

# CITY OF SANIBEL, FLORIDA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended September 30, 2016



INCORPORATED

1974

**About the cover:**

Pictured on the cover are some common shells that can be found in and around Sanibel's world class beaches.

Clockwise from top left:

- Cone shells - *Conus spurius* (family *Conidae*)
- Horse conch shells – *Triplofusus giganteus* (family *Fascioliidae*)
- Banded tulips – *Cinctura hunteria* (family *Fascioliidae*)
- Shark eye – *Neverita duplicata* (family *Naticidae*)

Photographs courtesy of the Bailey-Matthews National Shell Museum located on Sanibel Island.

**About the museum:**

The Bailey-Matthews National Shell Museum connects you to the natural world through a love of shells and the marvelous animals that create them. Mollusks, the shell creators, are amazing animals. There are more kinds of mollusks than any other animals in the ocean. They are a critical component of the world's food web—including our own. Many are endangered, yet most people don't even know that most of them exist.

Unless people know and care about the animals that create shells, these creatures, and the ocean they live in, will continue to be at risk. And our lives will be diminished in ways we can only begin to imagine.

When people meet them – they fall in love with them. It may start with a love for their beautiful shells, then through our work, with the living creatures—the Shell Creators.

There is no other place in the world that is doing the work that we do here. There is no other community in the world that is as invested in the health of the Shell Creators, and their oceans, as are our Sanibel friends.

We are changing the world – one shell (and shell lover) at a time. <http://www.shellmuseum.org/>



# COMPREHENSIVE ANNUAL FINANCIAL REPORT



## City of Sanibel, Florida

For the Fiscal Year Ended  
September 30, 2016

Prepared by the Finance Department

Steven C. Chaipel, CPA  
Finance Director

CITY OF SANIBEL, FLORIDA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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## City of Sanibel

800 Dunlop Road  
Sanibel, Florida 33957-4096

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

AREA CODE - 239

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

March 3, 2017

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

We are pleased to submit this Comprehensive Annual Financial Report (CAFR) for the City of Sanibel, Florida (City) for the fiscal year ended September 30, 2016. The report fulfills the requirements set forth by law, in accordance with the Florida Statutes Section 166.241 and Chapter 10.500 Rules of the Auditor General which requires that all general-purpose local governments publish a complete set of financial statements each fiscal year presented in conformity with Generally Accepted Accounting Principles in the United States (GAAP) and audited in accordance with auditing standards generally accepted in the United States by a firm of licensed certified public accountants.

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

Florida Statutes require that an annual financial audit be performed by independent certified public accountants. This year, the audit was performed by CliftonLarsonAllen LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2016, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The auditors expressed an opinion that the City's financial statements for the fiscal year ended September 30, 2016 are fairly stated in conformity with accounting principles in the United States. This is the most favorable conclusion and is commonly known as an "unmodified" or clean opinion. The Independent Auditor's Report is presented as the first component of the financial section of this report.

The CAFR is used to assist in making economic decisions, as well as assisting citizens and elected officials by:

- Assessing financial conditions and results of operations
- Comparing actual financial results with legally adopted budgets
- Assisting in determining compliance with finance related regulations
- Assisting in evaluating the efficiency and effectiveness of City operations

This report includes all funds of the City as well as criteria for defining the financial reporting entity of the City as required by the Governmental Accounting Standards Board (GASB). The GASB is the official standard setting body of the accounting principles generally accepted in the United States of America (GAAP) as they apply to local governmental entities.

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

The **Introductory Section** includes the Transmittal Letter, a copy of the Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association of the United States and Canada (GFOA) for fiscal year ended September 30, 2015, the City's organizational chart, and a list of City officials and executive staff.

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

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

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

## **PROFILE OF THE CITY OF SANIBEL**

The City of Sanibel (City) incorporated on November 5, 1974 and is located on a barrier island in the Gulf of Mexico off the coast of southwest Florida in Lee County. The City is connected to the mainland by a three-mile causeway owned and operated by Lee County. The City is part of the Fort Myers-Cape Coral Metropolitan Statistical Area (MSA), which includes all of Lee County. The general concept of a metropolitan statistical area is one of a large population nucleus, together with adjacent communities that have a high degree of economic and social integration within that nucleus.

The City operates under the council-manager form of government. Policy-making and legislative authority is vested in a governing council consisting of five (5) non-partisan members elected at-large in staggered four (4) year terms. One council member is selected annually from among the five council members to serve as mayor and one is selected among the council to serve as vice-mayor. The City Council is responsible for the governance of the City, including adopting ordinances and resolutions, adopting the annual budget, appointing the planning commission and advisory committees and hiring the City Manager and City Attorney. The City Manager is responsible for administering policies and ordinances of the City Council, overseeing the day-to-day operations of the City and appointing the Directors of the various City departments, the Chief of Police and the City Clerk.

The City provides a full range of municipal services for its citizens. These include public safety (fire protection is provided by an independent taxing district), sewer utility, public works, parks and recreation facilities, code compliance, planning and zoning, and general and administrative services. A franchise contractor provides the City's sanitation services. Library services are provided by a separate independent taxing district, electric service is provided by a cooperative and water service is provided by a non-profit located on the island. Private, not-for-profit organizations also provide additional community services including a below market rate housing program, a historical village and museum and a cultural arts center.

In 2016, the City was designated the seventh safest City in Florida, according to a report released by the National Council for Home Safety and Security.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Manager and these requests serve as the basis for developing a proposed budget. The City Manager, thereafter, proposes a budget to the Council for review. The Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City's fiscal year. The budget is legally enacted through the passage of resolutions. The appropriated budget is prepared by fund, function (e.g. public safety, and department (e.g., police). No department may legally expend in excess of amounts appropriated for that department within an individual fund. The City Manager may authorize appropriation transfers within departments of the general fund and within the fund as a whole for all other funds. All other revisions to the adopted budget require approval by the City Council. Budget-to-actual comparisons are provided in this report for the general fund and for each governmental fund for which an appropriated annual budget has been adopted. For the general fund and major governmental funds, this comparison is presented as part of the required supplementary information. For non-major funds, this comparison is presented as part of the combining statements and schedules.

The Comprehensive Annual Financial Report includes all funds of the City of Sanibel and its component unit. The City as the primary government includes Community Housing and Resources, Inc. (CHR) as a component unit. CHR is under contract with the City to administer the City's below market rate housing program. Although the board of CHR is not selected by the City Council, CHR is fiscally dependent upon the City in that there is a financial obligation by the City and the nature and significance of the relationship between the City and CHR is such that excluding CHR from the City's financial statements would be misleading and incomplete.

#### **FACTORS AFFECTING FINANCIAL CONDITION**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Sanibel operates.

**Local economy.** The City of Sanibel is a world class visitor destination with a mild winter climate, 15 miles of white sandy beaches that are habitat for numerous endangered and threatened species, over 25 miles of paved shared use paths and numerous eco-tourist opportunities. Sixty-seven percent of the island's land area is located within the J.N. Ding Darling National Wildlife Refuge; and other designated conservation land brings the City's total 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 and residents as evidenced in the City's vision statement.

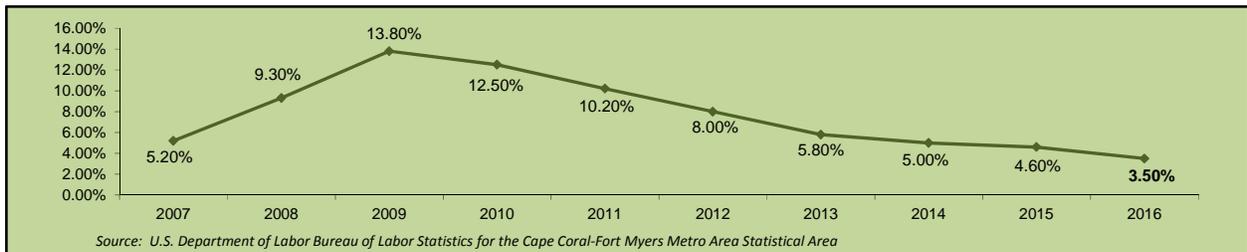
In the 1970's and 1980's, the City population grew significantly; however, since the 2000 census was taken, the number of permanent residents on the island has grown less than 9.0% to approximately 6,600 residents. Comparing these numbers to the almost 55.0% increase in population for Lee County as a whole during the same time frame, it is apparent that the City is very close to reaching maximum buildout and density.

With a median age of 66.1 years, the City's population is significantly older than the Florida average of 41.4 years. In fact, according to 2015 estimates, 8.6% of the residents are under 20, 9.6% are between the ages of 20 and 45, 28.7% are between 45 and 65 and 53.1% of the residents are over 65.

While the City's resident population has become relatively steady over the last several years, tourism and seasonal rentals have continued to increase and have become the main economic driver of the local economy. In fact, according to the Lee County Visitor and Convention Bureau (VCB), tourism and related functions employ one out of every five people in Lee County. Additionally, according to the VCB, Lee County receives approximately five million visitors a year that generate over \$3 billion dollars in economic impact. In fiscal year 2016, Lee County's tourism industry generated \$39.7 million in tourist tax (bed tax), an increase of 5.04% over FY2015. The City's beaches are a major destination for many of the tourists that visit Southwest Florida and the VCB aggressively markets the beautiful beaches around the nation.

