bond insurance cost of \$18,533 on the Series 2003 refunded bonds was expensed in the current period.

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

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

Liquidation

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

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

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

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

Note 12. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in a public entity risk pool administered by Florida League of Cities, Inc. with insurance programs for general/professional liability, automobile, property and workers compensation. The City pays an annual premium to Florida League of Cities, Inc. for these insurance programs.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 12. Risk Management (Continued)

Participation in this risk pool is non-assessable. There were no significant reductions in insurance coverage as compared to the prior year. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

The City retains the risk of loss up to a deductible amount (normally \$50,000) with the risk of loss in excess of this amount transferred to the pool with limits of liability of \$5,000,000 per occurrence for general and professional liability and \$5,000,000 for automobile liability.

The Florida League of Cities, Inc. published financial report for the year ended September 30, 2014, can be obtained from Florida League of Cities, Inc., Public Risk Service, 135 East Colonial Drive, Orlando, Florida 32853-0065.

Note 13. Restricted Assets

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

	<u>Governmental</u>	<u>Business-Type</u>
Debt service	\$ 294,562	\$ 6,924,633
Debt reserves	-	176,592
Construction	-	76,838
Totals	<u>\$ 294,562</u>	<u>\$ 7,178,063</u>

Note 14. Defined Benefit Pension Plans

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

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

The plans do not issue stand-alone financial reports and are not included in any other retirement system's or entity's financial report. The City accounts for both plans as pension trust funds; therefore, they are accounted for in substantially the same manner as proprietary funds, with 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.



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 14. Defined Benefit Pension Plans (Continued)

For financial statement purposes, plan assets are valued at market value for the General Employees' and Municipal Police Officers' plans, as reported within the annual trustee statements. Because the plans do not issue stand-alone GAAP financial reports, the following individual financial reports are presented for each of the plans:

STATEMENT OF FIDUCIARY NET POSITION			
	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Trust Funds
ASSETS			
Cash and cash equivalents	\$ 589,157	\$ 183,179	\$ 772,336
Investments, at market value			
Treasury inflation protection securities	497,333	-	497,333
US government and agencies securities	1,264,174	-	1,264,174
Corporate stocks	8,005,387	-	8,005,387
Corporate bonds	4,020,146	-	4,020,146
Convertibles	2,090,118	1,554,355	3,644,473
Master Limited Partnerships	1,385,665	1,261,332	2,646,997
Mutual Funds			
Fixed income	-	4,144,991	4,144,991
Equity	1,716,851	5,560,569	7,277,420
International equity	3,655,989	2,355,221	6,011,210
Real estate investments trusts	-	738,402	738,402
Real estate commingled fund	942,627	-	942,627
Total investments at fair value	<u>23,578,290</u>	<u>15,614,870</u>	<u>39,193,160</u>
Receivables - contributions	-	45,438	45,438
Receivables - interest & dividends	66,791	19,183	85,974
Total assets	<u>24,234,238</u>	<u>15,862,670</u>	<u>40,096,908</u>
LIABILITIES			
Accrued benefits and other liabilities	<u>20,428</u>	<u>6,142</u>	<u>26,570</u>
Total liabilities	<u>20,428</u>	<u>6,142</u>	<u>26,570</u>
NET POSITION			
Net position restricted for pensions	<u>\$ 24,213,810</u>	<u>\$ 15,856,528</u>	<u>\$ 40,070,338</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 14. Defined Benefit Pension Plans (Continued)

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION			
	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Trust Funds
ADDITIONS			
Contributions			
Employer	\$ 1,681,948	\$ 961,952	\$ 2,643,900
State of Florida	-	65,862	65,862
Plan members	<u>65,431</u>	<u>114,679</u>	<u>180,110</u>
Total contributions	<u>1,747,379</u>	<u>1,142,493</u>	<u>2,889,872</u>
Investment income			
Net appreciation in fair value of investments	1,874,364	1,092,960	2,967,324
Interest, dividends and other	<u>691,922</u>	<u>530,399</u>	<u>1,222,321</u>
Total investment earnings	<u>2,566,286</u>	<u>1,623,359</u>	<u>4,189,645</u>
Less investment expense	<u>(141,895)</u>	<u>(58,510)</u>	<u>(200,405)</u>
Net investment earnings	<u>2,424,391</u>	<u>1,564,849</u>	<u>3,989,240</u>
Total additions	<u>4,171,770</u>	<u>2,707,342</u>	<u>6,879,112</u>
DEDUCTIONS			
Benefits paid	1,276,944	694,792	1,971,736
Lump sum DROP disbursement	-	49,635	49,635
Refunds of contributions	-	7,455	7,455
Administrative expenses	<u>27,489</u>	<u>38,332</u>	<u>65,821</u>
Total deductions	<u>1,304,433</u>	<u>790,214</u>	<u>2,094,647</u>
Change in net position	<u>2,867,337</u>	<u>1,917,128</u>	<u>4,784,465</u>
Net position - beginning of year			
As previously reported	21,283,849	13,618,254	34,902,103
Adjustment (See Note #20)	<u>62,624</u>	<u>321,146</u>	<u>383,770</u>
Net position - beginning of year as restated	<u>21,346,473</u>	<u>13,939,400</u>	<u>35,285,873</u>
Net position - end of year	<u>\$ 24,213,810</u>	<u>\$ 15,856,528</u>	<u>\$ 40,070,338</u>

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 14. Defined Benefit Pension Plans (Continued)

A. General Employees' Pension Plan

The Plan and any amendments thereto were adopted by Ordinance of the City Council of the City of Sanibel. The City, which is responsible for the management of plan assets, has delegated the authority to manage plan assets to the General Employees' Pension Board of Trustees. All costs of administering the plan are paid from plan assets.

Plan Membership as of October 1, 2013:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	65
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	69
Active Plan Members	<u>25</u>
	<u>159</u>

Plan Description

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

The plan is administered by a Board of Trustees comprised of: two members of the Plan (one with under 15 years of service, one with 15 years of service or more) elected by the Plan members, one Department Director appointed by the City Manager, five Council appointees, and one chosen by the other eight members of the Board and appointed by Council.

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 14. Defined Benefit Pension Plans (Continued)

A. General Employees' Pension Plan (continued)

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

Average compensation is calculated differently for each Plan. Plan A, which is mandatory for all new hires beginning January 1, 2005 calculates average compensation as the highest five (5) years of compensation. Plan B, which was closed on January 1, 2005 to new participants, average compensation is based on career average.

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

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

Termination of Employment Vesting Schedule:

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

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

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

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 14. Defined Benefit Pension Plans (Continued)

A. General Employees' Pension Plan (Continued)

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

During fiscal year 2007, the Plan was amended to provide a Deferred Retirement Option Plan (DROP) for participants having attained age 60 and having been a plan participant for a minimum of five (5) years. Ordinances 11-001 and 11-011 amends the age to 65 and the participant must be 100% vested with an effective date of May 1, 2011 for all participants other than police dispatchers and January 1, 2012 for police dispatchers. DROP is a program that provides an alternative method for payment of retirement benefits wherein an employee may retire and have their benefits accumulate, at 6% interest, while continuing to work for the City. Participation in the DROP does not change conditions of employment. When the DROP period ends, maximum of 60 months, employment must be terminated. At the time of termination of employment, the employee will receive payment of the accumulated DROP benefits and begin receiving their monthly retirement benefit in the same amount determined at retirement, plus annual cost-of-living increases. The DROP balance as of September 30, 2014 is \$86,810.

Contributions

Active members of Plan A are required to contribute 5% of base wages to the Plan. Active members of Plan B are not required to contribute to the Plan. The City contributes the remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2014. The total pension liability used to calculate the net pension liability was determined as of that date. The components of the net pension liability of the City at September 30, 2014 were as follows:

Total pension liability	\$ 29,344,966
Plan fiduciary net position	<u>(24,213,810)</u>
City's net pension liability	<u>\$ 5,131,156</u>
Plan fiduciary net position as a percentage of the total pension liability	82.51%

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 14. Defined Benefit Pension Plans (Continued)

A. General Employees' Pension Plan (Continued)

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2013 updated to September 30, 2014 using the following actuarial assumptions applied to all measurement periods.

Inflation	3.00%
Salary Increases	4.80% - 7.80%
Investment Rate of Return	6.75%

RP2000 Combined Healthy Mortality Table (sex distinct), projected to the valuation date with Schedule AA.

The actuarial assumptions used in the October 1, 2013 valuation were based on the results of an actuarial experience study for the period 2002-2006.

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

These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	38.00%	7.80%
International Equity	15.00%	2.20%
Bonds	23.00%	3.70%
TIPS	2.00%	2.00%
Convertibles	10.00%	5.30%
Private Real Estate	5.00%	4.90%
MLPs	5.00%	12.70%
Cash	2.00%	1.20%

Discount Rate:

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 14. Defined Benefit Pension Plans (Continued)

A. General Employees' Pension Plan (Continued)

CHANGES IN NET PENSION LIABILITY			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2013	\$ 28,529,824	\$ 21,346,473	\$ 7,183,351
Changes for the year:			
Service cost	196,178	-	196,178
Interest	1,895,908	-	1,895,908
Differences between expected and actual experience	-	-	-
Contributions - employer	-	1,681,948	(1,681,948)
Contributions - employee	-	65,431	(65,431)
Net investment income	-	2,424,391	(2,424,391)
Benefit payments, including refunds of employee contributions	(1,276,944)	(1,276,944)	-
Administrative expense	-	(27,489)	27,489
Net changes	815,142	2,867,337	(2,052,195)
Balances at September 30, 2014	<u>\$ 29,344,966</u>	<u>\$ 24,213,810</u>	<u>\$ 5,131,156</u>

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

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

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
City's net pension liability	\$ 8,559,578	\$ 5,131,156	\$ 2,251,718

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

For the year ended September 30, 2014 the City will recognize a pension expense of \$404,597. On September 30, 2014 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Actual investment earnings different than assumed	\$ -	\$ 774,843
Differences between actual and expected experience	-	-
Total	<u>\$ -</u>	<u>\$ 774,843</u>

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2014

Note 14. Defined Benefit Pension Plans (Continued)

A. General Employees' Pension Plan (Continued)

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

Total year ended September 30:		
	2015	\$ (193,711)
	2016	(193,711)
	2017	(193,711)
	2018	(193,710)
	2019	-
	Thereafter	-

B. Municipal Police Officers' Pension Plan

This plan and all amendments were adopted by Ordinance of the City Council of the City of Sanibel. This plan is self-trusted and is administered by the Municipal Police Officers' Pension Board comprised of members elected pursuant to Section 185, Florida Statutes for local law plans. All costs of administering the plan are paid from plan assets.

Plan Membership as of October 1, 2013:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	22
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	6
Active Plan Members	21
	49

Plan Description

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

The Plan is administered by a Board of Trustees comprised of: two City Council appointees, two members of the Plan elected by a majority of the other covered Police Officers, and a fifth (5th) member elected by the other four and appointed by City Council.

There is a 5-year cliff vesting in the Plan. Members terminating with less than five years of credited service receive a refund of their contribution. Members terminating with 5 years or more accrued benefits are payable at early retirement date (reduced) or normal retirement date (unreduced). The Normal Retirement Benefit of the Plan is three percent of average final compensation multiplied by the number of years of service (maximum 30 years).

Average compensation is calculated by taking the average of the total compensation paid during the 5 highest years of service. In 2011 the Florida Legislature amended Florida Statute 185, restricting overtime hours at a maximum of 300 per year and eliminating the payout of vacation and medical leave in the calculation of average compensation upon retirement.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 14. Defined Benefit Pension Plans (Continued)

B. Municipal Police Officers' Pension Plan (Continued)

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

Normal retirement eligibility is the earlier of 1) age 60 with 5 years vesting credits, or 2) age 55 with 10 years vesting credits, or 3) 25 years vesting credits regardless of age.

Early retirement eligibility is age 50 and attainment of 5 years vesting credits. Accrued benefits will be reduced 2.5 percent for each year prior to normal retirement date.

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

Death benefits for a vested member the accrued pension is paid to the beneficiary at otherwise early retirement date (reduced basis) or normal retirement date (unreduced). Benefits are paid for ten years only. Beneficiary receives a refund of the member's contribution for non-vested member.

Supplemental benefit of \$36.00 times credited service paid monthly to age 67. Minimum payment period is five years.

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

The Plan provides a Deferred Retirement Option Plan (DROP) for participants having attained normal retirement requirements. DROP is a program that provides an alternative method for payment of retirement benefits wherein an employee may retire and have their benefits accumulate, at four (4%) percent interest credited quarterly, while continuing to work for the City. Participation in the DROP does not change conditions of employment. When the DROP period ends, maximum of 60 months, employment must be terminated. At the time of termination of employment, the employee will receive payment of the accumulated DROP benefits and begin receiving their monthly retirement benefit in the same amount determined at retirement, plus annual cost-of-living increases. The DROP balance at September 30, 2014 is \$518,525.

Contributions

Active members are required to contribute eight (8%) percent of their compensation to this Plan until Normal Retirement Age and four (4%) percent thereafter. The State of Florida makes contributions from taxes on casualty insurance premiums.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 14. Defined Benefit Pension Plans (Continued)

B. Municipal Police Officers' Pension Plan (Continued)

The State of Florida's contribution to the Municipal Police Officer's Plan for the year ended September 30, 2014, was \$65,862. The City recognized these on-behalf payments from the State as revenues and expenditures in the governmental fund financial statements.

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

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2014. The total pension liability used to calculate the net pension liability was determined as of that date. The components of the net pension liability of the City at September 30, 2014 were as follows:

Total pension liability	\$ 20,369,200
Plan fiduciary net position	<u>(15,856,528)</u>
City's net pension liability	<u>\$ 4,512,672</u>
Plan fiduciary net position as a percentage of the total pension liability	77.85%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2013 updated to September 30, 2014 using the following actuarial assumptions applied to all measurement periods.

Inflation	3.00%
Salary Increases	7.00%
Investment Rate of Return	7.50%

RP2000 Combined Healthy – Sex Distinct. Disabled lives are set forward five years. Based on a study of over 650 public safety funds, this table reflects a ten (10%) percent margin for future mortality improvements.

The actuarial assumptions used in the October 1, 2013 valuation were based on the results of an actuarial experience study for the period 1989-2011.