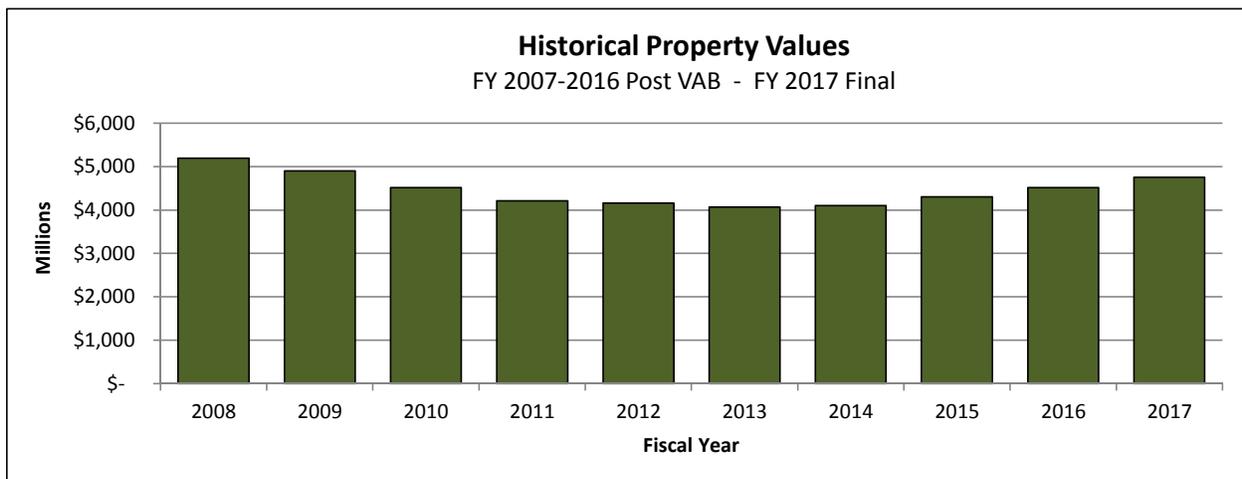
The majority of visitors to Lee County and Sanibel fly to the destination arriving via the Southwest Florida International Airport (RSW), located 26 miles from the City. The number of visitors arriving at RSW hit a record number in calendar year 2016, with 8.6 million passengers, up from 8.4 million in 2015.

In the past decade Lee County has experienced the extremes of economic prosperity and economic decline. At the height of the economic recession, the County's unemployment level grew to 13.8%. As mentioned previously, tourism and related industries have boosted economic results in the region and as a result, unemployment has dropped to a low of 3.5%. The graph below displays the unemployment rate for Lee County during the last ten years.

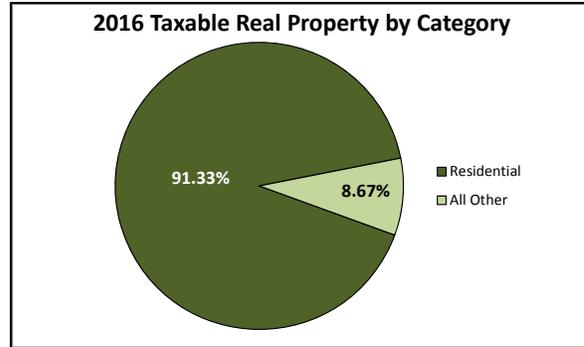


The sole means of vehicular access to Sanibel Island is a causeway owned and operated by Lee County. Annual traffic crossing the causeway peaked in 2001 (3.5 million). Total traffic vehicles entering Sanibel over the causeway increased by 1.7% between 2015 (3.3 million) and 2016 (3.4 million). An interlocal agreement with Lee County provides that the City receives 21% of net surplus toll revenue from Causeway operations. In fiscal year 2016, the City received \$1.7 million in toll revenue from Lee County to support transportation expenses within the City limits.

Historically, in addition to tourism, real estate has been a major economic component of Southwest Florida, and the City is no exception. Sanibel's property values peaked in 2007 before beginning to decline as a result of the housing recession in Southwest Florida. While property values have shown steady recovery since calendar year 2012, they remain 8.5% lower as compared to calendar year 2008, valued at \$4.8 billion for calendar year 2016 as shown in the chart below.



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

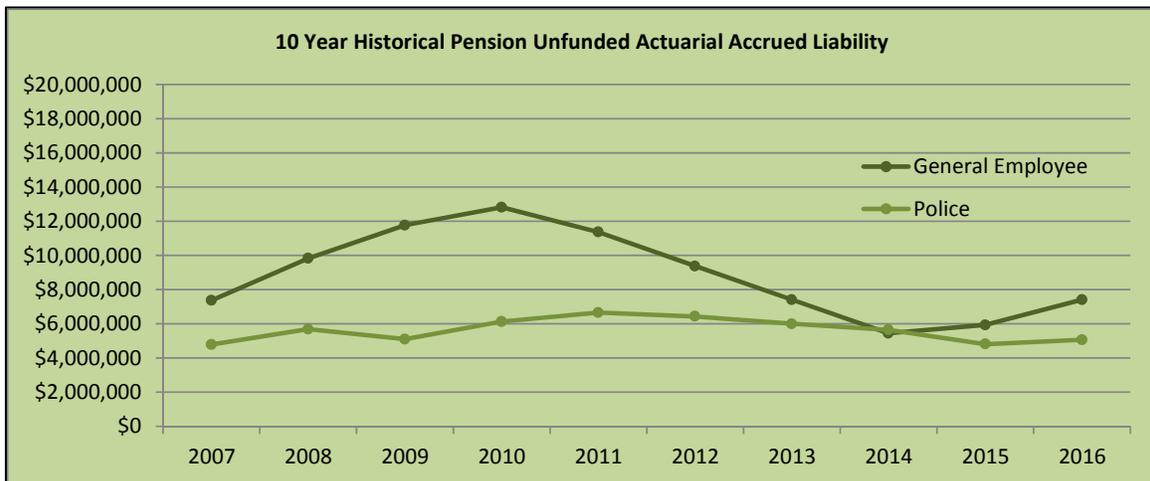


\*Source: Lee County Property Appraiser

**Long-term financial planning.** On September 30, 2016, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund comprised 91.3% of the total fund balance. Additionally, unassigned fund balance available to the City was 20.9% of general fund operating expenditures, well above the 17.0% as prescribed by the City's Fund Balance policy. The policy dictates that if the general fund's unassigned fund balance falls below the acceptable level, the City shall take action necessary to restore the unassigned fund balance to acceptable levels within two years. The City does not anticipate any near term shortfalls in this area.

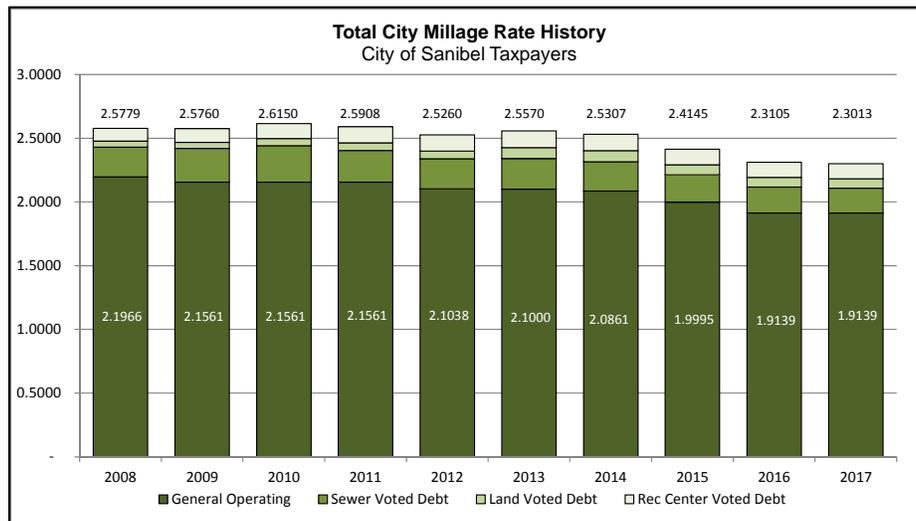
The City continues to reduce its outstanding debt, and in the current year paid all required debt service, including required contributions to the City's two defined benefit pension plans. Additionally, the City took advantage of a refunding opportunity for the bonds issued to finance the construction of the City's recreation center. This refunding transaction reduced overall debt service expenditures and shortened the maturity of the outstanding debt. For more information, see Note 9.

Recognizing the long-term financial impacts of the pension plans, the City has focused efforts in the last several years to reduce the unfunded liability associated with the plans. The funded ratio of the City's General Employee's Pension Plan and its Municipal Police Officers' Pension plans are 77.5% and 80.7%, respectively, above state and national averages. The following chart presents a historical perspective of the unfunded liabilities of both plans.

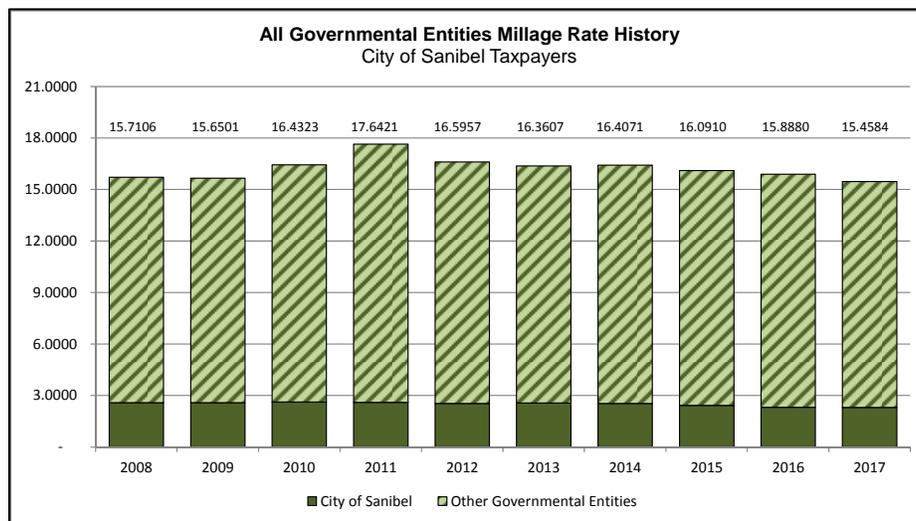


The City's priority is to maintain Sanibel as a world-class, safe, clean, environmentally and fiscally sound municipality. The City maintains its strong financial position through prudent long-term financial planning and fiscal actions to reduce or contain fixed costs. In the current year, while the City experienced modest increases in taxable property values, there remains concern how external forces will impact the City's values. Two items of significant concern are continuing issues surrounding possible changes to flood insurance rates and the impact of water quality on property values. Additionally, the City recognizes that as a barrier island in the sub-tropics, it remains vulnerable to natural events such as tropical storms and hurricanes. In response to the City's natural vulnerabilities from nature and man, Council committed \$4.5 million for a disaster reserve and \$1.0 million for an environmental initiative reserve in 2016.

The City Council is very focused on the tax burden for the City's residents. As a result, the City's general operating millage has reduced from 2.1966 mils in fiscal year 2008 to 1.9139 mils in fiscal year 2016.



Additionally, the City's overall taxing rate is a small portion of the total taxes levied to its citizens as shown in the chart below.



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

## **RELEVANT FINANCIAL POLICIES**

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

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

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

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

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

## **MAJOR INITIATIVES**

The City will continue to provide quality services to the Sanibel community. In support of that goal, the City Council has adopted the following goals:

### **I. IMPROVE WATER QUALITY**

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 (process began in July 2016). This will require the City to reduce nutrient loading to the Sanibel 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 TDML compliance.

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

#### **On-island Water Quality Improvement Goals**

- Implement the Donax Wastewater Reclamation Facility Denitrification modifications and Plant 1 upgrades to improve the quality of municipal reuse water.
- Complete design and engineering for the Jordan Marsh Water Quality Treatment Park and seek grant funding for construction.
- Implement Community Lakes Best Management Practices (BMP) Education Program.
- Launch local water quality education website with current and historical water quality data and resources for Sanibel residents, property owners and property managers.

- Continue implementation of regional fertilizer education program with Lee County and other partners.

#### **State/Regional**

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

#### **Federal**

- Work with federal representatives to accelerate the design and planning for the "EAA Storage & ASR/Decomp Ph 2" project identified on the 2015 Integrated Delivery Schedule (IDS).
- Work with federal representatives to adopt WRDA 2016 and appropriate funding for the Central Everglades Planning Project (CEPP) and other critical water projects.
- Work with federal representatives to secure the funding needed to expedite repairs to the Herbert Hoover Dike to protect the communities adjacent to Lake Okeechobee and to provide the Corps additional operational flexibility when managing freshwater releases from the Lake.

## **II. SUSTAIN AND STRENGTHEN THE CITY'S FINANCIAL STABILITY**

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

- Evaluate funding options for the Donax Wastewater Reclamation Facility (denitrification) project to determine maximum economic efficiency for the City and the system's ratepayers.
- Quarterly analysis of major fee-based revenue streams to identify potential opportunities for diversification, service enhancements or fee adjustments:
  - Public Safety Services
  - Recreation fees
  - Building permitting fees
  - Development permitting fees
  - Beach parking fees
  - Fines and forfeitures

## **III. IMPROVE CITIZEN SERVICE FOR THOSE INVESTING IN THE COMMUNITY, MAINTAINING & REDEVELOPING THEIR PROPERTIES**

### **TECHNOLOGY**

Complete the evaluation and implementation of a state-of-the-art permitting and citizen service software that will improve the transparency for citizens and the efficiency and quality of the product provided by the Planning and Building Departments.

### **ORGANIZATION**

Complete a review of best practices of comparable local governments and evaluate current "Best Practices" to determine the appropriate organizational structure for quality and efficient services. Prepare a cost-analysis of options and prepare a report to Sanibel City Council for consideration.

## 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, 2015. This was the 31<sup>st</sup> 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, 2015. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,



Judith A. Zimomra  
City Manager



Steven C. Chaipel  
Finance Director



Government Finance Officers Association

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

Presented to

**City of Sanibel  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

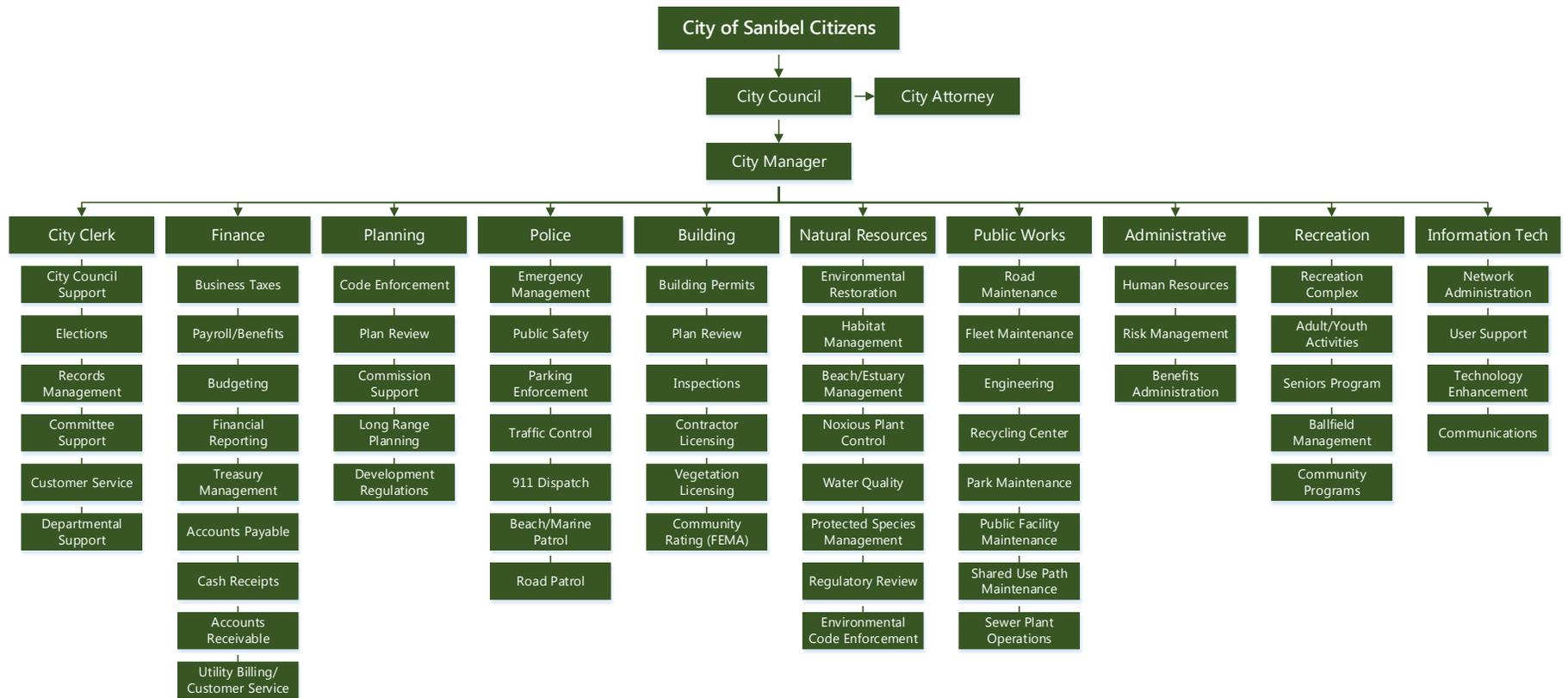
**September 30, 2015**

Executive Director/CEO

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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, 2016



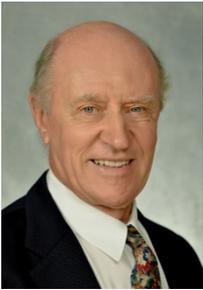
CITY OF SANIBEL, FLORIDA  
CITY COUNCIL MEMBERS  
SEPTEMBER 30, 2016

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**Mayor Kevin Ruane**

Mayor Ruane was appointed to the Sanibel City Council to serve an interim position for a vacant seat in February 2007. In May 2007, he successfully ran for a permanent position on Sanibel City Council. He was re-elected in March 2009 and appointed by his peers as Vice Mayor for 2009-2010. In March 2010 Mr. Ruane was appointed by his peers as Mayor. He is currently serving his 7th consecutive term as Mayor. He was once again re-elected to City Council in 2013. He serves as the liaison to the Sanibel General Employees' Pension Board (GEPB), Community Housing Resources (CHR) Board of Directors, the Community Housing Resources Coast and Island Community Land Trust, the City of Sanibel Audit Committee and the Sanibel Municipal Officers Pension Board.



**Vice-Mayor Mick Denham**

Vice Mayor Denham was first elected to the Sanibel City Council March 2005 and subsequently was re-elected in 2009 and 2013. Mr. Denham served as Mayor between 2008 and 2010. He has also served as Vice Mayor in 2006, 2007, 2011, 2012, 2013, and 2015 and currently serves as Vice Mayor. He is the City Council's liaison to the General Employees' Pension Board, Sanibel Municipal Officers' Pension Board, the City's Redevelopment Needs Assessment and a member of the "Ding" Darling Wildlife Society Advocacy Committee.



**Councilmember Chauncey Goss**

Mr. Goss serves as the Council liaison of the Sanibel Planning Commission. He also serves as liaison to the Lee County Horizon Council and as the liaison to Lee County on Causeway matters.



**Councilmember Marty Harrity**

Councilman Harrity was appointed to the Planning Commission on September 10, 1996 resigning on upon being elected to the Sanibel City Council November 2000. He served until 2005 during which time he served as Vice Mayor 2003 to 2004 and Mayor from 2004 to 2005. He was subsequently re-elected to Sanibel City Council in 2009 and 2013. He serves as the City Council's liaison to the Historical Preservation Committee, the Historical Museum and Village, Inc., the General Employee Pension Board and the Recreation Financial Assistance Committee. Mr. Harrity also currently serves as the Council liaison to the Sanibel School and liaison to the Tourism Development Council (TDC).



**Councilmember Jim Jennings**

Councilman Jennings was first elected to Sanibel City Council March 2003. He has been subsequently re-elected in 2007, 2011 and 2015. He is the City Council's liaison to the Community Housing and Resources (CHR) Board of Directors and the Community Housing Resources Coast and Land Community Land Trust. Mr. Jennings continues to serve as liaison to the employee Dependent Scholarship Committee, the Vegetation Committee and the Contractor's Review Board. He has served as liaison to the Historical Preservation Committee, the Historical Museum and Village, Inc., the Parks and Recreation Committee, Recreation Financial Assistance Committee and the Wildlife Committee.