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 14. Defined Benefit Pension Plans (Continued)

B. Municipal Police Officers' Pension Plan (Continued)

These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	35.00%	7.80%
International Equity	15.00%	2.20%
Bonds	30.00%	3.70%
Convertibles	10.00%	5.30%
REITS	5.00%	8.20%
MLPs	5.00%	12.70%

Discount Rate:

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

CHANGES IN NET PENSION LIABILITY			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2013	\$ 19,166,551	\$ 13,939,400	\$ 5,227,151
Changes for the year:			
Service cost	509,101	-	509,101
Interest	1,445,430	-	1,445,430
Differences between expected and actual experience	-	-	-
Contributions - employer	-	961,952	(961,952)
Contributions - state	-	65,862	(65,862)
Contributions - employee	-	114,679	(114,679)
Net investment income	-	1,564,849	(1,564,849)
Benefit payments, including refunds of employee contributions	(751,882)	(751,882)	-
Administrative expense	-	(38,332)	38,332
Net changes	1,202,649	1,917,128	(714,479)
Balances at September 30, 2014	<u>\$ 20,369,200</u>	<u>\$ 15,856,528</u>	<u>\$ 4,512,672</u>

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2014

Note 14. Defined Benefit Pension Plans (Continued)

B. Municipal Police Officers' Pension Plan (Continued)

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

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's net pension liability	\$ 7,104,140	\$ 4,512,672	\$ 2,363,278

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

For the year ended September 30, 2014 the City will recognize a pension expense of \$652,420. On September 30, 2014 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Actual investment earnings different than assumed	\$ -	\$ 404,947
Differences between actual and expected experience	-	-
Total	<u>\$ -</u>	<u>\$ 404,947</u>

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

Total year ended September 30:	
2015	\$ (101,237)
2016	(101,237)
2017	(101,237)
2018	(101,236)
2019	-
Thereafter	-

Payable to the Pension Plan

On September 30, 2014, the City reported a payable of \$44,423, for the outstanding amount of contributions of the pension plan required for the year ended September 30, 2014.

Note 15. Defined Contribution Plan

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

Note 15. Defined Contribution Plan (Continued)

Plan Description

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

The normal retirement age is 60.

Mandatory and Irrevocable Additional Contributions

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

City Matching

The City will match the participant's mandatory contribution of 5% of base pay at 100%. The first 1% to 5% of the voluntary contribution will be matched by the City at 50%. The additional 6% to 10% of the voluntary contribution permitted will not be matched by the City. The maximum City match is 7.5% of base pay. As of September 30, 2014, ninety-six (96) participants were in the plan and the City contributed \$234,076 to the Plan in fiscal year 2014.

Forfeitures

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

All amounts forfeited by terminated participants shall be allocated to a suspense account and used to reduce dollar for dollar employer contributions otherwise required under the Plan for the current plan year and succeeding plan years, if necessary. Forfeitures may first be used to pay the reasonable administrative expenses of the Plan, with any remainder being applied to reduce employer contributions. There are no forfeitures reflected in pension expense for the fiscal year 2014.

Rollover Contributions by Participants

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 15. Defined Contribution Plan (Continued)

Accrued Leave Contributions by Participants

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

Vesting Provisions

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

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

Note 16. Other Post-Employment Benefits (OPEB)

Plan Description

In accordance with Chapter 112.0801, Florida Statutes, the City allows retirees the option of continuing to participate in the City's group health insurance coverage at a premium cost of no more than the premium cost applicable to active employees. Therefore, the City offers retirees the option of purchasing the City's group health, dental and/or vision insurance coverage at the cost applicable to active employees. Retirees participating in the group insurance plans offered by the City are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums. The projected employee contributions for the dental benefit are assumed to cover the entire cost of the program. The plan does not issue a publicly available financial report.

Current membership is comprised of the following:	
Active employees (including DROP)	98
Retirees and covered spouses currently receiving benefits:	
Pre-Medicare	8
Post-Medicare	0
Total Retirees and covered spouses currently receiving benefits	<u>8</u>

Funding Policy

Required contributions are based on projected pay-as-you-go financing. For the fiscal year ended September 30, 2014, the City provided contributions of \$39,706 toward implicit benefits including administrative expenses payable during the year.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 16. Other Post-Employment Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost for the current year was determined as part of the October 1, 2013 actuarial valuation using the entry age normal actuarial cost method. Select actuarial assumptions are listed in the table below:

Valuation date	October 1, 2013
Actuarial cost method	Entry Age Normal (Level Percent of Pay)
Amortization of UAAL	Level Percentage of Payroll (Closed amortization over 30 years)
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Interest rate	5.0%
Health care inflation	
Pre-Medicare	7.5% (grading down to 4.5% in 2017)
Post-Medicare	7.5%, (grading down to of 4.5% in 2017)
Salary Rate Increase	5.5% per year
Inflation Rate	3.0% per year
Payroll Growth	3.0% per year
Mortality Rate	RP 2000 Combined Mortality Table, projected to measurement date using Scale AA.

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

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

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 16. Other Post-Employment Benefits (Continued)

The three year funding trend follows:

Fiscal Year Ending	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
September 30, 2014	\$ 49,406	80.4%	\$ 226,583
September 30, 2013	72,120	53.4%	216,883
September 30, 2012	58,209	48.8%	183,311

Funded Status and Funding Progress

The funded status of the Plan as of September 30, 2014 was as follows:

Funded status as of:	10/01/2011	10/01/2012	10/01/2013
Actuarial Accrued Liability (AAL)	\$ 530,484	\$ 631,325	\$ 397,234
Actuarial Value of Assets (AVA)	(153,507)	-	-
Unfunded Actuarial Accrued Liability (UAAL)	376,977	631,325	397,234
Funded Ratio (actuarial value of assets/AAL)	28.94%	0.00%	0.00%
Covered Payroll	4,993,719	5,787,718	5,572,096
Ratio of UAAL to Covered Payroll	7.55%	10.91%	7.13%

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

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

Valuation Date	10/01/2011	10/01/2012	10/01/2013
Applicable for Fiscal Year Ending	09/30/2012	09/30/2013	09/30/2014
Annual Required Contribution	\$ 58,209	\$ 70,299	\$ 48,671
Interest on Net OPEB Obligation	-	9,166	10,844
Adjustment to Annual Required Contribution	-	(7,345)	(10,109)
Annual OPEB Cost (Expense)	58,209	72,120	49,406
Net Contributions Made	(28,405)	(38,548)	(39,706)
Increase (Decrease) in Net OPEB Obligation	29,804	33,572	9,700
Net OPEB Obligation - Beginning of Year	-	183,311	216,883
Adjustment for Asset Transfer to City	153,507	-	-
Net OPEB Obligation - End of Year	\$ 183,311	\$ 216,883	\$ 226,583

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 17. Other Revenues

Other revenue in the government fund types at September 30, 2014 is as follows:

	General Fund	Transportation Fund	Recreation Fund	Other Governmental Funds	Total
Investment earnings (loss)	\$ 32,683	\$ 17,416	\$ 9,778	\$ 75,456	\$ 135,333
Rents	66,829	-	-	481	67,310
Impact fees	-	-	-	134,658	134,658
Special assessments	-	-	-	33,741	33,741
Sale of surplus equipment	16,183	-	600	-	16,783
Contributions and donations	1,100	-	50,572	186,795	238,467
Refund of prior year expenditures	27,695	-	-	-	27,695
Other	54,362	-	2,848	8,145	65,355
Total Other Revenues	\$ 198,852	\$ 17,416	\$ 63,798	\$ 439,276	\$ 719,342

Note 18. Contingencies

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

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

Note 19. Commitments

The City's commitments with contractors as of September 30, 2014, are as follows:

	Total Contract	Spent to Date	Remaining
<u>GOVERNMENTAL ACTIVITIES</u>			
Transportation Fund			
2014 Street Resurfacing Project	\$ 490,248	\$ 117,574	\$ 372,674
2014 Sanibel River Clearing Project	80,000	47,667	32,333
Capital Project Fund			
Dinkins Bayou Dredging Project	304,592	143,156	161,436
Total governmental activities	874,840	308,397	566,443
<u>BUSINESS-TYPE ACTIVITIES</u>			
Sewer Fund			
Lift Station #5 - Generator and Platform	156,176	79,338	76,838
Beach Parking Fund			
Lighthouse Restroom	683,609	66,857	616,752
Total business-type activities	839,785	146,195	693,590
Total construction commitments	\$ 1,714,625	\$ 454,592	\$ 1,260,033

The Lighthouse Restroom project in the Beach Parking Fund is being funded with grant proceeds.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014

Note 20. Change in Accounting Principle

During fiscal year 2014, the City adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* and GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. In addition, the City's pension plans adopted the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*. These pronouncements required the restatement of the September 30, 2013 net position in governmental activities, business-type activities, enterprise and fiduciary funds. This change is in accordance with generally accepted accounting principles.

The tables below present the details of the restatements:

	Governmental Activities		
	Governmental Activities	Business-type Activities	Total
Net position, September 30, 2013 as previously reported	\$ 61,456,576	\$ 34,623,463	\$ 96,080,039
Reclassification of bond issuance costs per GASB 65	(154,447)	(59,108)	(213,555)
Cumulative effect of application of GASB 68	(17,230,959)	(1,789,817)	(19,020,776)
Net position, September 30, 2013 as restated	<u>\$ 44,071,170</u>	<u>\$ 32,774,538</u>	<u>\$ 76,845,708</u>

	Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
Net position, September 30, 2013 as previously reported	\$ 30,673,966	\$ 3,949,497	\$ 34,623,463
Reclassification of bond issuance costs per GASB 65	(59,108)	-	(59,108)
Cumulative effect of application of GASB 68	(923,779)	(866,038)	(1,789,817)
Net position, September 30, 2013 as restated	<u>\$ 29,691,079</u>	<u>\$ 3,083,459</u>	<u>\$ 32,774,538</u>

	Pension Trust Funds		
	General Employees	Municipal Police Officers'	Total
Net position, September 30, 2013 as previously reported	\$ 21,283,849	\$ 13,618,254	\$ 34,902,103
Cumulative effect of application of GASB 67	62,624	321,146	383,770
Net position, September 30, 2013 as restated	<u>\$ 21,346,473</u>	<u>\$ 13,939,400</u>	<u>\$ 35,285,873</u>

Actuarial information for the net pension liability and deferred inflows and outflows were not available for the prior period and, therefore, it was not considered practical to restate and reissue the prior year financial statements.

This section contains the following subsections:

General Employees' Pension Plan	
Schedule of Changes in the Net Pension Liability and Related Ratios.....	114
Schedule of Contributions.....	115
Schedule of Investment Returns.....	116
Municipal Police Officers' Pension Plan	
Schedule of Changes in the Net Pension Liability and Related Ratios.....	117
Schedule of Contributions.....	118
Schedule of Investment Returns.....	119
Other Post Employment Benefit Plan	
Schedule of Funding Progress	120
Schedules of Contributions from the Employer.....	120

CITY OF SANIBEL, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2014

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

	2014	2013
Total pension liability		
Service cost	\$ 196,178	\$ 183,773
Interest	1,895,908	1,851,553
Changes of benefit terms		
Differences between expected and actual experience		
Changes of assumptions		
Benefit payments, including refunds of member contributions	(1,276,944)	(1,504,296)
Net change in total pension liability	815,142	531,030
Total pension liability - beginning	28,529,824	27,998,794
Total pension liability - ending (a)	\$ 29,344,966	\$ 28,529,824
Plan fiduciary net position		
Contributions - employer	\$ 1,681,948	\$ 1,691,261
Contributions - employee	65,431	64,908
Net investment income	2,424,391	2,436,581
Benefit payments, including refunds of member contributions	(1,276,944)	(1,504,296)
Administrative expense	(27,489)	(31,229)
Other	-	-
Net change in plan fiduciary net position	2,867,337	2,657,225
Plan fiduciary net position - beginning	21,346,473	18,689,248
Plan fiduciary net position - ending (b)	\$ 24,213,810	\$ 21,346,473
City's net pension liability - ending (a) - (b)	\$ 5,131,156	\$ 7,183,351
Plan fiduciary net position as a percentage of the total pension liability	82.51%	74.82%
Covered-employee payroll	\$ 1,308,625	\$ 1,298,166
City's net position liability as a percentage of covered-employee payroll	392.10%	553.35%

Notes to Schedule:

GASB 67 and GASB 68 compliance was adopted in fiscal year 2014

CITY OF SANIBEL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2014

GENERAL EMPLOYEES' PENSION PLAN
SCHEDULE OF CONTRIBUTIONS
Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	\$ 1,659,991	\$ 1,668,403	\$ 1,397,764	\$ 1,448,913	\$ 1,173,397	\$ 858,029	\$ 824,863	\$ 635,605	\$ 629,330	\$ 802,887
Contributions in relation to the actuarially determined contributions	1,681,948	1,691,261	5,587,616	1,448,913	1,173,397	975,816	824,863	635,605	629,330	802,887
Contribution deficiency (Excess)	\$ (21,957)	\$ (22,858)	\$ (4,189,852)	\$ -	\$ -	\$ (117,787)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 1,308,625	\$ 1,298,166	\$ 1,325,935	\$ 1,306,071	\$ 4,706,046	\$ 4,927,259	\$ 5,448,952	\$ 5,190,903	\$ 4,732,869	\$ 4,060,239
Contributions as a percentage of covered employee payroll	128.53%	130.28%	421.41%	110.94%	24.93%	19.80%	15.14%	12.24%	13.30%	19.77%

Notes to Schedule

Valuation Date: 10/1/2012

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

Methods and assumptions used to determine contribution rates:

Funding method	Entry age normal actuarial cost method
Amortization method	Level percentage of pay, closed
Remaining amortization period	10 years (as of 10/01/2012)
Asset smoothing methodology	The actuarial value of assets is brought forward using the historical four-year geometric average of market value returns (net-of-fees). Over time, this may result in a deminis bias that is above or below the market value of assets.
Inflation	3.0% per year
Salary increases	See Table below.
Interest rate	6.75% per year, compounded annually, net of investment related expenses. A 7.5% assumption was utilized for valuations prior to October 1, 2012.
Payroll increase	None
Cost-of-living adjustment	2% for 25 years, beginning 5 years after retirement, payable to normal and early retirees.
Retirement age	One year following satisfaction of the Plan's requirement for normal retirement.
Early retirement	Commencing upon eligibility for early retirement, members are assumed to retire with an immediate benefit at the rate of 5% per year.
Termination rates	See Table below.
Disability rates	See Table below.
Mortality	RP2000 Combined Healthy Mortality Table (sex distinct), projected to the valuation date with Schedule AA. Static mortality rates were utilized for prior valuations.