CITY OF SANIBEL, FLORIDA  
COUNCIL-MANAGER FORM GOVERNMENT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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**ELECTED OFFICIALS**

Kevin Ruane ..... Mayor  
Mick Denham ..... Vice Mayor  
Chauncey Goss ..... Councilmember  
Marty Harrity ..... Councilmember  
Jim Jennings ..... Councilmember

**APPOINTED OFFICIALS**

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

**EXECUTIVE STAFF**

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

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

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



**This section contains the following subsections:**

Independent Auditors' Report .....	23
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Basic Financial Statements .....	47
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Required Supplementary Information .....	117
Combining Financial Statements and Schedules .....	123



## 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, 2016, 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, 2016, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the general fund, the transportation and recreation special revenue funds, and the 2006/2016 \$6.52M general obligation bonds debt service fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As described in Note 18 to the financial statements, the City corrected an error in reporting amounts receivable from its component unit. Our opinion was not modified with respect to this matter.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in the net pension liability and related ratios, schedule of contributions and schedule of investment returns for the general employees' and the municipal police officers pension plans, and the schedules of funding progress and schedule of contributions from the employer for the other post employment benefit plan on pages 25-40 and 104-108 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

The combining financial statements and schedules 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 3, 2017, 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 3, 2017



CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2016

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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, 2016. 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 of this report.

### FINANCIAL HIGHLIGHTS

- At the close of fiscal year 2016, the City of Sanibel's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$82.0 million (net position). Governmental and business-type assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$43.9 million and \$38.1 million, respectively.
- The City's total net position increased by \$134,500, or 0.2%, in comparison to the prior year, which includes an adjustment that increased net position by \$282,714. This adjustment affected the governmental activities and the General fund of the City and was due to recognition of a previously owed balance between the City and its component unit, Community Housing Resources, Inc. For additional information on this adjustment, see note 18 on page 115. The City's unrestricted net position, which may be used to meet the City's ongoing obligations to its citizens and creditors, increased by \$1.2 million, an 11.4% increase over the prior year.
- The City's governmental activities reported a total net position of \$43.9 million, a decrease of \$1.2 million, or 2.6%, from the previous year. Approximately 6.1% of the total (\$2.7 million) is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.
- The City's business-type activities reported a total net position of \$38.1 million, which is an increase of \$1.3 million, or 3.5%, in comparison to the prior year. Approximately 23.1% of the total, or \$8.8 million, is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.
- The City's total long-term liabilities decreased by \$2.8 million during the current fiscal year. This decrease is attributable to the required annual debt service payments on existing debt issuances and actuarially adjusted pension and OPEB liabilities. While no additional new long term debt was issued in fiscal year 2016, the City did refund its general obligation bonds that were used to construct the Recreation Center. See note 9 for more information.
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of fund balance) for the general fund was \$9.5 million, or approximately 91.0% of the total fund balance.
- At the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$17.1 million, an increase of \$210,600 in comparison with the prior year, which includes the \$282,714 adjustment in the General fund mentioned above. For additional information on this adjustment, see note 18 on page 115. Approximately 15.1% of this amount (\$2.6 million) is available for spending at the City's discretion (*unassigned fund balance*). Approximately 67.7% of this amount (\$11.6 million) is *unrestricted fund balance*.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2016

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**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, 2016.

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.

CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2016

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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 seventeen 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, the recreation fund, and the 2016 \$6.52M general obligation fund which are considered to be major funds. Data for the other thirteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements and schedules immediately following the required supplementary information and can be found beginning on page 123 of this report.

The City adopts an annual appropriated budget for all major and non-major funds. Budgetary comparison statements for the general fund and major special revenue funds are part of the basic financial statements and can be found on pages 54-56. Budgetary comparison schedules have also been provided for all other nonmajor governmental funds beginning on page 129.

The basic governmental fund financial statements can be found on pages 50-56 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 57-61 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 62-63 of this report.

CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2016

**Notes to the financial statements.** The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 65 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's pension plans and other post-employment benefits (OPEB) plan. Required supplementary information can be found beginning on page 117 of this report.

**GOVERNMENT-WIDE FINANCIAL STATEMENT ANALYSIS**

**Statement of Net Position**

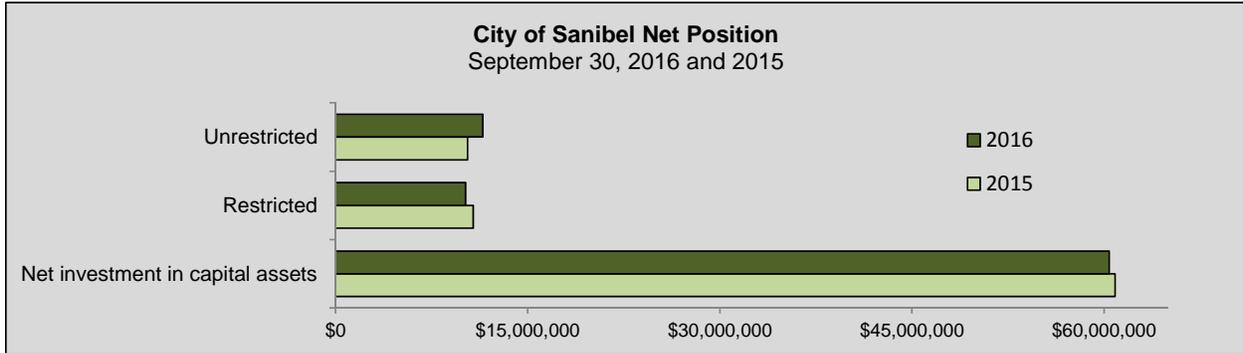
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$82.0 million, at the close of the most recent fiscal year.

<b>Statement of Net Position (Summary)</b> as of September 30, 2016 and 2015						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Current and other assets	\$18,424,301	\$18,401,131	\$17,032,318	\$15,594,970	\$35,456,619	\$33,996,101
Capital assets, net	44,990,841	46,261,612	42,115,699	44,353,961	87,106,540	90,615,573
<b>Total assets</b>	<b>\$63,415,142</b>	<b>64,662,743</b>	<b>59,148,017</b>	<b>59,948,931</b>	<b>122,563,159</b>	<b>124,611,674</b>
Deferred outflows of resources	1,802,019	2,153,858	412,648	434,657	2,214,667	2,588,515
Current and other liabilities	1,392,602	1,604,971	1,018,666	795,775	2,411,268	2,400,746
Long-term liabilities	19,732,555	20,153,238	20,385,518	22,747,921	40,118,073	42,901,159
<b>Total liabilities</b>	<b>21,125,157</b>	<b>21,758,209</b>	<b>21,404,184</b>	<b>23,543,696</b>	<b>42,529,341</b>	<b>45,301,905</b>
Deferred inflows of resources	196,282	-	19,412	-	215,694	-
<b>Net position:</b>						
Net investment in capital assets	36,620,841	37,386,612	23,771,834	23,457,166	60,392,675	60,843,778
Restricted	4,577,917	4,486,575	5,567,631	6,253,240	10,145,548	10,739,815
Unrestricted	2,696,964	3,185,205	8,797,604	7,129,486	11,494,568	10,314,691
<b>Total net position</b>	<b>\$43,895,722</b>	<b>\$45,058,392</b>	<b>\$38,137,069</b>	<b>\$36,839,892</b>	<b>\$82,032,791</b>	<b>\$81,898,284</b>

By far, the largest portion of the City's net position (73.6%) reflect its net 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 \$10.1 million (12.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$11.5 million (14.0%) is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.

CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2016



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.

**Governmental Activities**

**Revenues**

Total program revenues increased 14.1% (\$785,000) to \$6.4 million in fiscal year 2016 from \$5.6 million in fiscal year 2015. The most significant source of revenue in program services is received from charges for services, which increased 22.6% (\$756,000) from the previous year, primarily driven by increases in fees collected from the building department and recreation center. Operating and Capital grants and contributions increased approximately 1.5% (\$29,000) in fiscal year 2016.

Total general revenues (excluding transfers) decreased slightly (1.1%) to \$12.8 million, compared to the previous year. These results reflect the City's approach to keeping its citizen's ad valorem tax burden consistent with prior years, which is the primary source of general revenue. The revenue generated from non-restricted ad valorem taxes increased less than \$40,000 from the prior year. Additionally, \$455,000 was transferred from the City's business-type activities as payments in lieu of taxes, a result of a City Council resolution adopted in fiscal year 2016.

**Expenses**

Total expenses increased \$2.6 million, or 14.2%, from fiscal year 2015. The main factor that increased expenses in fiscal year 2016 was the increase in the City's recognized pension expense for both pension plans. Pension expense is computed annually in accordance with generally accepted accounting principles. In fiscal year 2016, the recognized pension expense for governmental activities increased significantly to \$2.8 million, up from \$1.5 million in the previous year.

The general government function increased 25.9% in fiscal year 2016. This section includes the City's legislative department, administrative services department, the City attorney's office, the finance department, the information technology department and the planning department. Total general government expenses for fiscal year 2016 were \$3.9 million and represents 18.3% of total expenses.

The public safety function increased 15.2% in fiscal year 2016. This section includes the personnel and operations of the police department, the emergency management department and the building department. Expenses in this area total \$5.7 million and represent 26.9% of total expenses.

The physical environment function includes the City's natural resources department, which is staffed with four full-time biologists. This department totaled \$647,000 in fiscal year 2016, which represents 3.1% of total expenses.

CITY OF SANIBEL, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
September 30, 2016

The public works/transportation function includes the activities of maintaining the City's roadways and shared-use paths, parks and public facilities. This function totaled \$5.2 million in fiscal year 2016, which represents 24.8% of total expenses.

The economic environment function relates to a long-term agreement with the City's component unit, Community Housing Resources, to assist with operational expenses. CHR provides housing for low income individual within the City limits. This support totaled \$352,000 in fiscal year 2016, which represents 1.7% of total expenses.

In the human services function, the City reached an agreement with the benefitting party and fully dispersed funds held in a special revenue fund. These funds totaled \$24,579 and the special revenue fund that held them was closed at the end of fiscal year 2016.

The culture and recreation function includes the personnel and operations of the City's Recreation Center, the senior center, and support for the historical museum and performing arts complex. Total expenses in this area were \$4.9 million and represent 23.5% of total expenses.

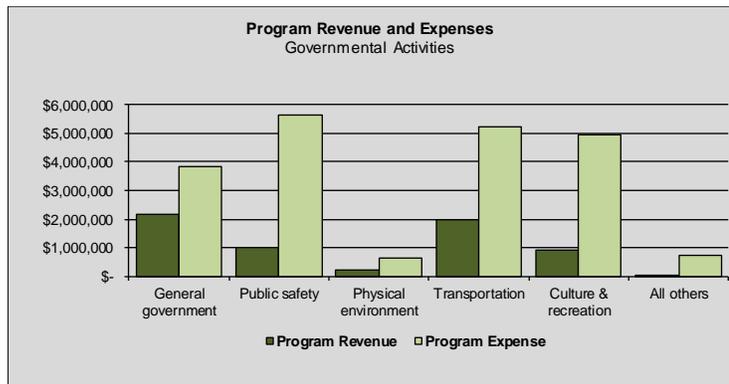
<b>Changes in Net Position (Summary)</b>						
<b>For the Year Ended September 30, 2016 and 2015</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 4,107,540	\$ 3,351,681	\$ 9,873,646	\$ 9,169,458	\$ 13,981,186	\$ 12,521,139
Operating grants and contributions	2,024,197	1,933,338	1,346,166	1,337,995	3,370,363	3,271,333
Capital grants and contributions	229,515	291,238	532,492	1,019,340	762,007	1,310,578
General revenues						
Property taxes	9,165,494	9,126,186	880,934	880,713	10,046,428	10,006,899
Other taxes	2,575,893	2,505,704	-	-	2,575,893	2,505,704
Intergovernmental revenues	721,892	698,136	-	-	721,892	698,136
Other	304,138	580,971	328,295	329,605	632,433	910,576
Total revenues	<u>19,128,669</u>	<u>18,487,254</u>	<u>12,961,533</u>	<u>12,737,111</u>	<u>32,090,202</u>	<u>31,224,365</u>
<b>Expenses (including indirect expense):</b>						
General government	3,852,797	3,059,243	-	-	3,852,797	3,059,243
Public safety	5,660,436	4,914,342	-	-	5,660,436	4,914,342
Physical environment	646,824	646,509	7,048,610	6,729,763	7,695,434	7,376,272
Public works	5,215,574	4,150,278	-	-	5,215,574	4,150,278
Beach parking	-	-	4,160,279	3,373,708	4,160,279	3,373,708
Economic development	352,019	330,604	-	-	352,019	330,604
Human services	24,579	1,000	-	-	24,579	1,000
Culture/recreation	4,932,373	4,962,842	-	-	4,932,373	4,962,842
Interest on long-term debt	344,918	346,967	-	-	344,918	346,967
Total expenses	<u>21,029,520</u>	<u>18,411,785</u>	<u>11,208,889</u>	<u>10,103,471</u>	<u>32,238,409</u>	<u>28,515,256</u>
Increase (decrease) in net position before transfers	(1,900,851)	75,469	1,752,644	2,633,640	(148,207)	2,709,109
Transfers	455,467	-	(455,467)	-	-	-
Increase (decrease) in net position	(1,445,384)	75,469	1,297,177	2,633,640	(148,207)	2,709,109
Net position - beginning of year as previously reported	45,058,392	44,982,923	36,839,892	34,206,252	81,898,284	79,189,175
Adjustment (See Note #18)	282,714	-	-	-	282,714	-
Net position - beginning of year	<u>45,341,106</u>	<u>44,982,923</u>	<u>36,839,892</u>	<u>34,206,252</u>	<u>82,180,998</u>	<u>79,189,175</u>
Net position - end of year	<u>\$ 43,895,722</u>	<u>\$ 45,058,392</u>	<u>\$ 38,137,069</u>	<u>\$ 36,839,892</u>	<u>\$ 82,032,791</u>	<u>\$ 81,898,284</u>

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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.

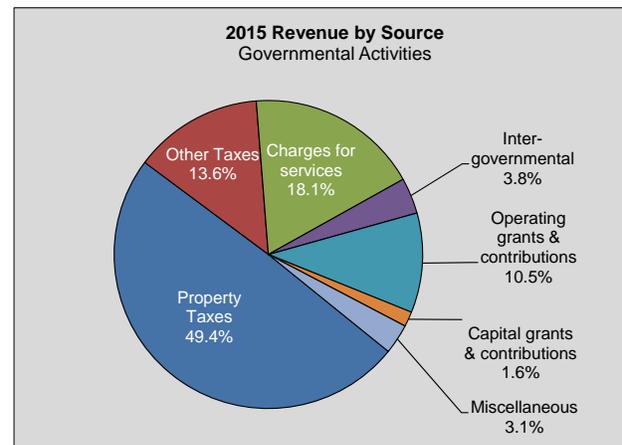
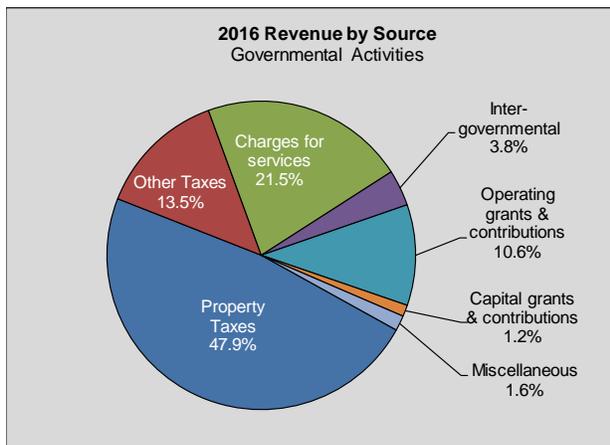
<b>Program Revenues and Expenses</b>				
Governmental Activities				
	<b>Total Cost Of Services</b>		<b>Net (Cost) Earnings Of Services</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
General government	\$ 3,852,797	\$ 3,059,243	\$ (1,671,792)	\$ (1,372,433)
Public safety	5,660,436	4,914,342	(4,661,132)	(4,177,810)
Physical environment	646,824	646,509	(403,973)	(365,516)
Transportation	5,215,574	4,150,278	(3,224,663)	(2,182,721)
Culture/Recreation	4,932,373	4,962,842	(4,005,172)	(4,058,477)
All others	721,516	678,571	(701,536)	(678,571)
<b>Totals</b>	<b>\$ 21,029,520</b>	<b>\$ 18,411,785</b>	<b>\$ (14,668,268)</b>	<b>\$ (12,835,528)</b>

The total cost of all governmental activities provided this fiscal year was approximately \$21.0 million, a 14.2% increase from the prior year as previously discussed. As detailed in the statement of activities on page 49, the net cost ultimately paid through taxes and other general revenues was approximately \$14.7 million.



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

The following graphs compare the composition of revenues for the City's governmental activities for the period ending September 30, 2016 and 2015, respectively:



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**Business-type activities**

**Revenues**

Revenues from the operations of the City's business-type activities totaled \$13.0 million in fiscal year 2016, a 1.8% increase from the previous year. Total expenses for 2016 were \$11.2 million, an 11.0% increase from fiscal year 2015. These results generated a 3.5% (\$1.3 million) increase in net position.

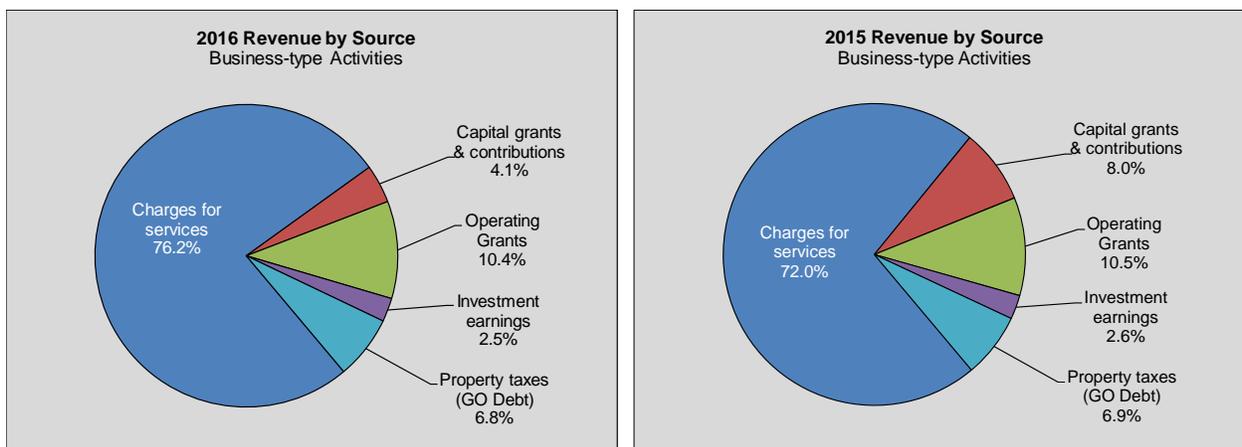
Total program revenues generated from the City's business-type activities remained relatively consistent in fiscal year 2016, reflecting a 2.0% increase from the previous year. The largest component of program revenues is charges for services, which generated an increase of 7.7% in fiscal year 2016, due to a scheduled increase in sewer rates and greater demand at the City's beach parking lots.

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 approximately \$8,000 in fiscal year 2016 from fiscal year 2015. These grants mainly fund beach maintenance and prevention of erosion activities and routinely vary from year to year.

Capital grants and contributions decreased \$487,000 in fiscal year 2016. In the Sewer fund, capital contributions from sewer connection fees decreased approximately \$60,000 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 in fiscal year 2016 due to a large project being completed in 2015. Additionally, several projects that were granted in fiscal year 2016 were not completed as of year-end and are expected to be completed in fiscal year 2017.

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 2016 totaled approximately \$881,000 based on debt service needs for the year. The second source of general revenues is received from the Sewer and Beach Parking fund's investment and banking activity. Revenue was down 0.4% in this area, primarily due to market fluctuations at year end.