Other Information

Age	Termination, Disability and Salary Rate Tables		
	% Terminating During the Year	% Becoming Disabled During the Year	Average Salary Increase
20	18.6%	0.14%	7.8%
30	11.0%	0.18%	6.3%
40	9.2%	0.30%	5.4%
50	8.2%	1.00%	4.8%

CITY OF SANIBEL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2014

**GENERAL EMPLOYEES' PENSION PLAN
SCHEDULE OF INVESTMENT RETURNS**

Last Two Fiscal Years

	<u>2014</u>	<u>2013</u>
Annual money-weighted rate of return, net of investment expenses	11.00%	12.96%

CITY OF SANIBEL, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2014

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

	2014	2013
Total pension liability		
Service cost	\$ 509,101	\$ 473,582
Interest	1,445,430	1,373,741
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Benefit payments, including refunds of member contributions	(751,882)	(1,102,107)
Net change in total pension liability	1,202,649	745,216
Total pension liability - beginning	19,166,551	18,421,335
Total pension liability - ending (a)	\$ 20,369,200	\$ 19,166,551
 Plan fiduciary net position		
Contributions - employer	\$ 961,952	\$ 2,072,711
Contributions - state	65,862	62,542
Contributions - employee	114,679	105,628
Net investment income	1,564,849	1,435,540
Benefit payments, including refunds of member contributions	(751,882)	(1,102,107)
Administrative expense	(38,332)	(32,304)
Other	-	-
Net change in plan fiduciary net position	1,917,128	2,542,010
 Plan fiduciary net position - beginning	13,939,400	11,397,390
Plan fiduciary net position - ending (b)	\$ 15,856,528	\$ 13,939,400
 City's net pension liability - ending (a) - (b)	\$ 4,512,672	\$ 5,227,151
 Plan fiduciary net position as a percentage of the total pension liability	77.85%	72.73%
 Covered-employee payroll	\$ 1,433,491	\$ 1,320,347
 City's net position liability as a percentage of covered-employee payroll	314.80%	395.89%

Notes to Schedule:

GASB 67 and GASB 68 compliance was adopted in fiscal year 2014

CITY OF SANIBEL, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2014

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	\$ 1,027,813	\$ 729,756	\$ 687,550	\$ 548,612	\$ 538,345	\$ 554,158	\$ 438,927	\$ 401,295	\$ 378,471	\$ 451,335
Contributions in relation to the actuarially determined contributions	1,027,813	2,135,253	1,721,305	566,977	538,345	560,891	441,913	402,814	379,584	451,335
Contribution deficiency (Excess)	\$ -	\$ (1,405,497)	\$ (1,033,755)	\$ (18,365)	\$ -	\$ (6,733)	\$ (2,986)	\$ (1,519)	\$ (1,113)	\$ -
Covered-employee payroll	\$ 1,433,491	\$ 1,320,347	\$ 1,284,662	\$ 1,527,468	\$ 1,582,903	\$ 1,727,615	\$ 2,089,004	\$ 2,047,406	\$ 1,683,737	\$ 1,480,349
Contributions as a percentage of covered employee payroll	71.70%	161.72%	133.99%	37.12%	34.01%	32.47%	21.15%	19.67%	22.54%	30.49%

Notes to Schedule

Valuation Date: 10/1/2012

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

Methods and assumptions used to determine contribution rates:

Funding method	Entry age normal actuarial cost method
Amortization method	Level percentage of pay, closed
Remaining amortization period	23 years (as of 10/01/2012)
Asset smoothing methodology	Each year, the prior actuarial value of assets is brought forward utilizing the historical geometric 4-year average market value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below market value.
Inflation	3.0% per year
Salary increases	7% per year until the assumed retirement age. Projected salary in the year of retirement is increased 10% for members who had 10 or more years of credited service as of September 30, 2011 and 5% for members who had less than 10 years of credited service as of September 30, 2011. These increases are to account for non-regular compensation.
Interest rate	8.0% per year compounded annually, net of investment related expenses.
Payroll growth assumption	Up to 2.8% annually
Cost-of-living adjustment	3.0% automatic COLA to normal and early retirees, beginning one year after retirement.
Retirement age	Two years after the earlier of age 60 and 5 years of service, age 55 with 10 years of service, or 25 years of service regardless of age. Also, any member who has reached normal retirement plus two years is assumed to continue employment for one additional year.
Early retirement	Commencing at eligibility for early retirement (age 50), members are assumed to retire with an immediate benefit at the rate of 2% per year.
Termination rates	See Table below.
Disability rates	See Table below. It is assumed that 75% of disablements and active member deaths are service related.
Mortality	RP 2000 Combined Healthy - Sex Distinct. Disabled lives are set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.

Other Information

Age	Termination and Disability Rate Table	
	% Terminating	% Becoming
	During the Year	Disabled During the Year
20	15.0%	0.051%
30	8.2%	0.058%
40	4.0%	0.121%
50	2.7%	0.429%

CITY OF SANIBEL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2014

**MUNICIPAL POLICE OFFICERS' PENSION PLAN
SCHEDULE OF INVESTMENT RETURNS**

Last Two Fiscal Years

	<u>2014</u>	<u>2013</u>
Annual money-weighted rate of return, net of investment expenses	10.91%	12.01%

CITY OF SANIBEL, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2014

**OTHER POST EMPLOYMENT BENEFITS PLAN
 SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date (*)	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of covered Payroll ((b-a)/c)
10/01/2013	\$ -	\$ 397,234	\$ 397,234	0.00%	\$ 5,572,096	7.13%
10/01/2012	-	631,325	631,325	0.00%	5,787,718	10.91%
10/01/2011	153,507	530,484	376,977	28.94%	4,993,719	7.55%
10/01/2010	129,012	377,652	248,640	34.16%	6,672,366	3.73%
10/01/2009	109,079	326,631	217,552	33.40%	6,778,234	3.21%
10/01/2008	80,460	426,115	345,655	18.88%	6,443,331	5.36%
10/01/2007	26,579	479,981	453,402	5.54%	6,479,008	7.00%

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

Year Ended September 30	Annual Required Contribution	City Contribution	Percentage Contributed
2014	\$ 49,406	\$ 39,706	80.37%
2013	72,120	38,548	53.45%
2012	58,209	28,405	48.80%
2011	52,480	52,480	100.00%
2010	46,897	46,897	100.00%
2009	70,235	70,235	100.00%
2008	86,071	86,071	100.00%
2007	54,339	54,339	100.00%

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SPECIAL REVENUE FUNDS

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

- **Fertilizer Outreach and Education Fund** – to account for funds related to the support of the education and public awareness of water quality issues related to fertilizer use.
- **Historical Committee** - to account for receipts and disbursements of donations specifically designated to the use and under the direction of the Historical Committee with City Council approval.
- **Road Impact Fees** - to account for revenue collected by the City at the time of building permit issuance based on a county-wide ordinance assessing road impact fees which funds are used to improve roads on Sanibel.
- **Community Park Impact Fees** - to account for revenue collected by the City at the time of building permit issuance based on a county-wide ordinance assessing community park impact fees which funds are used to improve community parks on Sanibel.
- **Father Madden Estate** - to account for funds bequeathed to the City for the humane care of stray dogs and feral cats.
- **Building Department** – to account for the receipts and disbursements of building-type permit revenues and the associated inspection and operations expenditures related thereto.
- **Elementary School Ball Park Maintenance** - to account for the operation and maintenance of the ball fields, formerly Lee County School Board facilities, pursuant to interlocal operation and reimbursement agreements with Lee County and with the Lee County School Board.
- **Shell Harbor Dredging** – to account for financial resources including special assessments from benefiting property owners used to retain navigability for both property owners and public access.
- **Sanibel Estates Canal Trimming** – to account for financial resources including special assessments from benefiting property owners used to retain navigability and roadway drainage in canals.
- **Sanibel Isles/Water Shadows Dredging** – to account for financial resources including special assessments from benefiting property owners used to retain navigability for both property owners and public access.

DEBT SERVICE FUNDS

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

- **2012 \$2.97M General Obligation Bond** – to account for the debt service payments and administrative costs for the 2002 GO Bonds and the 2012 GO Refunding Bonds issued to retire the 2002 GO Bonds. Revenues are received from voter approved ad valorem property taxes.
- **2006 \$8.35M General Obligation Bond** – (Construction of New Recreation Center) – to account for the payment of principal and interest of the \$8.35 million General Obligation Bonds, Series 2006 which bear interest from 4.0% to 4.35% to be fully repaid in February 2036.

CAPITAL PROJECTS FUNDS

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

- **Capital Asset Acquisition** - to account for financial resources to be used for on-going and/or routine capital acquisitions such as vehicle replacement and environmentally sensitive land.
- **Transportation Capital Projects** - to account for financial resources to be used for the maintenance and upgrading of roads and streets, including drainage, resurfacing, reshelling, shared-use paths and the professional engineering cost associated therewith.
- **Periwinkle Bike Path & Road Maintenance** - to account for financial resources to be used for maintenance and improvements to the road and shared-use path on Periwinkle Way.
- **Recreation Facility Sinking Fund** – sinking fund to accumulate funds necessary for the rehabilitation and replacement of components and equipment at the Recreation Complex.

CITY OF SANIBEL, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2014

	Special Revenue Funds										
	Water Quality Education	Historical Committee	Road Impact Fees	Community Park Impact Fees	Father Madden Estate	Building Department	Elementary School Ball Park Maintenance	Shell Harbor Dredging	Sanibel Estates Canal Trimming	Sanibel Isles/ Water Shadows Dredging	Total
ASSETS											
Cash and cash equivalents	\$ -	\$ 145,330	\$ 264,895	\$ 88,863	\$ 25,236	\$ 886,785	\$ -	\$ 40,249	\$ 24,671	\$ 79,704	\$ 1,555,733
Accounts receivable	-	-	-	-	-	58	-	-	-	-	58
Due from other governments	-	-	-	-	-	-	42,210	221	59	47	42,537
Total assets	<u>\$ -</u>	<u>\$ 145,330</u>	<u>\$ 264,895</u>	<u>\$ 88,863</u>	<u>\$ 25,236</u>	<u>\$ 886,843</u>	<u>\$ 42,210</u>	<u>\$ 40,470</u>	<u>\$ 24,730</u>	<u>\$ 79,751</u>	<u>\$ 1,598,328</u>
LIABILITIES											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,759	\$ 698	\$ -	\$ 6,100	\$ -	\$ 12,557
Retainages payable	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	22,558	-	-	-	22,558
Accrued liabilities	-	-	-	-	-	17,793	-	-	-	-	17,793
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,552</u>	<u>23,256</u>	<u>-</u>	<u>6,100</u>	<u>-</u>	<u>52,908</u>
FUND BALANCES											
Restricted:											
Public safety	-	-	-	-	-	863,291	-	-	-	-	863,291
Transportation	-	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Impact fees	-	-	264,895	88,863	-	-	-	-	-	-	353,758
Donations received	-	145,330	-	-	25,236	-	-	-	-	-	170,566
Special assessments	-	-	-	-	-	-	-	40,470	18,630	79,751	138,851
Assigned:											
Parks and recreation	-	-	-	-	-	-	18,954	-	-	-	18,954
Other capital projects	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>145,330</u>	<u>264,895</u>	<u>88,863</u>	<u>25,236</u>	<u>863,291</u>	<u>18,954</u>	<u>40,470</u>	<u>18,630</u>	<u>79,751</u>	<u>1,545,420</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 145,330</u>	<u>\$ 264,895</u>	<u>\$ 88,863</u>	<u>\$ 25,236</u>	<u>\$ 886,843</u>	<u>\$ 42,210</u>	<u>\$ 40,470</u>	<u>\$ 24,730</u>	<u>\$ 79,751</u>	<u>\$ 1,598,328</u>

CITY OF SANIBEL, FLORIDA
 COMBINING BALANCE SHEET (Continued)
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2014

	Debt Service			Capital Projects				TOTAL	
	2012 \$2.97M General Obligation Bonds	2006 \$8.35M General Obligation Bond	Total	Capital Asset Acquisition	Transportation Capital Projects	Periwinkle Bike Path & Road Project	Recreation Facility Sinking Fund	Total	Nonmajor Governmental Funds
ASSETS									
Cash and cash equivalents	\$ 275,835	\$ 76,180	\$ 352,015	\$ 960,669	\$ 835,426	\$ 50,316	\$ 447,075	\$ 2,293,486	\$ 4,201,234
Accounts receivable	36	54	90	-	2,428	-	-	2,428	2,576
Due from other governments	-	-	-	2,799	-	-	-	2,799	45,336
Total assets	<u>\$ 275,871</u>	<u>\$ 76,234</u>	<u>\$ 352,105</u>	<u>\$ 963,468</u>	<u>\$ 837,854</u>	<u>\$ 50,316</u>	<u>\$ 447,075</u>	<u>\$ 2,298,713</u>	<u>\$ 4,249,146</u>
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ 15,099	\$ 48,465	\$ -	\$ 4,795	\$ 68,359	\$ 80,916
Retainages payable	-	-	-	-	14,316	-	-	14,316	14,316
Due to other funds	-	-	-	-	-	-	-	-	22,558
Accrued liabilities	-	-	-	-	-	-	-	-	17,793
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,099</u>	<u>62,781</u>	<u>-</u>	<u>4,795</u>	<u>82,675</u>	<u>135,583</u>
FUND BALANCES									
Restricted:									
Public safety	-	-	-	-	-	-	-	-	863,291
Transportation	-	-	-	-	527,987	-	-	527,987	527,987
Capital projects	-	-	-	-	161,436	-	-	161,436	161,436
Debt service	275,871	76,234	352,105	-	-	-	-	-	352,105
Impact fees	-	-	-	-	-	-	-	-	353,758
Donations received	-	-	-	-	-	-	-	-	170,566
Special assessments	-	-	-	-	-	-	-	-	138,851
Assigned:									
Parks and recreation	-	-	-	-	-	-	-	-	18,954
Other capital projects	-	-	-	948,369	85,650	50,316	442,280	1,526,615	1,526,615
Total fund balances	<u>275,871</u>	<u>76,234</u>	<u>352,105</u>	<u>948,369</u>	<u>775,073</u>	<u>50,316</u>	<u>442,280</u>	<u>2,216,038</u>	<u>4,113,563</u>
Total liabilities and fund balances	<u>\$ 275,871</u>	<u>\$ 76,234</u>	<u>\$ 352,105</u>	<u>\$ 963,468</u>	<u>\$ 837,854</u>	<u>\$ 50,316</u>	<u>\$ 447,075</u>	<u>\$ 2,298,713</u>	<u>\$ 4,249,146</u>

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2014

	Special Revenue										
	Water Quality Education	Historical Committee	Road Impact Fees	Community Park Impact Fees	Father Madden Estate	Building Department	Elementary School Ball Park Maintenance	Shell Harbor Dredging	Sanibel Estates Canal Trimming	Sanibel Isles/ Water Shadows Dredging	Total
REVENUES											
Taxes											
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	626,961	-	-	-	-	626,961
Intergovernmental revenue	10,000	-	-	-	-	-	141,381	-	-	-	151,381
Charges for services	-	-	-	-	-	9,808	-	-	-	-	9,808
Fines and forfeitures	-	-	-	-	-	22,779	-	-	-	-	22,779
Other revenue	-	2,423	123,942	15,394	426	13,903	-	20,732	7,178	11,024	195,022
Total revenues	<u>10,000</u>	<u>2,423</u>	<u>123,942</u>	<u>15,394</u>	<u>426</u>	<u>673,451</u>	<u>141,381</u>	<u>20,732</u>	<u>7,178</u>	<u>11,024</u>	<u>1,005,951</u>
EXPENDITURES											
Current											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	683,799	-	-	-	-	683,799
Physical environment	38,500	-	-	-	-	-	-	-	-	-	38,500
Transportation	-	-	-	-	-	-	-	43,749	7,288	239	51,276
Human services	-	-	-	-	1,000	-	-	-	-	-	1,000
Culture/recreation	-	-	-	-	-	-	255,204	-	-	-	255,204
Debt Service											
Principal retirement	-	-	-	-	-	-	-	-	-	-	-
Interest & fiscal charges	-	-	-	-	-	-	-	-	-	-	-
Capital outlay											
Capital outlay	-	-	-	-	-	1,049	36,000	-	-	-	37,049
Total expenditures	<u>38,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>684,848</u>	<u>291,204</u>	<u>43,749</u>	<u>7,288</u>	<u>239</u>	<u>1,066,828</u>
Excess (deficiency) of revenue over	<u>(28,500)</u>	<u>2,423</u>	<u>123,942</u>	<u>15,394</u>	<u>(574)</u>	<u>(11,397)</u>	<u>(149,823)</u>	<u>(23,017)</u>	<u>(110)</u>	<u>10,785</u>	<u>(60,877)</u>
OTHER FINANCING SOURCES (USES)											
Transfers in	-	-	-	-	-	-	165,159	50,445	3,000	5,000	223,604
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,159</u>	<u>50,445</u>	<u>3,000</u>	<u>5,000</u>	<u>223,604</u>
Net change in fund balances	(28,500)	2,423	123,942	15,394	(574)	(11,397)	15,336	27,428	2,890	15,785	162,727
Fund balances:											
Beginning of year	<u>28,500</u>	<u>142,907</u>	<u>140,953</u>	<u>73,469</u>	<u>25,810</u>	<u>874,688</u>	<u>3,618</u>	<u>13,042</u>	<u>15,740</u>	<u>63,966</u>	<u>1,382,693</u>
End of year	<u>\$ -</u>	<u>\$ 145,330</u>	<u>\$ 264,895</u>	<u>\$ 88,863</u>	<u>\$ 25,236</u>	<u>\$ 863,291</u>	<u>\$ 18,954</u>	<u>\$ 40,470</u>	<u>\$ 18,630</u>	<u>\$ 79,751</u>	<u>\$ 1,545,420</u>

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (Continued)
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2014

	Debt Service			Capital Projects					TOTAL
	2012 \$2.97M General Obligation Bonds	2006 \$8.35M General Obligation Bond	Total	Capital Asset Acquisition	Transportation Capital Projects	Periwinkle Bike Path & Road Project	Recreation Facility Sinking Fund	Total	Nonmajor Governmental Funds
REVENUES									
Taxes									
Property	\$ 339,984	\$ 510,517	\$ 850,501	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 850,501
Licenses and permits	-	-	-	-	-	-	-	-	626,961
Intergovernmental revenue	-	-	-	2,799	1,067,876	-	-	1,070,675	1,222,056
Charges for services	-	-	-	-	-	-	-	-	9,808
Fines and forfeitures	-	-	-	-	-	-	-	-	22,779
Other revenue	11,632	5,222	16,854	15,277	200,799	3,784	7,540	227,400	439,276
Total revenues	<u>351,616</u>	<u>515,739</u>	<u>867,355</u>	<u>18,076</u>	<u>1,268,675</u>	<u>3,784</u>	<u>7,540</u>	<u>1,298,075</u>	<u>3,171,381</u>
EXPENDITURES									
Current									
General government	-	-	-	60,528	-	-	-	60,528	60,528
Public safety	-	-	-	-	-	-	-	-	683,799
Physical environment	-	-	-	-	-	-	-	-	38,500
Transportation	-	-	-	-	168,128	4,055	-	172,183	223,459
Human services	-	-	-	-	-	-	-	-	1,000
Culture/recreation	-	-	-	112,038	-	-	13,561	125,599	380,803
Debt Service									
Principal retirement	280,000	200,000	480,000	-	-	-	-	-	480,000
Interest & fiscal charges	55,890	304,446	360,336	-	-	-	-	-	360,336
Capital outlay									
Total expenditures	<u>335,890</u>	<u>504,446</u>	<u>840,336</u>	<u>287,622</u>	<u>365,118</u>	<u>426,173</u>	<u>22,081</u>	<u>1,100,994</u>	<u>3,008,158</u>
Excess (deficiency) of revenue over	<u>15,726</u>	<u>11,293</u>	<u>27,019</u>	<u>(269,546)</u>	<u>903,557</u>	<u>(422,389)</u>	<u>(14,541)</u>	<u>197,081</u>	<u>163,223</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	528,269	9,092	-	13,081	550,442	774,046
Transfers out	-	-	-	(70,000)	(400,000)	(15,815)	-	(485,815)	(485,815)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>458,269</u>	<u>(390,908)</u>	<u>(15,815)</u>	<u>13,081</u>	<u>64,627</u>	<u>288,231</u>
Net change in fund balances	15,726	11,293	27,019	188,723	512,649	(438,204)	(1,460)	261,708	451,454
Fund balances:									
Beginning of year	<u>260,145</u>	<u>64,941</u>	<u>325,086</u>	<u>759,646</u>	<u>262,424</u>	<u>488,520</u>	<u>443,740</u>	<u>1,954,330</u>	<u>3,662,109</u>
End of year	<u>\$ 275,871</u>	<u>\$ 76,234</u>	<u>\$ 352,105</u>	<u>\$ 948,369</u>	<u>\$ 775,073</u>	<u>\$ 50,316</u>	<u>\$ 442,280</u>	<u>\$ 2,216,038</u>	<u>\$ 4,113,563</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS
For the Fiscal Year Ended September 30, 2014

Water Quality Education Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 10,000	\$ 10,000	\$ -
Other revenue	-	-	-	-
Total revenues	-	10,000	10,000	-
EXPENDITURES				
Total expenditures	-	38,500	38,500	-
Excess (deficiency) of revenue over (under) expenditures	-	(28,500)	(28,500)	-
Net change in fund balances	-	(28,500)	(28,500)	-
Fund balances, beginning of year	-	28,500	28,500	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

Historical Committee Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 2,200	\$ 2,200	\$ 2,423	\$ 223
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenue over (under) expenditures	2,200	2,200	2,423	223
Net change in fund balances	2,200	2,200	2,423	223
Fund balances, beginning of year	142,808	142,907	142,907	-
Fund balances, end of year	\$ 145,008	\$ 145,107	\$ 145,330	\$ 223

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS
For the Fiscal Year Ended September 30, 2014

Road Impact Fees Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 76,500	\$ 122,118	\$ 123,942	\$ 1,824
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenue over (under) expenditures	76,500	122,118	123,942	1,824
Net change in fund balances	76,500	122,118	123,942	1,824
Fund balances, beginning of year	128,942	140,953	140,953	-
Fund balances, end of year	<u>\$ 205,442</u>	<u>\$ 263,071</u>	<u>\$ 264,895</u>	<u>\$ 1,824</u>

Community Park Impact Fees Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 7,925	\$ 14,465	\$ 15,394	\$ 929
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenue over (under) expenditures	7,925	14,465	15,394	929
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Net change in fund balances	7,925	14,465	15,394	929
Fund balances, beginning of year	16,460	73,469	73,469	-
Fund balances, end of year	<u>\$ 24,385</u>	<u>\$ 87,934</u>	<u>\$ 88,863</u>	<u>\$ 929</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS
For the Fiscal Year Ended September 30, 2014

Father Madden Estate Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 308	\$ 308	\$ 426	\$ 118
EXPENDITURES				
Current				
Human Services	1,000	1,000	1,000	-
Excess (deficiency) of revenue over (under) expenditures	(692)	(692)	(574)	118
Net change in fund balances	(692)	(692)	(574)	118
Fund balances, beginning of year	25,685	25,810	25,810	-
Fund balances, end of year	<u>\$ 24,993</u>	<u>\$ 25,118</u>	<u>\$ 25,236</u>	<u>\$ 118</u>

Building Department Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses & Permits	\$ 544,269	\$ 601,334	\$ 626,961	\$ 25,627
Charges for services	10,000	10,000	9,808	(192)
Fines and forfeitures	30,000	30,000	22,779	(7,221)
Other revenue	9,354	9,354	13,903	4,549
Total revenues	<u>593,623</u>	<u>650,688</u>	<u>673,451</u>	<u>22,763</u>
EXPENDITURES				
Current				
Public safety	687,172	696,407	683,799	12,608
Capital Outlay	10,000	12,500	1,049	11,451
Total expenditures	<u>697,172</u>	<u>708,907</u>	<u>684,848</u>	<u>24,059</u>
Excess (deficiency) of revenue over (under) expenditures	(103,549)	(58,219)	(11,397)	46,822
Net change in fund balances	(103,549)	(58,219)	(11,397)	46,822
Fund balances, beginning of year	779,530	874,688	874,688	-
Fund balances, end of year	<u>\$ 675,981</u>	<u>\$ 816,469</u>	<u>\$ 863,291</u>	<u>\$ 46,822</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS
For the Fiscal Year Ended September 30, 2014

Elementary School Ball Park Maintenance Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 129,374	\$ 139,990	\$ 141,381	\$ 1,391
Other revenue	175	175	-	(175)
Total revenues	<u>129,549</u>	<u>140,165</u>	<u>141,381</u>	<u>1,216</u>
EXPENDITURES				
Current				
Culture/recreation	244,450	269,350	255,204	14,146
Capital Outlay	<u>86,000</u>	<u>36,000</u>	<u>36,000</u>	<u>-</u>
Total expenditures	<u>330,450</u>	<u>305,350</u>	<u>291,204</u>	<u>14,146</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(200,901)</u>	<u>(165,185)</u>	<u>(149,823)</u>	<u>15,362</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	<u>155,875</u>	<u>165,159</u>	<u>165,159</u>	<u>-</u>
Net change in fund balances	<u>(45,026)</u>	<u>(26)</u>	<u>15,336</u>	<u>15,362</u>
Fund balances, beginning of year	<u>45,026</u>	<u>3,618</u>	<u>3,618</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 3,592</u>	<u>\$ 18,954</u>	<u>\$ 15,362</u>

Shell Harbor Dredging Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 17,589	\$ 20,589	\$ 20,732	\$ 143
EXPENDITURES				
Current				
Transportation	-	45,821	43,749	2,072
Excess (deficiency) of revenue over (under) expenditures	<u>17,589</u>	<u>(25,232)</u>	<u>(23,017)</u>	<u>2,215</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	<u>5,445</u>	<u>50,445</u>	<u>50,445</u>	<u>-</u>
Net change in fund balances	<u>23,034</u>	<u>25,213</u>	<u>27,428</u>	<u>2,215</u>
Fund balances, beginning of year	<u>12,921</u>	<u>13,042</u>	<u>13,042</u>	<u>-</u>
Fund balances, end of year	<u>\$ 35,955</u>	<u>\$ 38,255</u>	<u>\$ 40,470</u>	<u>\$ 2,215</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS
For the Fiscal Year Ended September 30, 2014

Sanibel Estates Canal Trimming Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 7,115	\$ 7,115	\$ 7,178	\$ 63
EXPENDITURES				
Current				
Transportation	10,315	10,315	7,288	3,027
Excess (deficiency) of revenue over (under) expenditures	(3,200)	(3,200)	(110)	3,090
OTHER FINANCING SOURCES (USES)				
Transfers in	3,000	3,000	3,000	-
Net change in fund balances	(200)	(200)	2,890	3,090
Fund balances, beginning of year	15,569	15,740	15,740	-
Fund balances, end of year	<u>\$ 15,369</u>	<u>\$ 15,540</u>	<u>\$ 18,630</u>	<u>\$ 3,090</u>

Sanibel Isles/Water Shadows Dredging Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 10,441	\$ 10,441	\$ 11,024	\$ 583
EXPENDITURES				
Current				
Transportation	245	245	239	6
Excess (deficiency) of revenue over (under) expenditures	10,196	10,196	10,785	589
OTHER FINANCING SOURCES (USES)				
Transfers in	5,000	5,000	5,000	-
Net change in fund balances	15,196	15,196	15,785	589
Fund balances, beginning of year	63,818	63,966	63,966	-
Fund balances, end of year	<u>\$ 79,014</u>	<u>\$ 79,162</u>	<u>\$ 79,751</u>	<u>\$ 589</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS
For the Fiscal Year Ended September 30, 2014

	2012 \$2.97M General Obligation Bonds Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 339,425	\$ 339,425	\$ 339,984	\$ 559
Other revenue	12,000	12,000	11,632	(368)
Total revenues	<u>351,425</u>	<u>351,425</u>	<u>351,616</u>	<u>191</u>
EXPENDITURES				
Debt Service				
Principal retirement	280,000	280,000	280,000	-
Interest and fiscal charges	55,890	55,890	55,890	-
Total expenditures	<u>335,890</u>	<u>335,890</u>	<u>335,890</u>	<u>-</u>
Excess (deficiency) of revenue over (under) expenditures	<u>15,535</u>	<u>15,535</u>	<u>15,726</u>	<u>191</u>
Net change in fund balances	<u>15,535</u>	<u>15,535</u>	<u>15,726</u>	<u>191</u>
Fund balances, beginning of year	<u>278,842</u>	<u>260,145</u>	<u>260,145</u>	<u>-</u>
Fund balances, end of year	<u>\$ 294,377</u>	<u>\$ 275,680</u>	<u>\$ 275,871</u>	<u>\$ 191</u>

	2006 \$8.35M General Obligation Bonds Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 509,722	\$ 509,722	\$ 510,517	\$ 795
Other revenue	7,500	7,500	5,222	(2,278)
Total revenues	<u>517,222</u>	<u>517,222</u>	<u>515,739</u>	<u>(1,483)</u>
EXPENDITURES				
Debt Service				
Principal retirement	200,000	200,000	200,000	-
Interest and fiscal charges	304,412	304,462	304,446	16
Total expenditures	<u>504,412</u>	<u>504,462</u>	<u>504,446</u>	<u>16</u>
Excess (deficiency) of revenue over (under) expenditures	<u>12,810</u>	<u>12,760</u>	<u>11,293</u>	<u>(1,467)</u>
Net change in fund balances	<u>12,810</u>	<u>12,760</u>	<u>11,293</u>	<u>(1,467)</u>
Fund balances, beginning of year	<u>62,329</u>	<u>64,941</u>	<u>64,941</u>	<u>-</u>
Fund balances, end of year	<u>\$ 75,139</u>	<u>\$ 77,701</u>	<u>\$ 76,234</u>	<u>\$ (1,467)</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS
For the Fiscal Year Ended September 30, 2014

	Capital Asset Acquisition Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 2,799	\$ 2,799	\$ -
Other revenue	7,000	7,000	15,277	8,277
Total revenues	<u>7,000</u>	<u>9,799</u>	<u>18,076</u>	<u>8,277</u>
EXPENDITURES				
Current				
General government	-	40,224	60,528	(20,304)
Culture/recreation	-	-	112,038	(112,038)
Capital Outlay	<u>1,151,302</u>	<u>788,086</u>	<u>115,056</u>	<u>673,030</u>
Total expenditures	<u>1,151,302</u>	<u>828,310</u>	<u>287,622</u>	<u>540,688</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,144,302)</u>	<u>(818,511)</u>	<u>(269,546)</u>	<u>548,965</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	528,269	528,269	528,269	-
Transfers out	<u>-</u>	<u>(70,000)</u>	<u>(70,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>528,269</u>	<u>458,269</u>	<u>458,269</u>	<u>-</u>
Net change in fund balances	<u>(616,033)</u>	<u>(360,242)</u>	<u>188,723</u>	<u>548,965</u>
Fund balances, beginning of year	<u>616,033</u>	<u>759,646</u>	<u>759,646</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 399,404</u>	<u>\$ 948,369</u>	<u>\$ 548,965</u>