The following graphs compare the composition of revenues for the City's business-type activities for the period ending September 30, 2016 and 2015, respectively:



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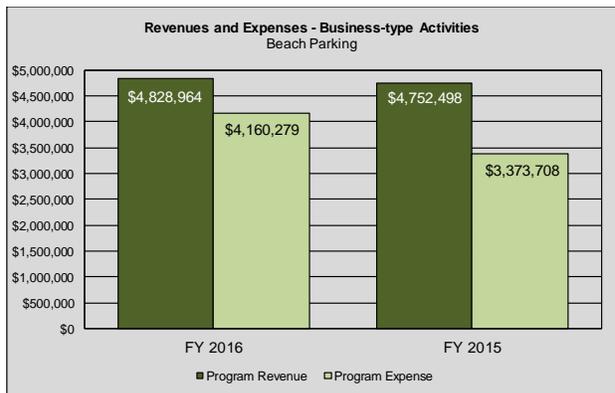
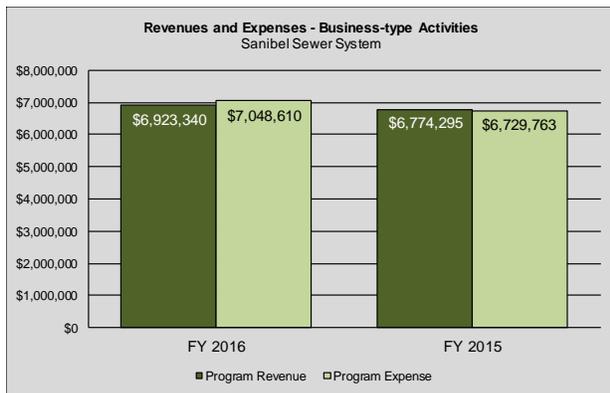
**Expenses**

Total business-type expenses increased 11.0% (\$1.1 million) in fiscal year 2016 compared to the same period in 2015. The Sewer fund's expenses increased 4.8% (\$319,000), and the Beach Parking fund's expenses increased 23.3% (\$787,000). As mentioned previously, the most significant increase in expenses was due to the recognized pension expenses in fiscal year 2016. Pension expense for business-type activities increased to \$583,000, up from \$210,000 in fiscal year 2015.

The most notable increases in the Beach Parking fund are noted below:

- **Public Safety:** Personnel expenses increased \$320,000 due to the pension expense increase noted above and continued increased need for traffic control and enforcement due to higher demand at all beach facilities;
- **Physical Environment:** The Natural Resources department expenses increased \$121,000 in fiscal year 2016 as the City continues to address water quality concerns in an around the island's public beaches;
- **Public Works:** Personnel expenses increased \$134,000 from the previous year, primarily due to the increased demand of beach facilities as well as the pension expense item noted above. Much of these personnel expenditures are funded by grants from the Lee County Tourism Development Council.

The following charts compare program expenses with program revenues for the City's business-type activities for fiscal years 2016 and 2015:



**FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS**

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

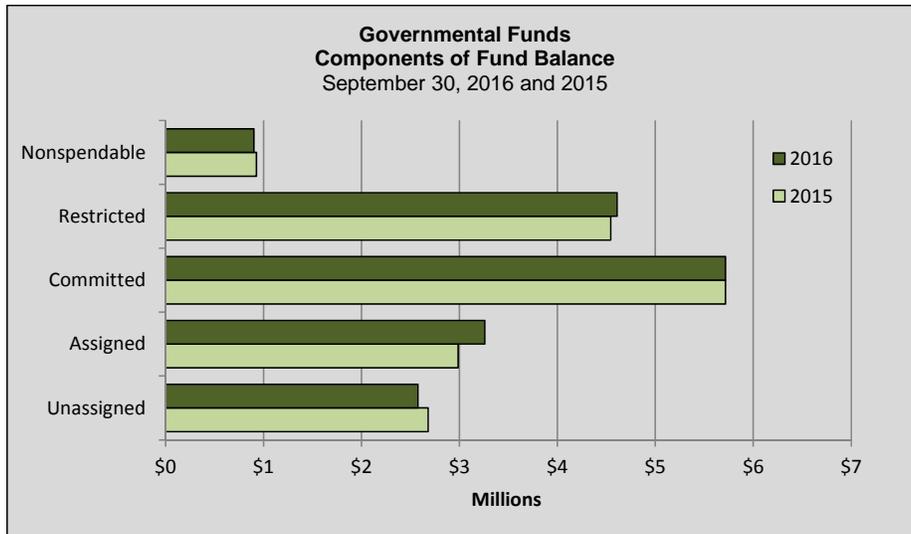
**Governmental funds**

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.

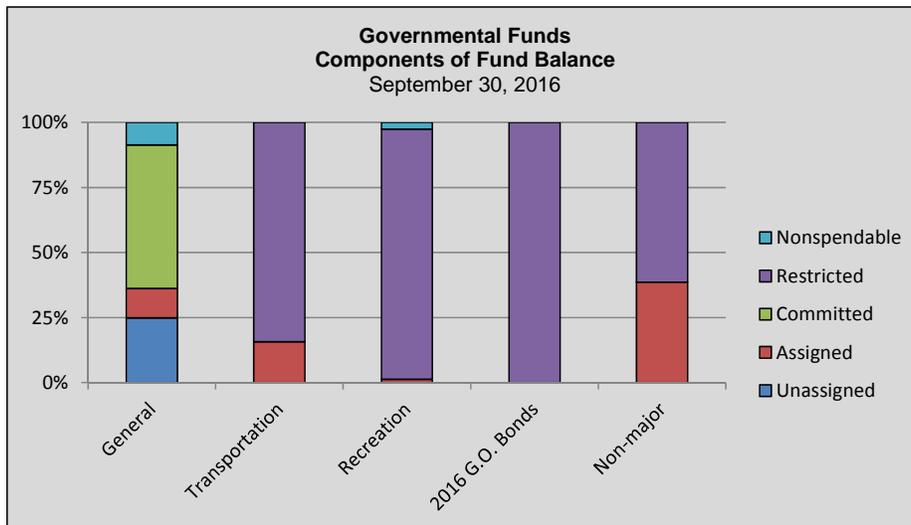
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At September 30, 2016, the City's governmental funds reported combined fund balances of \$17.0 million, an increase of approximately \$210,000 (including the adjustment to beginning fund balance previously mentioned) in comparison with the prior year. Approximately 15.1% of this amount (\$2.6 million) is comprised of unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is not in spendable form, restricted for specific purposes, committed for specific purposes, or assigned to particular purposes.

The following chart compares the various components of governmental funds fund balance between fiscal year 2016 and 2015:



A comparison of the allocation of fund balance as of September 30, 2016 for all major funds and non-major funds is presented below.



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**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 fiscal year 2016, the unassigned fund balance of the general fund was \$2.6 million, while total fund balance was \$10.4 million. As a measure of the general fund's liquidity, it may be useful to compare both unrestricted (total of committed, assigned, and unassigned) fund balance and total fund balance to total general fund expenditures and other financing uses. Unrestricted fund balance represents approximately 76.7% of the total general fund expenditures, while total fund balance represents 84.0% of that same amount.

As previously mentioned, the beginning fund balance in the general fund was increased by \$282,714 due to the recognition of a previously owed balance from the City's component unit, CHR. For more information on this adjustment, see Note 18 on page 115.

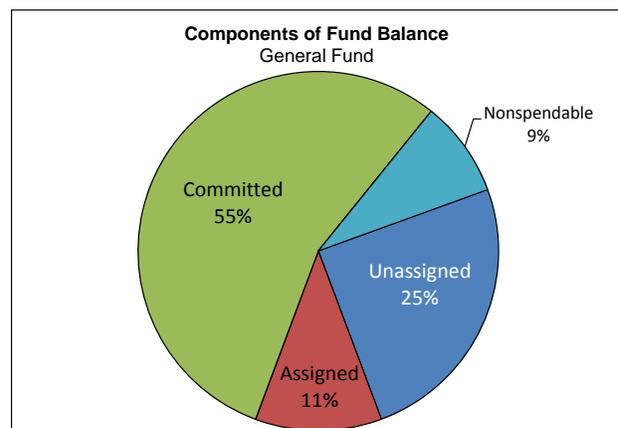
The fund balance of the general fund increased \$132,000, or 1.3%, during fiscal year 2016 for a total of \$10.4 million. Revenue in the general fund increased 1.7% while total operating expenditures remained consistent, increasing 0.5%. Additionally, other financing sources and uses decreased 40.9% in fiscal year 2016.

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

- Revenues in the general fund were fairly consistent with prior year results due to the focus on maintaining tax rates for the City's taxpayers at steady levels.
- A focus on maintaining expenditures control kept total operating expenditures consistent with prior year results as well.
- The City Council approved a payment in lieu of taxes to be paid from the Beach Parking fund to the General fund at the beginning of fiscal year 2016. This amount is calculated as 15% of gross parking revenues, paid quarterly to the General fund. In accordance with generally accepted accounting principles, these payments are recorded as transfers between the Beach Parking fund and the General fund. As a result, transfers in to the General fund increased significantly in fiscal year 2016. Transfers in to the General fund are comprised of the following:
  - \$400,000 from the Transportation fund
  - \$7,500 from the Sewer fund
  - \$447,967 from the Beach Parking fund

The chart to the right represents the components of fund balance in the General fund at September 30, 2016.

For information on the General fund's budgetary performance for fiscal year 2016, see the discussion beginning on page 40.

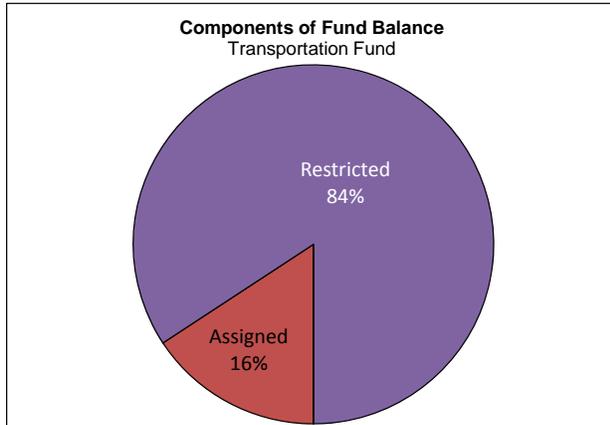


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**Transportation Fund**

The *Transportation Fund*, a major special revenue fund, was established to account for all activities necessary to provide repaving, maintenance and repairs to the City's streets, shared-use paths and drainage infrastructure.