	Transportation Capital Projects Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 1,065,780	\$ 1,067,876	\$ 2,096
Other revenue	2,000	183,976	200,799	16,823
Total revenues	<u>2,000</u>	<u>1,249,756</u>	<u>1,268,675</u>	<u>18,919</u>
EXPENDITURES				
Current				
Transportation	-	-	168,128	(168,128)
Capital Outlay	<u>230,000</u>	<u>385,497</u>	<u>196,990</u>	<u>188,507</u>
Total expenditures	<u>230,000</u>	<u>385,497</u>	<u>365,118</u>	<u>20,379</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(228,000)</u>	<u>864,259</u>	<u>903,557</u>	<u>39,298</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	-	9,092	9,092	-
Transfers out	<u>-</u>	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(390,908)</u>	<u>(390,908)</u>	<u>-</u>
Net change in fund balances	<u>(228,000)</u>	<u>473,351</u>	<u>512,649</u>	<u>39,298</u>
Fund balances, beginning of year	<u>228,000</u>	<u>262,424</u>	<u>262,424</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 735,775</u>	<u>\$ 775,073</u>	<u>\$ 39,298</u>

CITY OF SANIBEL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NON-MAJOR FUNDS
For the Fiscal Year Ended September 30, 2014

Periwinkle Bike Path & Road Project Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ -	\$ -	\$ 3,784	\$ 3,784
EXPENDITURES				
Current				
Transportation	-	4,055	4,055	-
Capital Outlay	500,000	422,119	422,118	1
Total expenditures	500,000	426,174	426,173	1
Excess (deficiency) of revenue over (under) expenditures	(500,000)	(426,174)	(422,389)	3,785
OTHER FINANCING SOURCES (USES)				
Transfers out	(15,815)	(15,815)	(15,815)	-
Net change in fund balances	(515,815)	(441,989)	(438,204)	3,785
Fund balances, beginning of year	515,815	488,520	488,520	-
Fund balances, end of year	\$ -	\$ 46,531	\$ 50,316	\$ 3,785

Recreation Facility Sinking Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other revenue	\$ 2,211	\$ 2,211	\$ 7,540	\$ 5,329
EXPENDITURES				
Current				
Culture/recreation	-	-	13,561	(13,561)
Capital Outlay	80,200	47,281	8,520	38,761
Total expenditures	80,200	47,281	22,081	25,200
Excess (deficiency) of revenue over (under) expenditures	(77,989)	(45,070)	(14,541)	30,529
OTHER FINANCING SOURCES (USES)				
Transfer in	-	13,081	13,081	-
Net change in fund balances	(77,989)	(31,989)	(1,460)	30,529
Fund balances, beginning of year	442,200	443,740	443,740	-
Fund balances, end of year	\$ 364,211	\$ 411,751	\$ 442,280	\$ 30,529

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

Combining Statement of Net Position – Fiduciary Funds136
Combining Statement of Changes in Net Position – Fiduciary Funds137

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

Combining Statement of Changes in Assets and Liabilities –
Agency Funds138

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF NET POSITION
 FIDUCIARY FUNDS
 September 30, 2014

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Trust Funds
ASSETS			
Cash and cash equivalents	\$ 589,157	\$ 183,179	\$ 772,336
Investments, at market value			
Treasury inflation protection securities	497,333	-	497,333
US government and agencies securities	1,264,174	-	1,264,174
Corporate stocks	8,005,387	-	8,005,387
Corporate bonds	4,020,146	-	4,020,146
Convertibles	2,090,118	1,554,355	3,644,473
Master Limited Partnerships	1,385,665	1,261,332	2,646,997
Mutual Funds			
Fixed income	-	4,144,991	4,144,991
Equity	1,716,851	5,560,569	7,277,420
International equity	3,655,989	2,355,221	6,011,210
Real estate investments trusts	-	738,402	738,402
Real estate commingled fund	942,627	-	942,627
Total investments at fair value	<u>23,578,290</u>	<u>15,614,870</u>	<u>39,193,160</u>
Receivables - contributions	-	45,438	45,438
Receivables - interest & dividends	66,791	19,183	85,974
Total assets	<u>24,234,238</u>	<u>15,862,670</u>	<u>40,096,908</u>
LIABILITIES			
Accrued benefits and other liabilities	<u>20,428</u>	<u>6,142</u>	<u>26,570</u>
Total liabilities	<u>20,428</u>	<u>6,142</u>	<u>26,570</u>
NET POSITION			
Net position restricted for pensions	<u>\$ 24,213,810</u>	<u>\$ 15,856,528</u>	<u>\$ 40,070,338</u>

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 FIDUCIARY FUNDS
 For the Fiscal Year Ended September 30, 2014

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Trust Funds
ADDITIONS			
Contributions			
Employer	\$ 1,681,948	\$ 961,952	\$ 2,643,900
State of Florida	-	65,862	65,862
Plan members	<u>65,431</u>	<u>114,679</u>	<u>180,110</u>
Total contributions	<u>1,747,379</u>	<u>1,142,493</u>	<u>2,889,872</u>
Investment income			
Net appreciation in fair value of investments	1,874,364	1,092,960	2,967,324
Interest, dividends and other	<u>691,922</u>	<u>530,399</u>	<u>1,222,321</u>
Total investment earnings	<u>2,566,286</u>	<u>1,623,359</u>	<u>4,189,645</u>
Less investment expense	<u>(141,895)</u>	<u>(58,510)</u>	<u>(200,405)</u>
Net investment earnings	<u>2,424,391</u>	<u>1,564,849</u>	<u>3,989,240</u>
Total additions	<u>4,171,770</u>	<u>2,707,342</u>	<u>6,879,112</u>
DEDUCTIONS			
Benefits paid	1,276,944	694,792	1,971,736
Lump sum DROP disbursement	-	49,635	49,635
Refunds of contributions	-	7,455	7,455
Administrative expenses	<u>27,489</u>	<u>38,332</u>	<u>65,821</u>
Total deductions	<u>1,304,433</u>	<u>790,214</u>	<u>2,094,647</u>
Change in net position	<u>2,867,337</u>	<u>1,917,128</u>	<u>4,784,465</u>
Net position - beginning of year			
As previously reported	21,283,849	13,618,254	34,902,103
Adjustment (See Note #20)	<u>62,624</u>	<u>321,146</u>	<u>383,770</u>
Net position - beginning of year as restated	<u>21,346,473</u>	<u>13,939,400</u>	<u>35,285,873</u>
Net position - end of year	<u>\$ 24,213,810</u>	<u>\$ 15,856,528</u>	<u>\$ 40,070,338</u>

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Fiscal Year Ended September 30, 2014

	Agency Funds							Total Agency Funds
	Radon	Regional Park Impact Fees	EMS Impact Fees	Fire Control District Fees	Fire Impact Fees	Lee County Septic Abandonment	Lee County School Board	
ASSETS								
Cash and cash equivalents - October 1, 2013	\$ 2,061	\$ 3,415	\$ 250	\$ 4,990	\$ 2,245	\$ 75	\$ 3,924	\$ 16,960
Additions - Collections								
Collections	<u>-</u>	<u>12,294</u>	<u>900</u>	<u>5,137</u>	<u>8,082</u>	<u>375</u>	<u>14,126</u>	<u>40,914</u>
Deductions								
Remittances to other governmental agencies	<u>-</u>	<u>(11,611)</u>	<u>(850)</u>	<u>(8,240)</u>	<u>(7,633)</u>	<u>(450)</u>	<u>(13,341)</u>	<u>(42,125)</u>
Cash and cash equivalents - September 30, 2014	<u>\$ 2,061</u>	<u>\$ 4,098</u>	<u>\$ 300</u>	<u>\$ 1,887</u>	<u>\$ 2,694</u>	<u>\$ -</u>	<u>\$ 4,709</u>	<u>\$ 15,749</u>
LIABILITIES								
Due to other governments - October 1, 2013	\$ 2,061	\$ 3,415	\$ 250	\$ 4,990	\$ 2,245	\$ 75	\$ 3,924	\$ 16,960
Additions								
Collections	<u>-</u>	<u>12,294</u>	<u>900</u>	<u>5,137</u>	<u>8,082</u>	<u>375</u>	<u>14,126</u>	<u>40,914</u>
Deductions								
Remittances to other governmental agencies	<u>-</u>	<u>(11,611)</u>	<u>(850)</u>	<u>(8,240)</u>	<u>(7,633)</u>	<u>(450)</u>	<u>(13,341)</u>	<u>(42,125)</u>
Total due to other governments - September 30, 2014	<u>\$ 2,061</u>	<u>\$ 4,098</u>	<u>\$ 300</u>	<u>\$ 1,887</u>	<u>\$ 2,694</u>	<u>\$ -</u>	<u>\$ 4,709</u>	<u>\$ 15,749</u>

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

Financial Trends

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

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Revenue Capacity

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Debt Capacity

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

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Demographic and Economic Information

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

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Operating Information

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

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Sources: Unless otherwise noted, the information in these schedules is derived from the City's Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 54 in fiscal year 2010, therefore, fiscal year 2009 data was restated for GASB 54 comparable presentation on the Fund Balances of Governmental Funds schedule.

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities										
Net investment in capital assets	\$ 37,809,068	\$ 38,084,139	\$ 38,489,185	\$ 38,851,134	\$ 38,368,735	\$ 35,796,393	\$ 36,345,476	\$ 34,442,658	\$ 22,258,204	\$ 28,657,933
Restricted	3,088,775	2,412,824	2,321,002	2,276,723	1,924,988	4,045,391	4,544,823	6,406,164	11,904,294	5,887,726
Unrestricted	4,085,080	20,959,613	22,207,926	21,852,858	21,568,122	19,867,426	16,086,510	14,871,818	11,072,686	7,490,429
Total governmental activities net position	<u>44,982,923</u>	<u>61,456,576</u>	<u>63,018,113</u>	<u>62,980,715</u>	<u>61,861,845</u>	<u>59,709,210</u>	<u>56,976,809</u>	<u>55,720,640</u>	<u>45,235,184</u>	<u>42,036,088</u>
Business-type activities										
Net investment in capital assets	22,473,067	21,561,359	21,228,648	21,085,016	17,991,148	17,037,477	10,783,538	8,052,663	7,616,345	8,262,922
Restricted	7,178,063	8,708,211	9,510,488	10,441,174	11,678,522	12,672,286	16,000,958	20,479,404	21,177,136	23,593,619
Unrestricted	4,555,122	4,353,893	3,124,595	1,693,021	2,792,034	1,810,124	2,796,975	360,675	(1,224,515)	(3,497,749)
Total business-type activities net position	<u>34,206,252</u>	<u>34,623,463</u>	<u>33,863,731</u>	<u>33,219,211</u>	<u>32,461,704</u>	<u>31,519,887</u>	<u>29,581,471</u>	<u>28,892,742</u>	<u>27,568,966</u>	<u>28,358,792</u>
Primary government										
Net investment in capital assets	60,282,135	59,645,498	59,717,833	59,936,150	56,359,883	52,833,870	42,495,321	42,495,321	29,874,549	36,920,855
Restricted	10,266,838	11,121,035	11,831,490	12,717,897	13,603,510	16,717,677	26,885,568	26,885,568	33,081,430	29,481,345
Unrestricted	8,640,202	25,313,506	25,332,521	23,545,879	24,360,156	21,677,550	15,232,493	15,232,493	9,848,171	3,992,680
Total primary government net position	<u>\$ 79,189,175</u>	<u>\$ 96,080,039</u>	<u>\$ 96,881,844</u>	<u>\$ 96,199,926</u>	<u>\$ 94,323,549</u>	<u>\$ 91,229,097</u>	<u>\$ 86,558,280</u>	<u>\$ 84,613,382</u>	<u>\$ 72,804,150</u>	<u>\$ 70,394,880</u>

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental activities										
General government	\$ 1,989,435	\$ 2,645,474	\$ 1,060,457	\$ 1,247,993	\$ 1,049,655	\$ 1,187,925	\$ 2,485,498	\$ 2,894,264	\$ 1,035,168	\$ (572,367)
Public safety	4,818,715	4,968,234	4,943,006	5,110,249	5,236,888	5,475,170	5,509,270	5,392,051	7,852,510	7,518,900
Physical environment	625,663	657,770	693,096	757,467	919,446	1,280,829	1,020,976	1,160,444	1,918,079	3,664,027
Transportation	4,114,671	4,207,936	4,654,009	3,452,975	4,290,481	3,956,588	4,598,819	2,935,517	4,520,624	4,612,148
Economic development	319,055	310,986	303,739	288,989	279,107	314,639	272,751	274,498	263,794	753,531
Human services	1,000	1,000	1,000	1,000	1,000	1,000	1,000	974	976	580
Culture/recreation	4,580,446	4,526,040	4,219,856	4,173,267	4,295,854	3,871,583	4,406,463	2,785,049	4,167,383	5,109,649
Interest on long-term debt	357,954	381,058	477,463	435,469	563,139	635,752	672,858	782,008	632,718	611,077
Total governmental activities expenses	<u>16,806,939</u>	<u>17,698,498</u>	<u>16,352,626</u>	<u>15,467,409</u>	<u>16,635,570</u>	<u>16,723,486</u>	<u>18,967,635</u>	<u>16,224,805</u>	<u>20,391,252</u>	<u>21,697,545</u>
Business-type activities										
Sewer	6,651,541	7,197,611	7,659,796	7,182,495	7,352,404	7,864,277	8,110,872	6,967,022	6,710,986	6,309,686
Beach parking	2,687,152	2,593,668	2,552,587	2,316,959	2,058,331	2,079,582	2,169,757	1,966,248	1,929,278	1,405,652
Total business-type activities expenses	<u>9,338,693</u>	<u>9,791,279</u>	<u>10,212,383</u>	<u>9,499,454</u>	<u>9,410,735</u>	<u>9,943,859</u>	<u>10,280,629</u>	<u>8,933,270</u>	<u>8,640,264</u>	<u>7,715,338</u>
Total primary government expenses	<u>26,145,632</u>	<u>27,489,777</u>	<u>26,565,009</u>	<u>24,966,863</u>	<u>26,046,305</u>	<u>26,667,345</u>	<u>29,248,264</u>	<u>25,158,075</u>	<u>29,031,516</u>	<u>29,412,883</u>
Program Revenues										
Governmental activities										
Charges for services										
General government	1,575,060	1,608,000	1,521,597	1,416,763	1,452,266	1,482,245	1,635,314	999,764	1,267,079	797,778
Public safety	753,675	846,565	854,433	825,845	735,832	810,180	903,086	921,349	991,618	1,455,164
Other activities	854,529	787,727	780,585	742,762	710,602	705,738	688,248	593,704	909,978	864,783
Operating grants and contributions	1,735,335	364,063	361,386	477,869	821,483	2,016,163	905,018	620,099	3,834,920	4,074,297
Capital grants and contributions	199,669	125,231	143,227	208,811	1,640,519	248,455	577,958	5,530,390	1,399,228	1,818,965
Total governmental activities program revenues	<u>5,118,268</u>	<u>3,731,586</u>	<u>3,661,228</u>	<u>3,672,050</u>	<u>5,360,702</u>	<u>5,262,781</u>	<u>4,709,624</u>	<u>8,665,306</u>	<u>8,402,823</u>	<u>9,010,987</u>
Business-type activities										
Charges for services										
Sewer	6,294,512	6,090,467	6,130,374	5,937,048	5,850,009	5,694,967	5,445,307	5,051,569	4,096,335	3,713,482
Beach Parking	1,822,700	1,665,215	1,574,009	1,469,464	1,312,588	1,380,026	1,279,665	1,046,651	907,121	846,969
Operating grants and contributions	1,083,325	1,036,029	1,070,180	957,377	1,172,047	1,347,248	1,619,340	1,621,097	478,983	673,888
Capital grants and contributions	174,830	483,358	462,902	289,561	61,500	1,912,990	686,775	100,952	134,637	4,801,626
Total business-type activities program revenues	<u>9,375,367</u>	<u>9,275,069</u>	<u>9,237,465</u>	<u>8,653,450</u>	<u>8,396,145</u>	<u>10,335,231</u>	<u>9,031,087</u>	<u>7,820,269</u>	<u>5,617,076</u>	<u>10,035,965</u>
Total primary government program revenues	<u>14,493,635</u>	<u>13,006,655</u>	<u>12,898,693</u>	<u>12,325,500</u>	<u>13,756,847</u>	<u>15,598,012</u>	<u>13,740,711</u>	<u>16,485,575</u>	<u>14,019,899</u>	<u>19,046,952</u>
Net (Expense) Revenue										
Governmental activities	(11,688,671)	(13,966,912)	(12,691,398)	(11,795,359)	(11,274,868)	(11,460,705)	(14,258,011)	(7,559,499)	(11,988,429)	(12,686,558)
Business-type activities	36,674	(516,210)	(974,918)	(846,004)	(1,014,591)	391,372	(1,249,542)	(1,113,001)	(3,023,188)	2,320,627
Total primary government net expense	<u>\$(11,651,997)</u>	<u>\$(14,483,122)</u>	<u>\$(13,666,316)</u>	<u>\$(12,641,363)</u>	<u>\$(12,289,459)</u>	<u>\$(11,069,333)</u>	<u>\$(15,507,553)</u>	<u>\$(8,672,500)</u>	<u>\$(15,011,617)</u>	<u>\$(10,365,931)</u>

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes, levied for general purpose	\$ 8,253,344	\$ 8,283,542	\$ 8,460,871	\$ 8,742,177	\$ 9,372,184	\$ 10,175,612	\$ 11,004,197	\$ 11,973,525	\$ 9,716,569	\$ 10,198,461
Property taxes, levied for debt service	850,501	853,159	748,558	755,021	753,285	737,735	735,097	775,976	239,383	248,668
Gas taxes	1,534,406	1,478,765	1,408,442	1,418,333	1,433,690	1,480,460	1,524,191	1,632,569	1,639,149	1,574,183
Local business taxes	284,521	284,903	289,220	290,214	291,395	293,393	290,066	656,936	583,452	478,475
Communications taxes	568,157	576,179	550,011	540,080	558,375	529,114	599,970	556,781	523,691	511,747
Casualty insurance premium tax	-	62,542	63,574	57,487	58,716	57,459	53,654	50,726	98,026	-
Intergovernmental revenues	657,804	614,949	581,420	554,641	526,046	676,646	825,679	945,322	1,031,166	873,700
Investment earnings	135,333	31,057	303,612	251,382	196,471	(15,420)	319,991	1,329,759	1,022,009	515,342
Gain (Loss) on Disposal of Assets	-	-	-	-	-	-	(11,581)	-	-	-
Miscellaneous	443,333	220,279	323,088	304,894	237,341	258,107	347,918	192,710	334,080	843,638
Transfers	(126,975)	-	-	-	-	-	(175,002)	(69,349)	-	-
Total governmental activities	12,600,424	12,405,375	12,728,796	12,914,229	13,427,503	14,193,106	15,514,180	18,044,955	15,187,525	15,244,214
Business-type activities										
Taxes										
Property taxes, levied for debt service	907,735	949,124	949,140	1,007,540	1,241,407	1,244,143	1,175,625	1,131,789	1,019,678	925,113
Investment earnings	360,330	326,818	670,298	582,775	715,001	302,901	576,004	730,259	1,213,684	471,952
Gain (Loss) on Disposal of Assets	-	-	-	-	-	-	11,640	-	-	-
Miscellaneous	-	-	-	13,196	-	-	-	505,380	-	-
Transfers	126,975	-	-	-	-	-	175,002	69,349	-	-
Total business-type activities	1,395,040	1,275,942	1,619,438	1,603,511	1,956,408	1,547,044	1,938,271	2,436,777	2,233,362	1,397,065
Total primary government	13,995,464	13,681,317	14,348,234	14,517,740	15,383,911	15,740,150	17,452,451	20,481,732	17,420,887	16,641,279
Change in Net Position										
Governmental activities	911,753	(1,561,537)	37,398	1,118,870	2,152,635	2,732,401	1,256,169	10,485,456	3,199,096	2,557,656
Business-type activities	1,431,714	759,732	644,520	757,507	941,817	1,938,416	688,729	1,323,776	(789,826)	3,717,692
Total change in net position	\$ 2,343,467	\$ (801,805)	\$ 681,918	\$ 1,876,377	\$ 3,094,452	\$ 4,670,817	\$ 1,944,898	\$ 11,809,232	\$ 2,409,270	\$ 6,275,348

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

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

	Post-GASB 54					
	Fiscal Year					
	2014	2013	2012	2011	2010	2009
General Fund						
Non Spendable						
Non Spendable	\$ 1,208,759	\$ 1,476,730	\$ 2,305,341	\$ 2,477,715	\$ 1,780,050	\$ 2,106,410
Spendable						
Committed	5,815,000	6,115,000	6,115,000	6,115,000	6,115,000	6,015,000
Assigned	1,715,502	2,307,319	1,467,261	4,692,583	275,000	275,000
Unassigned	<u>2,802,118</u>	<u>2,471,724</u>	<u>4,048,953</u>	<u>4,125,963</u>	<u>8,222,172</u>	<u>9,847,395</u>
Total General Fund	<u><u>11,541,379</u></u>	<u><u>12,370,773</u></u>	<u><u>13,936,555</u></u>	<u><u>17,411,261</u></u>	<u><u>16,392,222</u></u>	<u><u>18,243,805</u></u>
All Other Governmental Funds						
Non Spendable						
Non Spendable	5,001	6,406	5,776	3,605	4,224	-
Spendable						
Restricted	3,146,318	2,527,749	2,384,739	2,355,723	1,924,988	4,045,391
Assigned	<u>2,528,014</u>	<u>2,421,574</u>	<u>3,211,503</u>	<u>4,500,043</u>	<u>5,323,162</u>	<u>2,615,240</u>
Total All Other Governmental Funds	<u><u>\$ 5,679,333</u></u>	<u><u>\$ 4,955,729</u></u>	<u><u>\$ 5,602,018</u></u>	<u><u>\$ 6,859,371</u></u>	<u><u>\$ 7,252,374</u></u>	<u><u>\$ 6,660,631</u></u>

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

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Taxes	\$ 11,556,791	\$ 11,539,090	\$ 11,520,676	\$ 11,803,312	\$ 12,467,645	\$ 13,273,773	\$ 14,207,175	\$ 15,646,513	\$ 12,800,270	\$ 13,011,534
Permits, Fees, Special Assessments	1,570,322	1,674,784	1,707,053	1,708,807	1,646,764	1,663,887	1,766,263	1,223,080	1,586,168	2,001,221
Intergovernmental	2,486,300	983,573	948,867	1,143,026	1,520,872	2,831,634	1,947,650	6,949,347	6,165,314	10,827,692
Charges for services	2,434,107	2,298,709	2,236,711	2,167,400	2,184,329	2,213,391	2,378,285	2,024,869	2,148,659	1,523,794
Fines and forfeits	63,881	66,576	70,208	80,127	83,542	102,626	80,831	265,828	176,406	149,853
Miscellaneous	719,342	403,709	787,693	730,766	596,761	415,098	827,817	1,668,933	1,456,089	1,861,138
Total revenues	<u>18,830,743</u>	<u>16,966,441</u>	<u>17,271,208</u>	<u>17,633,438</u>	<u>18,499,913</u>	<u>20,500,409</u>	<u>21,208,021</u>	<u>27,778,570</u>	<u>24,332,906</u>	<u>29,375,232</u>
Expenditures										
Current										
General government	5,017,528	6,005,996	8,411,612	4,180,658	4,028,742	4,057,299	5,147,088	4,702,270	4,769,110	4,039,229
Public safety	4,906,573	4,500,436	4,514,438	4,050,699	4,096,086	4,353,428	4,672,683	4,515,664	4,084,478	3,802,872
Physical environment	598,395	592,915	619,264	691,637	854,615	1,214,970	960,151	1,038,602	1,806,296	3,581,602
Transportation	3,152,618	3,073,641	3,550,891	2,491,009	3,354,809	2,995,026	3,674,417	1,911,468	3,616,655	3,751,208
Economic environment	284,346	279,380	269,328	261,087	254,451	296,234	246,383	246,319	241,477	739,460
Human services	1,000	1,000	1,000	1,000	1,000	1,000	1,000	974	976	580
Culture/recreation	3,215,943	3,119,489	2,816,149	2,725,028	2,905,317	2,654,431	3,264,112	2,205,471	3,927,874	4,403,550
Debt service										
Principal	480,000	465,000	3,255,000	275,000	3,206,752	720,742	767,695	2,442,791	4,928,740	4,483,667
Interest and fiscal charges	360,336	373,630	514,607	469,438	625,259	635,498	664,630	774,882	474,685	608,750
Capital outlay	792,819	767,025	1,020,979	1,861,846	432,722	581,497	2,824,732	13,529,139	3,833,700	1,108,388
Total expenditures	<u>18,809,558</u>	<u>19,178,512</u>	<u>24,973,268</u>	<u>17,007,402</u>	<u>19,759,753</u>	<u>17,510,125</u>	<u>22,222,891</u>	<u>31,367,580</u>	<u>27,683,991</u>	<u>26,519,306</u>
Excess (deficiency) of revenues over (under) expenditures	<u>21,185</u>	<u>(2,212,071)</u>	<u>(7,702,060)</u>	<u>626,036</u>	<u>(1,259,840)</u>	<u>2,990,284</u>	<u>(1,014,870)</u>	<u>(3,589,010)</u>	<u>(3,351,085)</u>	<u>2,855,926</u>
Other financing sources (uses)										
Transfers in	2,632,647	3,940,773	4,350,291	3,327,756	8,162,213	4,399,068	7,315,101	6,536,706	7,478,160	4,571,126
Transfers out	(2,759,622)	(3,940,773)	(4,350,291)	(3,327,756)	(8,162,213)	(4,399,068)	(7,490,103)	(6,606,056)	(7,478,160)	(4,571,126)
Capital lease proceeds	-	-	-	-	-	-	88,817	-	-	-
Debt proceeds/bond refunding	-	-	2,970,000	-	-	-	-	-	8,350,000	-
Total other financing sources (uses)	<u>(126,975)</u>	<u>-</u>	<u>2,970,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(86,185)</u>	<u>(69,350)</u>	<u>8,350,000</u>	<u>-</u>
Net change in fund balances	<u>\$ (105,790)</u>	<u>\$ (2,212,071)</u>	<u>\$ (4,732,060)</u>	<u>\$ 626,036</u>	<u>\$ (1,259,840)</u>	<u>\$ 2,990,284</u>	<u>\$ (1,101,055)</u>	<u>\$ (3,658,360)</u>	<u>\$ 4,998,915</u>	<u>\$ 2,855,926</u>
Debt service as a percentage of noncapital expenditures	4.66%	4.55%	15.74%	4.92%	19.83%	8.01%	7.38%	18.04%	22.66%	20.04%

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

Fiscal Year	Property Taxes		Franchise*	Local	Local Option Gas Tax	Communications Services Tax	Casualty	Total
	Operating	Voted Debt		Business Tax Receipts*			Insurance Premium Tax	
2005	\$ 10,198,461	\$ 248,668	\$ 478,475	\$ -	\$ 1,574,183	\$ 511,747	\$ -	\$ 13,011,534
2006	8,716,569	239,383	583,452	-	1,639,149	523,691	98,026	11,800,270
2007	11,973,525	775,976	656,936	-	1,632,569	556,781	50,726	15,646,513
2008	11,004,197	735,097	-	290,066	1,524,191	599,970	53,654	14,207,175
2009	10,175,612	737,735	-	293,393	1,480,460	529,114	57,459	13,273,773
2010	9,372,184	753,285	-	291,395	1,433,690	558,375	58,716	12,467,645
2011	8,742,177	755,021	-	290,214	1,418,333	540,080	57,487	11,803,312
2012	8,460,871	748,558	-	289,220	1,408,442	550,011	63,574	11,520,676
2013	8,283,542	853,159	-	284,903	1,478,765	576,179	62,542	11,539,090
2014	8,253,344	850,501	-	284,521	1,534,406	568,157	65,862	11,556,791
Change 2005-2014	(19.07%)	242.02%	N/A	N/A	(2.53%)	11.02%	N/A	(11.18%)

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

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

Fiscal Year Ended Sept. 30,	Real Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Market Value	Assessed Value (2) as a Percentage of Actual Value
2005	\$ 4,714,001,920	\$ 57,094,640	\$ 547,114,100	\$ 4,223,982,460	2.7893	\$ 5,649,693,048	84.45%
2006	4,586,849,680	59,633,370	553,577,510	4,092,905,540	2.8019	5,504,718,050	84.41%
2007	5,747,239,780	54,496,590	811,376,000	4,990,360,370	2.8983	6,860,543,274	84.57%
2008	5,977,655,900	62,636,940	843,579,870	5,196,712,970	2.5779	7,146,421,698	84.52%
2009	5,592,986,580	75,483,630	770,226,060	4,898,244,150	2.5760	6,717,227,175	84.39%
2010	5,104,417,100	79,639,690	669,557,780	4,514,499,010	2.6150	6,149,996,025	84.29%
2011	4,641,799,875	81,951,085	511,635,339	4,212,115,621	2.5908	5,609,943,002	84.20%
2012	4,624,238,049	74,419,950	538,798,711	4,159,859,288	2.5260	5,575,589,058	84.27%
2013	4,602,176,246	71,523,730	603,301,194	4,070,398,782	2.5570	5,544,368,141	84.30%
2014	4,657,905,800	72,758,525	627,420,629	4,103,243,696	2.5307	5,612,177,404	84.29%

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

(2) Includes tax exempt property.