Revenues are received from the local option gas taxes, municipal fuel allocation portion of the State of Florida's municipal shared revenues, fuel tax rebates and surplus toll revenues from the Sanibel Causeway.



Per an interlocal agreement with Lee County, the City receives 21% of the surplus toll revenue that Lee County received from the Sanibel Causeway. The City receives these funds on a biannual basis. The City also receives gas tax revenue from the State of Florida. Both of these revenue sources are restricted for use for transportation related operational and capital expenditures.

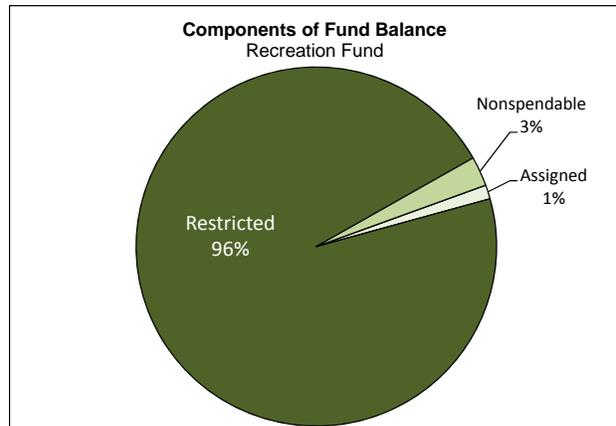
The ending fund balance of the transportation fund decreased \$405,000 during fiscal year 2016, primarily due to the \$400,000 transfer to the General fund mentioned previously.

**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 \$116,000 during 2016 to \$173,000. Key factors in this decrease are the net effect of the following items:

- Revenues in 2016 were very consistent with revenues in 2015, increasing 0.4%.
- Total expenditures decreased 1.3% from the previous year as a result of personnel vacancies and minor operating expenditure savings.
- In addition to the revenues previously noted, the Recreation fund receives transfers from the general fund to support its ongoing operations. During 2016, transfers from the General fund were set at a target of \$1.4 million by the City Council.



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**2006/2016 \$6.52M General Obligation Refunding Bonds Fund**

The 2006/2016 \$6.52M G.O. Refunding Bonds fund is a major fund in 2016 that was originally established to account for debt service payments related to the bonds used for the construction of the City's recreation center. In May 2016, the City issued \$6,515,000 in Series 2016 General Obligation bonds with a fixed interest rate of 2.32%. The proceeds were used to refund the outstanding principal amount of the voter approved Series 2006 General Obligation Bonds that were issued to construct the Recreation Center in 2007. The maturity date of the issued debt was accelerated from 2036 to 2030. The refunding provided a net present value savings of \$1.2 million to the City's taxpayers over the lifetime of the debt issue.

See Note 9 on page 94 for more information.

**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 \$670,000 in 2016 from 2015 and total \$4.6 million.

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

- Total revenue increased 10.2% in fiscal year 2016 to \$1.7 million
- Voter approved debt service ad valorem tax receipts are based on anticipated debt service needs. Total tax collected was \$331,000 in 2016 compared to \$332,000 in 2015
- Licenses and permits increased 30.4% in fiscal year 2016, primarily driven by an increase in building permit activity.
- Total expenditures decreased 28.6% in 2016 to \$1.9 million compared to \$2.7 million in 2015. The primary reason for the decrease was due to timing of the completion of several capital projects which were not completed in fiscal year 2016 and are scheduled to be completed in fiscal year 2017

For more detailed information, see the combining financial statements for the City's non-major governmental funds beginning on page 125.

**Proprietary Funds**

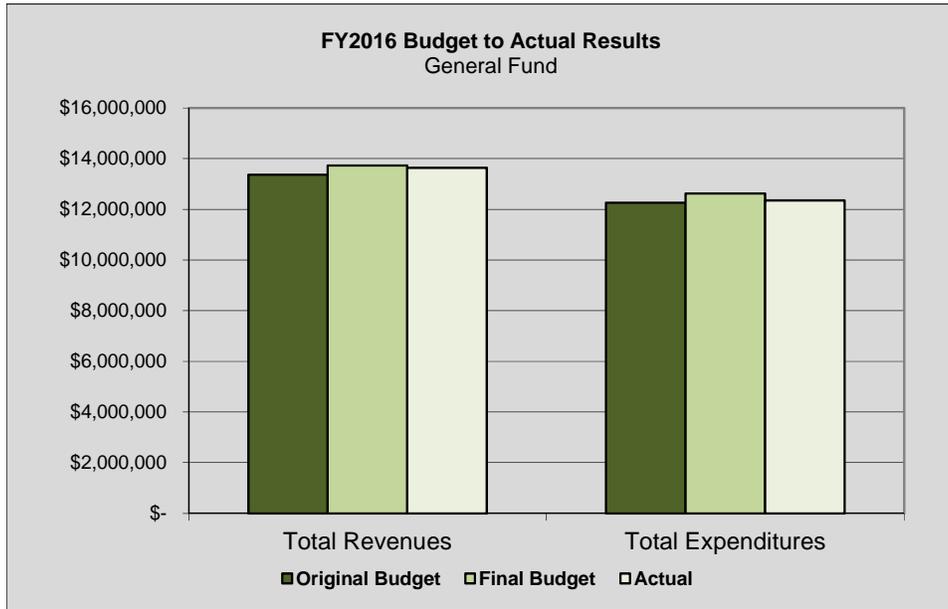
The City's proprietary funds are comprised of enterprise funds. An enterprise fund is used to account for activities for which a fee is charged to external users for goods and services. These funds provide the same type of information found in the government-wide financial statements business-type activities. See the discussion of business-type activities beginning on page 34. For additional detail, see the propriety fund statements on pages 57-61.



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**GENERAL FUND BUDGETARY HIGHLIGHTS**

During fiscal year 2016, there was a \$373,000, or 2.8%, increase in budgeted total revenue between the original and final amended budget in the General Fund and a \$357,000, or 2.9%, increase in budgeted total operating expenditures between the original and final amended budget.



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

- The revenue budget was increased \$378,000 for the payment in lieu of taxes approved by the City Council to be paid from the Beach Parking enterprise fund to the General fund
- A \$42,000 economic development grant was approved subsequent to the budget being adopted

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

- Personnel expenditures were increased for an additional position in the planning department
- The budget was amended by \$50,000 to allocate funding for insurance deductibles to pay for damage to certain police vehicles
- Agreement with consultants related to emergency management was finalized after the beginning of the year. The budget was amended by \$56,000 for these initiatives

During fiscal year 2016, there was a \$98,000 (-0.7%) negative variance between final budgeted total revenue and actual total revenue. The variances that comprised this small decrease were widespread and no specific line items were greatly decreased.

Final budget-to-actual expenditures show a \$271,000 (2.2%) 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 presentation of the general fund budget comparison can be found in the budgetary comparison statement found on page 54 of this report.

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** The City's capital assets as of September 30, 2016 reflect an investment of \$87.1 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 7 on page 91 of this report.

<b>Capital Assets (net of depreciation) as of September 30,</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Land	\$24,966,425	\$24,965,925	\$ 1,862,174	\$ 1,860,674	\$ 26,828,599	\$ 26,826,599
Buildings	11,629,254	12,244,858	1,832,614	1,970,559	13,461,868	14,215,417
Improvements other than buildings	807,791	944,159	699,618	725,568	1,507,409	1,669,727
Vehicles and equipment	1,367,201	1,372,653	1,294,599	1,156,837	2,661,800	2,529,490
Infrastructure	6,220,170	6,734,017	36,329,051	38,640,323	42,549,221	45,374,340
Construction work in progress	-	-	97,643	-	97,643	-
<b>Total capital assets</b>	<b>\$44,990,841</b>	<b>\$46,261,612</b>	<b>\$42,115,699</b>	<b>\$44,353,961</b>	<b>\$ 87,106,540</b>	<b>\$ 90,615,573</b>

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

<u>Description</u>	<u>Cost</u>
<i>Purchases/Acquisitions</i>	
Trucks/vehicles (18).....	\$457,975
Technology .....	\$29,266
Defibrillators (2).....	\$3,172
Security Project Phase II .....	\$72,667
Shade Shelter .....	\$29,273
Boat & Trailer.....	\$61,254
Traffic Cameras .....	\$44,529
Traffic Electronic Messaging Sign .....	\$13,992
<i>Construction In Progress</i>	
Tarpon Bay Restrooms.....	\$37,070
Donax Wastewater Treatment Plant.....	\$60,573
<i>Disposals</i>	
Trucks/vehicles (10).....	\$212,518
Boat & Trailer.....	\$11,720

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

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**Long-term liabilities.** As of September 30, 2016, the City had \$40.1 million in outstanding long term liabilities. The following schedule provides a comparative summary of the City's outstanding long-term liabilities:

	Long-term Liabilities as of September 30,					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Bonds						
General obligation	\$ 8,370,000	\$ 8,875,000	\$ -	\$ -	\$ 8,370,000	\$ 8,875,000
Revenue	-	-	6,438,561	7,672,137	6,438,561	7,672,137
Notes payable	-	-	12,004,703	13,344,983	12,004,703	13,344,983
Pension related	10,563,552	10,469,521	1,758,999	1,594,464	12,322,551	12,063,985
Compensated absences	615,271	633,132	122,890	79,728	738,161	712,860
OPEB	183,732	175,585	60,365	56,609	244,097	232,194
Total	<u>\$19,732,555</u>	<u>\$20,153,238</u>	<u>\$20,385,518</u>	<u>\$22,747,921</u>	<u>\$40,118,073</u>	<u>\$42,901,159</u>

The City's total long-term liabilities decreased \$2.8 million during the current fiscal year. Outstanding debt related to bonds and notes payable decreased \$3.1 million during fiscal year 2016 due to annual scheduled debt service payments.

The City also refunded certain outstanding general obligation bonds for general obligation bonds with more favorable interest rates. See Note 9 on page 94 for more information.