Source: Lee County Property Appraiser

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

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
DIRECT RATES										
CITY OF SANIBEL										
General Operating	2.0861	2.1000	2.1038	2.1561	2.1561	2.1561	2.1966	2.5000	2.4801	2.5000
Voted Debt - Land	0.0860	0.0855	0.0599	0.0595	0.0561	0.0483	0.0456	0.0475	0.0611	0.0625
Voted Debt - Recreation Facility	0.1291	0.1308	0.1263	0.1268	0.1172	0.1080	0.1011	0.1145	-	-
Voted Debt - Sewer	0.2295	0.2407	0.2360	0.2484	0.2856	0.2636	0.2346	0.2363	0.2607	0.2268
Total direct rates	2.5307	2.5570	2.5260	2.5908	2.6150	2.5760	2.5779	2.8983	2.8019	2.7893
OVERLAPPING RATES										
LEE COUNTY:										
General Revenue	3.6506	3.6506	3.6506	3.6506	3.6506	3.6506	3.6506	3.5216	3.9332	4.2612
Capital Improvements	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.9536	1.0124	1.0124
DEPENDENT DISTRICTS:										
Library	-	-	-	-	-	-	-	-	0.6055	0.6055
INDEPENDENTS DISTRICTS:										
Sanibel Public Library	0.3725	0.3750	0.3750	0.3750	0.3750	0.3750	0.3900	0.4200	-	-
Hyacinth Control	0.0291	0.0298	0.0310	0.0310	0.0277	0.0214	0.0214	0.0223	0.0295	0.0295
Mosquito Control	0.2520	0.2300	0.2388	0.2388	0.2132	0.1636	0.1636	0.1695	0.2247	0.2718
Fire Control District	1.0239	0.9660	0.9446	0.9446	0.8794	0.8114	0.7736	0.8258	0.9370	0.8300
WATER MANAGEMENT DISTRICTS										
South Florida Water Management	0.4110	0.4289	0.4363	0.6240	0.6240	0.6240	0.6240	0.6970	0.6970	0.6970
West Coast Inland Waterway	0.0394	0.0394	0.0394	0.0394	0.0394	0.0394	0.0394	0.0400	0.0400	0.0400
SCHOOL BOARD:										
General Operating	7.5980	7.5840	7.8540	8.0150	7.5080	6.8680	6.9600	7.0120	7.8820	8.0650
Total Direct and Overlapping Rates	16.4072	16.3607	16.5957	17.0092	16.4323	15.6294	15.7005	16.5601	18.1632	18.6017

Source: Lee County Tax Collector

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

Taxpayer	Fiscal Year 2013-14			Fiscal Year 2004-05		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Casa Ybel Beach Resort	\$ 38,819,229	1	0.93%	\$ 27,841,580	1	0.60%
Sanibel Cottages	23,020,424	2	0.55%	13,789,580	5	0.30%
Tortuga Beach Club	19,177,236	3	0.46%	14,461,290	4	0.31%
BRE/Sanibel Inn Owner, LLC	16,727,320	4	0.40%	-	N/A	N/A
RLR Investments, LLC	16,179,332	5	0.39%	-	N/A	N/A
Shell Island Beach Club	14,069,025	6	0.34%	11,299,870	9	0.24%
1231 Middle Gulf Drive, LLC	13,779,146	7	0.33%	-	N/A	N/A
Dahlmann Periwinkle Partners	11,351,849	8	0.27%	-	N/A	N/A
Rochester Resorts	10,470,623	9	0.25%	-	N/A	N/A
Periwinkle Park Limited	9,672,598	10	N/A	-	N/A	N/A
West Wind Association of Sanibel	-	N/A	0.00%	18,291,930	2	0.39%
Miller, Tanya B.	-	N/A	N/A	11,669,000	7	0.25%
Periwinkle Place Partners	-	N/A	N/A	12,516,300	6	0.27%
Carroll, James P & Patricia	-	N/A	N/A	15,919,730	3	0.34%
Meristar Sanibel Inn Co. LLC	-	N/A	N/A	11,504,500	8	0.25%
Sobel, Mark & Mary Grace	-	N/A	N/A	9,855,450	10	0.21%
	<u>\$ 173,266,782</u>		<u>4.17%</u>	<u>\$ 147,149,230</u>		<u>3.48%</u>

Source: Lee County Property Appraiser

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

Fiscal year Ended Sept. 30	Taxes Levied for the Fiscal Year	Collections within the Fiscal Year of the Levy*		Collections of Previous Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$ 10,559,956	\$ 10,181,864	96.42%	\$ 16,597	\$ 10,198,461	96.58%
2006	10,150,815	9,716,287	95.72%	281	9,716,569	95.72%
2007	12,475,901	11,627,012	93.20%	346,513	11,973,525	95.97%
2008	11,415,100	10,537,141	92.31%	467,056	11,004,197	96.40%
2009	10,579,884	9,882,269	93.41%	293,343	10,175,612	96.18%
2010	9,751,355	9,084,499	93.16%	287,685	9,372,184	96.11%
2011	9,081,742	8,485,790	93.44%	256,387	8,742,177	96.26%
2012	8,754,881	8,437,584	96.38%	23,012	8,460,596	96.64%
2013	8,733,402	8,280,019	94.81%	3,524	8,283,543	94.85%
2014	8,580,499	8,244,371	96.08%	8,973	8,253,344	96.19%

(*) Includes discount taken for early payment.

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

Fiscal Year	Monthly Rates							Consumption Per 1,000 gallons
	Residential	Commercial						
	Flat Fee	Meter Size						
	5/8"	1"	1-1/2"	2"	3"	4"		
2005	38.46	22.33	55.79	111.55	159.89	356.82	559.48	5.62
2006	39.61	23.00	57.47	114.89	164.68	367.53	576.26	5.96
2007	47.53	27.60	68.96	137.87	197.62	441.03	691.52	7.15
2008	48.96	28.43	71.03	142.01	203.55	454.26	712.27	7.36
2009	50.43	29.29	73.16	146.27	209.65	467.88	733.63	7.58
2010	51.94	30.17	75.35	150.66	215.94	481.92	755.64	7.81
2011	51.94	30.17	75.35	150.66	215.94	481.92	755.64	7.81
2012	53.50	31.08	77.61	155.18	222.42	496.38	778.31	8.04
2013	54.04	31.39	78.39	156.73	224.64	501.34	786.09	8.12
2014	54.86	31.70	79.17	158.30	226.87	506.35	793.95	8.20

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

Fiscal year Ended Sept. 30	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Revenue Bonds	Capital Revenue Notes	Capital Leases	Wastewater Revenue Bonds	Wastewater Revenue Notes				
2005	\$ 3,610,000	\$ 1,944,149	\$ 8,791,081	\$ 152,672	\$ 4,833,446	\$ 43,675,528	\$ 63,006,876	N/A	\$ 10,046	
2006	11,875,000	1,854,401	4,087,980	101,781	4,604,876	46,395,287	68,919,325	14.21%	10,940	
2007	11,640,000	1,759,388	2,026,093	50,891	4,287,269	45,797,920	65,561,561	N/A	10,412	
2008	11,390,000	1,659,639	1,659,038	88,817	4,038,193	43,522,246	62,357,933	N/A	9,783	
2009	11,135,000	1,555,151	1,306,432	80,169	3,784,120	35,492,474	53,353,346	11.50%	8,430	
2010	10,870,000	-	-	-	3,520,045	32,855,365	47,245,410	9.16%	7,303	
2011	10,595,000	-	-	-	3,250,970	27,752,296	41,598,266	N/A	6,429	
2012	10,310,000	-	-	-	2,971,895	25,848,164	39,130,059	N/A	6,030	
2013	9,845,000	-	-	-	2,687,823	23,882,161	36,414,984	N/A	5,605	
2014	9,365,000	-	-	-	8,888,260	14,645,081	32,898,341	N/A	5,069	

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

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

Fiscal year Ended Sept. 30	General Bonded Debt Outstanding			Percentage of	
	General Obligation Bonds	Less: Amounts Available in Debt Service (1)	Net General Bonded Debt	Estimated Actual Value of Taxable Property	Per Capita
2005	\$ 3,610,000	\$ 247,094	\$ 3,362,906	0.06%	\$ 536
2006	11,875,000	256,429	11,618,571	0.21%	1,844
2007	11,640,000	271,549	11,368,451	0.17%	1,805
2008	11,390,000	268,025	11,121,975	0.16%	1,745
2009	11,135,000	262,885	10,872,115	0.16%	1,718
2010	10,870,000	294,179	10,575,821	0.17%	1,635
2011	10,595,000	249,383	10,345,617	0.18%	1,599
2012	10,310,000	249,106	10,060,894	0.18%	1,550
2013	9,845,000	265,161	9,579,839	0.17%	1,475
2014	9,365,000	294,562	9,070,438	0.16%	1,398

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

CITY OF SANIBEL, FLORIDA
 DIRECT AND OVERLAPPING GOVERNMENTAL
 ACTIVITIES DEBT
 September 30, 2014

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
DIRECT:			
City of Sanibel	\$ 9,365,000	100%	\$ 9,365,000
OVERLAPPING			
Lee County	-	N/A	-
TOTAL:	<u>\$ 9,365,000</u>		<u>\$ 9,365,000</u>

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

2014 Sewer Refunding Revenue Bonds

Fiscal	(1) Gross Revenue	(2) Operating Expenses	Net Revenue Available for Debt Service		Net Revenue Available for Debt Service Including Connection Fees	Debt Service Requirements			Coverage Calculation ⁽³⁾	
			Excluding Connection Fees	Connection Fees		Principal	Interest	Total	Excluding Connection Fees	Including Connection Fees
2005	\$ 2,761,877	\$ 2,297,228	\$ 464,649	\$ 78,014	\$ 542,663	\$ 260,000	\$ 162,408	\$ 422,408	1.10	1.28
2006	3,126,129	2,563,785	562,344	65,437	627,781	265,000	157,409	422,409	1.33	1.49
2007	3,774,479	2,445,784	1,328,695	45,731	1,374,426	270,000	151,909	421,909	3.15	3.26
2008	3,855,217	3,363,667	491,550	28,770	520,320	270,000	146,509	416,509	1.18	1.25
2009	4,061,376	3,380,295	681,081	58,335	739,416	285,000	134,651	419,651	1.62	1.76
2010	3,767,290	3,114,777	652,513	35,102	687,615	290,000	127,241	417,241	1.56	1.65
2011	3,562,210	3,035,214	526,996	60,321	587,317	300,000	119,266	419,266	1.26	1.40
2012	4,374,694	3,780,265	594,429	113,409	707,838	305,000	110,266	415,266	1.43	1.70
2013	4,019,254	3,393,652	625,602	111,282	736,884	315,000	101,116	416,116	1.50	1.77
2014	5,465,389	2,991,556	2,473,833	47,126	2,520,959	1,216,123	122,770	1,338,893	1.85	1.88

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

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

⁽³⁾ The coverage requirement is (A) net revenues adequate at all times to pay in each fiscal year at least 120% (110% prior to fiscal year 2014) of the current annual debt service requirement becoming due in such fiscal year on each series of outstanding bonds or (B) net revenues, together with connection fees, adequate at all times to pay in each fiscal year at least one hundred twenty-five percent (125%) of the current annual debt service requirement becoming due in such fiscal year on each series of the outstanding bonds, provided, however, that with respect to (B), net revenues, excluding connection fees must be adequate at all times to pay in each fiscal year at least one hundred percent (100%) of the current annual debt service requirement becoming due in such fiscal year on the outstanding bonds.

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

State Revolving Loan Notes

Fiscal Year	(1) Net Revenue	(2) Special Assessments, Transmission Main and Connection Fees	Net Revenue Available for Debt Service Including Assessments and Fees	Debt Service Requirements			Coverage Calculation
				Principal	Interest	Total	
2005	\$ 2,341,656	\$ 1,365,838	\$ 3,707,494	\$ 2,081,276	\$ 1,359,777	\$ 3,441,053	1.08
2006	3,194,855	1,251,893	4,446,748	2,053,489	1,384,175	3,437,664	1.29
2007	3,137,159	1,523,528	4,660,687	2,525,200	1,416,310	3,941,510	1.18
2008	3,509,318	940,711	4,450,029	2,275,673	1,579,017	3,854,690	1.15
2009	3,179,638	972,918	4,152,556	2,124,134	1,191,171	3,315,305	1.25
2010	4,038,140	971,582	5,009,722	2,143,013	1,040,306	3,183,319	1.57
2011	3,959,164	999,710	4,958,874	1,904,133	878,896	2,783,029	1.78
2012	3,362,132	994,733	4,356,865	1,966,002	817,029	2,783,031	1.57
2013	3,332,060	876,811	4,208,871	2,029,899	753,132	2,783,031	1.51
2014	2,081,975	916,970	2,998,945	1,300,098	403,247	1,703,345	1.76

⁽¹⁾ Includes 15% (35% prior to fiscal year 2014) of gross user rate revenues, interest earnings on special assessments financed and ad valorem tax revenue from voted debt service property tax levy pledged specifically to the repayment of the wastewater expansion State Revolving Loan notes.

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

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

Year	City Population	City Personal Income	Per Capita Personal Income	Lee County Unemployment Rate
2005	6,272	N/A	N/A	2.9%
2006	6,300	\$ 485,024,400	\$ 76,988	3.1%
2007	6,297	N/A	N/A	5.2%
2008	6,374	N/A	N/A	9.3%
2009	6,329	\$ 463,909,371	\$ 73,299	13.8%
2010	6,469	\$ 515,850,998	\$ 79,742	12.5%
2011	6,470	N/A	N/A	10.2%
2012	6,489	N/A	N/A	8.0%
2013	6,497	N/A	N/A	5.8%
2014	6,490	N/A	N/A	5.0%

Source: Population data estimates provided by Bureau of Economic and Business Research, University of Florida. Per Capita income data for 2006 and 2009 is from the Lee County Office of Economic Development and for 2010 from the US Census Bureau. Unemployment rate is for the Cape Coral-Fort Myers, FL Statistical Area as of December 2014 from the U.S. Department of Labor.

N/A indicates that statistical information is not available

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

Employer	2014			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lee Memorial Health System	10,425	1	3.65%	6,785	2 ⁽²⁾	2.62%
Lee County School District	10,333	2	3.62%	8,558	1	3.30%
Publix Super Markets	4,404	3	1.54%	2,737	3	1.06%
Lee County Administration	2,358	4	0.83%	2,050	5	0.79%
Wal-Mart Corporation	1,967	5	0.69%	2,518	4	0.97%
Chico's FAS, Inc.	1,703	6	0.60%	-	-	-
Lee County Sheriff's Office	1,535	7	0.54%	1,160	10	0.45%
U.S. Postal Service	1,477	8	0.52%	1,220	8	0.47%
Florida Gulf Coast University	1,323	9	0.46%	1,185	9	0.46%
City of Cape Coral	1,197	10	0.42%	1,376	6	0.53%
Bonita Bay Group	-	-	-	1,300	7	0.50%
Total	36,722		12.87%	28,889		11.15%

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

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

Source: Lee County's Economic Development Office

Total County employment for 2014 285,349

Total County employment for 2005 259,053

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

Function/Program	Full-time Equivalent Employees as of September 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government										
Legislative	5.00	2.76	2.76	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Administrative	3.75	4.75	4.75	4.75	5.00	5.00	5.00	5.00	5.00	4.00
IT	4.40	4.40	4.00	4.00	4.00	4.00	4.00	3.00	3.00	2.00
Finance	7.50	7.50	8.00	7.00	7.50	7.50	7.50	7.50	7.50	6.50
Legal	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Planning	9.45	8.80	8.85	7.95	6.00	7.00	10.00	10.80	10.80	9.00
Public Safety										
Police	35.12	35.12	33.22	35.72	37.50	38.25	41.25	40.25	38.25	38.25
Building	4.80	4.50	4.35	4.25	4.00	4.00	5.00	7.50	8.00	7.00
Vehicle Weight Permits	-	-	-	-	-	-	-	1.00	1.58	1.58
Physical Environment	3.00	2.96	2.96	3.00	3.00	3.00	3.00	3.00	3.00	2.00
Transportation	13.52	13.58	13.28	14.24	15.51	17.00	19.00	19.00	19.00	18.00
Culture/Recreation										
Recreation Facility	26.05	24.24	24.24	24.06	22.81	21.81	18.92	14.42	14.42	14.42
Public Facilities	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00
Senior Programs	2.00	1.57	1.57	1.57	1.57	1.62	1.62	1.62	1.62	1.62
Museum/Historical Village	-	-	-	-	-	-	-	1.00	0.20	0.20
Ball Park Maintenance	-	-	-	-	-	2.00	2.00	2.00	2.00	2.00
Wastewater	17.22	18.22	18.29	18.33	16.57	17.00	17.00	17.25	18.00	20.00
Beach Parking	16.88	15.63	14.58	13.18	13.92	13.50	14.50	14.50	14.50	13.50
TOTAL	153.69	149.03	145.85	145.05	144.38	148.68	155.79	154.84	153.87	146.07

Source: City of Sanibel Annual Budget

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

Function/Program	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police										
Calls for Service	21,606	24,790	23,161	23,542	27,564	27,041	32,424	26,076	24,975	22,323
Parking Citations	3,401	2,969	2,439	2,583	2,649	3,561	3,859	3,412	2,716	2,341
Traffic Citations	1,031	1,300	1,113	1,081	1,055	782	1,283	1,478	1,066	1,447
Total Arrests	137	171	116	249	260	357	174	153	157	174
General Government										
Building permits issued	2,677	2,725	2,828	2,430	2,418	2,200	2,165	2,624	2,870	4,888
Building inspections conducted	6,546	7,277	6,726	6,266	6,554	5,849	6,036	8,592	9,498	13,514
Dwelling units permitted	23	17	23	17	15	10	13	15	17	27
Transportation										
Streets resurfaced/reconstructed (miles)	3.01	4.80	5.80	5.93	6.71	6.45	3.03	1.01	1.92	1.38
Shared-use Paths Constructed (linear feet)	1,540	196	6,758	4,730	-	-	1,200	-	-	-
Road and Shared-use Path Miles Swept	139	235	59	491	465	447	274	281	166	170
Wastewater										
Average daily sewage treatment (thousands of gallons)	1,278	1,408	1,038	1,122	1,515	1,396	1,506	1,355	1,356	1,478
Placement of new collection pipe (linear feet)	-	-	-	1,120	-	-	-	3,960	43,000	40,570
Sewer equivalent residential units (ERU) ⁽¹⁾	9,375	9,360	9,344	9,323	9,302	8,864	8,835	8,517	8,466	8,371
Recreation										
After-school program participants	118	121	138	147	147	158	215	154	130	155
Senior Program membership	738	707	712	746	748	702	662	745	683	563
Senior Aerobics participants	10,013	9,845	9,023	8,196	8,464	6,584	5,470	5,271	5,194	4,276
RecCenter annual memberships ⁽²⁾	1,091	1,085	1,093	1,005	990	989	1,183	-	-	-
RecCenter six-month memberships ⁽²⁾	787	788	744	729	731	780	1,112	-	-	-
Sanibel Harbor Canal Trimming Assessment District										
Mangroves trimmed (linear feet)	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000

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

⁽²⁾ New Recreation Center opened in December 2007

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

Function/Program	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicle Patrol Units										
Patrol cars	11	10	9	9	10	10	10	11	10	10
Motorcycles	2	2	2	2	2	2	2	2	2	2
Unmarked vehicles	7	7	7	6	7	7	7	7	7	7
Patrol boats	2	2	2	2	2	2	2	2	2	2
Natural Resources										
Environmentally Sensitive Land (acres)	622	622	622	622	622	622	622	622	622	622
Transportation										
Paved Public Streets (miles)	53.67	53.67	53.67	53.56	53.56	53.56	53.34	53.34	52.96	52.96
Unpaved Public Streets (miles)	8.16	8.16	8.16	8.27	8.27	8.27	8.41	8.41	8.79	8.79
Shared Use Paths (miles)	25.06	25.06	25.03	23.75	22.85	22.85	22.85	22.62	22.62	22.62
Wastewater										
Treatment Capacity (thousands)	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Recreation										
Number of Parks (non-beach facilities)	2	2	2	2	2	2	2	2	2	2
Recreation centers/gymnasiums	1	1	1	1	1	1	1	0	1	1
Senior centers	1	1	1	1	1	1	1	1	1	1
Swimming pools	3	3	3	3	3	3	3	0	1	1
Baseball/softball diamonds	3	3	3	3	3	3	3	3	3	3
Beach Parking										
Number of Beach Parking Facilities	7	7	7	7	7	7	7	7	7	8
Parking Spaces	637	637	637	610	610	610	610	610	586	657
Restrooms	8	8	8	6	6	6	6	6	6	6
Fishing Piers	1	1	1	1	1	1	1	1	1	1
Boat ramps	1	1	1	1	1	1	1	1	1	1

Source: Various City departments annual reports

CITY OF SANIBEL, FLORIDA
SCHEDULE OF INSURANCE COVERAGE
September 30, 2014

Type of Policy and Type of Coverage	Limits of Liability	Company	Expiration Date	Annual Premium
Property ⁽¹⁾		Florida Municipal Insurance Trust	10/01/2014	\$ 98,776
Real	\$ 47,529,276			
Personal	9,429,934			
Business Income	2,000,000			
Inland Marine	1,152,307			
General Liability	5,000,000	Florida Municipal Insurance Trust	10/01/2014	131,891
Extra Contractual Legal Expense	25,000			
Fire Legal Liability	500,000			
Errors and Omissions Liability	5,000,000			
Law Enforcement Liability	5,000,000			
Faithful Performance Blanket Bond	1,000,000			
Employee Theft Bond	1,000,000			
Crime	100,000			
Equipment Breakdown Limit	50,000,000			
Workers' Compensation	1,000,000	Florida Municipal Insurance Trust	10/01/2014	173,517
Automobile Liability and Automobile Physical Damage	5,000,000	Florida Municipal Insurance Trust	10/01/2014	27,875
Statutory Accidental Death & Disability	70,000.00 198,000.00	National Union Fire Insurance Co of Pitt, PA	10/01/2014	1,175
Pollution Liability	2,000,000	Commerce and Industry Insurance Company (\$1,000,000 maximum per claim)	08/24/2015	1,648
Flood	10,551,900	American Bankers Insurance Co	Various	87,389
Windstorm	12,622,791	Citizens Property Insurance Corporation	Various	92,100

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







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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sanibel, Florida (the "City"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 27, 2015. Our report includes a reference to other auditors who audited the financial statements of Community Housing and Resources, Inc, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Community Housing and Resources, Inc. were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Fort Myers, Florida
March 27, 2015

This section contains the following subsections:

Independent Auditors' Management Letter 169

Management Letter Findings and Recommendations 171

Management's Response to Management Letter 173

Independent Accountants' Examination Report..... 175



MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Sanibel, Florida (the "City") as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated March 27, 2015.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 27, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The status of significant findings and recommendations made in the preceding annual financial audit report are listed in Appendix A.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City discloses this information in the notes to the financial statements.

Honorable Mayor and City Council
City of Sanibel, Florida

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

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

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. Our current year findings and recommendations are listed in Appendix B to this Management Letter.

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



CliftonLarsonAllen LLP

Fort Myers, Florida
March 27, 2015

CITY OF SANIBEL, FLORIDA
 MANAGEMENT LETTER
 SEPTEMBER 30, 2014

APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

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

CITY OF SANIBEL, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2014

APPENDIX B – CURRENT YEAR FINDINGS AND RECOMMENDATIONS

MLC 2014-001 Investment Policy

Criteria

The City's written investment policy should conform to all requirements of Section 218.415, Florida Statutes.

Condition

The City's investment policy includes most of the requirements of Section 218.415. However, the City's policy does not address two requirements.

- 1) The system of internal controls over investment activities should be in writing and made a part of the City's operational procedures.
- 2) The investment policy does not include the requirement for the City's official responsible for making investment decisions or chief financial officer to annually complete eight hours of continuing education in subjects or courses of study related to investment practices and products.

Cause

The City does have internal control procedures in place related to investment activity. However, these procedures have not been formalized in writing and made part of the City's internal control policies. In addition, the City's Chief Financial Officer has been completing the required eight hours of continuing education annually. However, the City's policy does not include this requirement.

Effect

The City's policy is not in compliance with Section 218.415, Florida Statutes.

Recommendation

The City's investment policy was adopted on March 16, 2010. This policy should be reviewed and updated for changes in market conditions that have occurred in the past five years and to comply with all requirements of Section 218.415, Florida Statutes.



City of Sanibel

800 Dunlop Road
Sanibel, Florida 33957-4096

www.mysanibel.com

AREA CODE – 239

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

March 30, 2015

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

RE: Response to Management Letter comments observed during audit of fiscal year 2014 financial statements

Dear Sir or Madam:

Pursuant to Chapter 10.550, "Rules of the Auditor General – Local Government Entity Audits", the City of Sanibel's auditors, CliftonLarsonAllen LLP, made the following 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, 2014:

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

2010-03 Information Technology Controls

Comment from previous year was cleared.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

MLC 2014-001 Investment Policy

Criteria: The City's written investment policy should conform to all requirements of Section 218.415, Florida Statutes.

Condition: The City's investment policy includes most of the requirements of Section 218.415. However, the City's policy does not address two requirements:

1. The system of internal controls over investment activities should be in writing and made part of the City's operational procedures.
2. The investment policy does not include the requirement for the City's official responsible for making investment decisions or chief financial officer to annually complete 8 hours of continuing education in subjects or courses of study related to investment practices and products.

Background: The City's investment policy was last amended March 16, 2010. The City's investment policy defines suitable/authorized investment instruments and investment guidelines for each investment program: operating account, reserve accounts, surplus account and restricted accounts. The City's investment program's portfolios are under the direction and daily supervision of a third party investment manager. Investment compliance and performance is also monitored by an investment advisor.

Response: While the City does have internal control procedures in place related to investment activity, the internal controls are not in writing as required by Section 218.415(13), Florida Statutes. As such, the City will develop a separate written policy relating the internal controls over investment activities. This policy will be in place by June 2015.

Additionally, based on input from the City's independent auditors and in conjunction with the City's investment advisor and investment managers, an amended investment policy was developed and will be presented to the City Council at its April 7, 2015 regular meeting.

The amended policy adds a continuing education requirement for the Finance Director and appropriate staff as required by Florida Statute 218.415(14). The City would like to note that the Finance Director has remained in compliance with the applicable statute by annually completing 8 hours of continuing education in subjects or courses of study related to investment practices and products.

The amended policy will also include some clarifications in certain language to assist in proper implementation:

1. Clarification of investment ratings to include the minimum "A" rating of "A-" for Standard and Poor's and "A3" for Moody's. This clarifies the intent of the investment policy to include all "A" ratings with their modifiers. Add Moody as a rating agency in Section VII of the investment policy. Moody was included in Section V but inadvertently omitted in Section VII.
2. Add minimum rating requirements for state and local government and public authority issues.
3. Clarify that the "no more than two (2) percent of account will be invested with any one issuer" refers to "non-government issuers".

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

Sincerely,



Judith A. Zimomra
City Manager

INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the City of Sanibel, Florida's (the "City") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds, during the year ended September 30, 2014. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

Our examination disclosed the following deviations from Section 218.415, Florida Statutes. While the City does have internal control procedures in place related to investment activity, the internal controls are not in writing as required by 218.415(13). In addition, the City's investment policy does not have a requirement for the City's officials responsible for making investment decisions or chief financial officer to complete eight hours of continuing education in subjects or courses of study related to investment practices and products as required by 218.415(14). It was determined the City's finance director did obtain the required eight hours of continuing education for the year ended September 30, 2014.

Our examination disclosed the following deviations from the City's investment policy. Authorized investments pursuant to the City's investment policy include corporate bonds that have an investment grade rating of "A" or better by Standard & Poor's. As of September 30, 2014 the City's investment portfolio included corporate bonds with credit ratings lower than "A" by Standard & Poor's or Moody's. The City's investment policy limits the investment with any one issuer to no more than 2% of the investment portfolio for the Reserves Account, Surplus Account and the Restricted Account. As of September 30, 2014, the City's investments exceeded this 2% limitation in the Reserves and Surplus Accounts. Of those investments that exceeded the 2% limitation, none were corporate issuers.

In our opinion, except for the deviations described in the third and fourth paragraphs, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

Honorable Mayor and City Council
City of Sanibel, Florida

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
March 27, 2015



About the Cover:

Illustrated on the cover are plants in the City of Sanibel native plant gardens maintained at City Hall. Members of City Council's Vegetation Committee regularly offer tours of the garden, providing information on the benefits of native plants to reduce the use of fertilizers and water for irrigation on Sanibel.

Left to right: *Coreopsis lanceolata* produces cheery flowers that attract birds and butterflies. It is easy to cultivate in any patch of sunny, moist soil and will come back year after year from self-sown seed. Commonly known as Tickseed, *Coreopsis* is Florida's state wildflower.

Rivina humilis, commonly known as Rouge Plant, is a member of the Pokeweed family. It is not tolerant of direct salt spray, but can do well in Sanibel's saline soils and light shade. It has blooms and fruits nearly all year. Historically the juice of the showy, red berries has been used as a dye and ink.

Helianthus debilis is drought and salt tolerant & well-suited for beach stabilization, but will provide a butterfly attractant in any sunny and dry location on Sanibel. Commonly known as Dune or Beach Sunflower, it is in the same genus as the large, upright, single-stalk sunflowers.

Photography by Judith Zimomra. For addition information visit www.mysanibel.com.

CITY OF SANIBEL

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