Long-term liability amounts for the City's pension and OPEB plans are actuarially calculated. The liability for compensated absences is based on the payable accrued leave time for employees at September 30, 2016.

Additional information about the City's long-term liabilities can be found in Note 9 beginning on page 93 of this report.



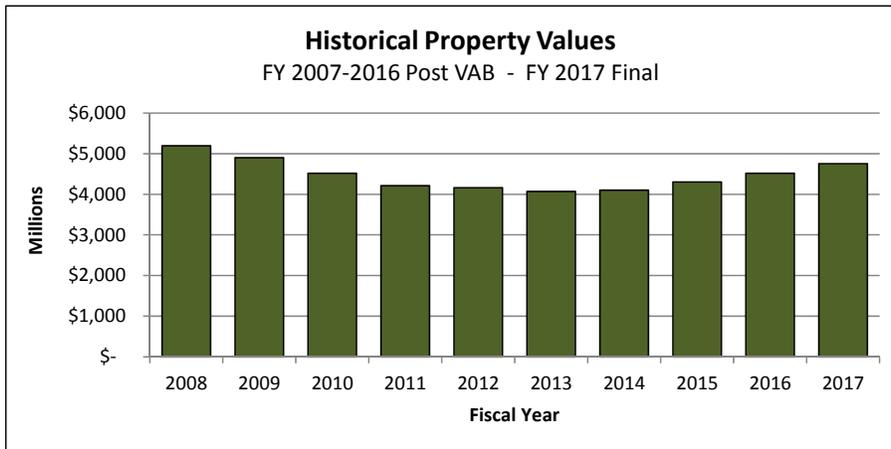
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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

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

**Property Values**

Property values continue to increase and were valued at \$4.8 billion for fiscal year 2017 (the upcoming budget year). However, much like most of Southwest Florida, the City is still below its historical high values from fiscal year 2007. The following chart shows the history of property values since fiscal year 2008.

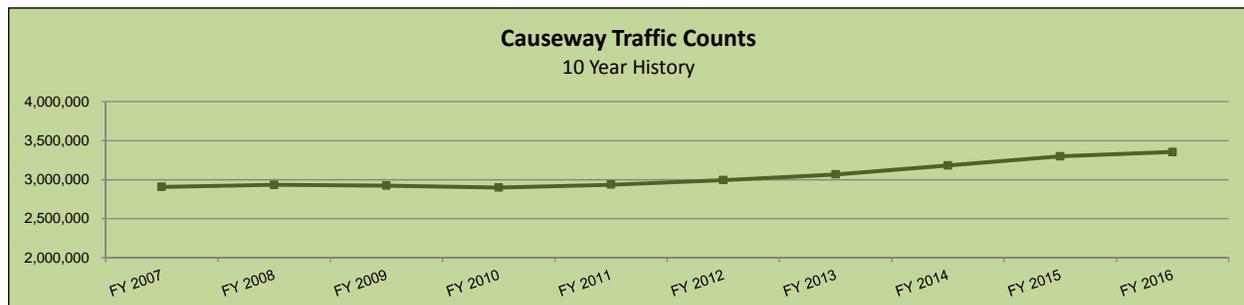


Property values remain uncertain in the upcoming year; however, the City is cautiously optimistic that taxable values will continue to trend upwards. As the City relies on ad valorem tax revenue for the majority of its revenue, there is significant focus placed annually on the following year's values.

**Tourism**

Based on information from the Lee County Toll system's (LeeWay) traffic reports, the Sanibel causeway's fiscal year 2016 vehicle total increased 1.7% from fiscal year 2015. 3.4 million vehicles crossed the causeway in fiscal year 2016, marking the 6<sup>th</sup> straight year of increased traffic. As the causeway is the only entrance to the City, using traffic counts is a good indicator of trends in tourism. Additionally, per an interlocal agreement with Lee County, the City receives a portion of each toll that is paid for transportation purposes.

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



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**Other Economic Factors**

According to the U.S. Department of Labor Bureau of Labor Statistics (USBLS), the unemployment rate for the Cape Coral-Fort Myers Metropolitan Area (that includes the City) for September 2016 was 4.7%, a slight decline from the September 2015 rate of 5.0%.

The Southwest Florida economy is very dependent on tourism, and the City of Sanibel is a premier tourist destination for the area. According to data from the Lee County Business Development Office, Lee County's tourism dollars rose to \$3.6 million in September 2016, a 5.0% increase over the previous September.

**Next Year's Budget and Rates**

The following items were considerations in developing the fiscal year 2017 budget:

- The final real and personal taxable property values for the City of Sanibel were assessed by the Lee County Property Appraiser at \$4,753,730,682. This represents a 5.27% increase in value from the fiscal year 2016 final valuation;
- A millage rate of 1.9139 was used to calculate the ad valorem tax levy in the General fund. This is the same millage rate that was adopted by the City Council for the Fiscal Year 2016 budget;
- The Beach Parking Fund revenue includes \$2.7 million in grants expected to be received by the Lee County Tourist Development Council (TDC). Of that total, \$250,000 is projected to rollover from fiscal year 2016 (for projects not completed by the end of the fiscal year) and \$2.4 million are new grants tentatively approved by the TDC for fiscal year 2017. The inclusion of the fiscal year 2017 grant funding is a change from previous methodology. The reason for this change is to more appropriately align revenues and expenses in the same period. Prior to this year, operating and capital expenses funded by TDC grants have been included in the adopted budget; however, the grant funding was not included in the budget until signed contracts were received, which occurs in the new fiscal year. Inasmuch as the grant revenue is reimbursement for expenses, if any grant does not receive final approval by the Lee County Commission the associated expense would be reviewed and adjusted;
- The budget includes \$1.625 million in causeway tolls to be received pursuant to the interlocal agreement with Lee County for the Sanibel causeway. This amount is consistent with the estimated collection in FY2016 based on anticipated causeway traffic;
- The budget assumes that approximately \$5.8 million of General Fund reserves will not be expended by September 30, 2016 and rolls the funds forward to the estimated FY2017 beginning fund balance;
- Consistent with City Council policy, the Recreation Center's budget is prepared to contain expenditures to previous year levels and the transfer from the General Fund remains flat with the prior year at \$1.4 million;
- Consistent with the long term rate study and cash flow analysis, a 3% projected increase in sewer and reclaimed water fees is included in the Sewer Fund budget to provide funds for approved sewer related capital projects;
- The budget includes \$200,000 in funding for the future redevelopment of the Center4Life;
- The budget includes \$100,000 in funding for technical upgrades to the City Council chambers;
- The budget includes the \$225,000 annual transfer to the recreation complex sinking fund established by City Council in FY2013 to proactively fund capital repairs at the Recreation Center facility.

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September 30, 2016

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- The budget includes a 2% general cost of living wage increase for employees effective October 1, 2016, as agreed to during union negotiations with the City's two labor unions. Additionally, the agreements provide for a possible additional 0.5-1.5% merit increase for an employee based on their annual performance evaluation rating;
- The City's health care costs that are used to determine the subsidy provided to employees to assist in purchasing health insurance for fiscal year 2017 have been contained at the previous year's levels;
- The budget includes approximately a 3.6% increase in total pension costs that include both defined pension plans and the defined contribution 401(a) plan. The City is still in a transition phase with its defined contribution plan – as employees retire out of the General Employees' Pension Plan (which has been closed to new employees since 2012) the 401(a) plan expenses are expected to continue to increase. The benefit to the City from the defined contribution plan is the expenses are "pay as you go" and therefore there is no future liability associated with this expenditure;
- The budget includes a total of \$305,000 in capital expenditures for lighting replacement at the ballfields. This was budgeted as a three way cost share project between the City, Lee County, and the Lee County School Board. \$105,000 of the revenue to fund the project is budgeted as a transfer from the General Fund and \$200,000 is budgeted as intergovernmental revenue from the other two entities;

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



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CITY OF SANIBEL, FLORIDA  
STATEMENT OF NET POSITION  
September 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Community Housing & Resources, Inc.
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9,115,213	\$ 11,261,635	\$ 20,376,848	\$ 412,228
Investments	6,647,380	2,184	6,649,564	-
Receivables (net of allowance for uncollectibles)				-
Accounts	51,616	281,866	333,482	3,266
Interest	110,760	-	110,760	-
Due from other governments	1,030,792	741,474	1,772,266	-
Internal balance with related party	267,714	-	267,714	-
Internal balances	825,000	(825,000)	-	-
Inventories	8,031	2,528	10,559	-
Prepays	95,979	-	95,979	40,683
Deposits	-	-	-	4,250
Restricted assets:				
Cash and cash equivalents	271,816	980,704	1,252,520	52,175
Assessments receivable	-	4,586,927	4,586,927	-
Capital assets (net of accumulated depreciation, where applicable):				
Land	24,966,425	1,862,174	26,828,599	768,913
Buildings	11,629,254	1,832,614	13,461,868	3,773,323
Improvements other than buildings	807,791	699,618	1,507,409	-
Vehicles and equipment	1,367,201	1,294,599	2,661,800	13,467
Infrastructure	6,220,170	36,329,051	42,549,221	-
Construction in progress	-	97,643	97,643	-
Total Assets	<u>63,415,142</u>	<u>59,148,017</u>	<u>122,563,159</u>	<u>5,068,305</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	1,802,019	313,249	2,115,268	-
Deferred charge on refunding	-	99,399	99,399	-
Total deferred outflows of resources	<u>\$ 1,802,019</u>	<u>\$ 412,648</u>	<u>\$ 2,214,667</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities	1,113,992	874,927	1,988,919	64,401
Accrued interest payable	32,556	123,904	156,460	-
Unearned revenue	246,054	19,835	265,889	81,370
Long-term liabilities:				
Due within one year	1,151,453	2,725,161	3,876,614	39,635
Due in more than one year	18,581,102	17,660,357	36,241,459	1,906,523
Total Liabilities	<u>21,125,157</u>	<u>21,404,184</u>	<u>42,529,341</u>	<u>2,091,929</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	196,282	19,412	215,694	-
Total deferred inflows of resources	<u>\$ 196,282</u>	<u>\$ 19,412</u>	<u>\$ 215,694</u>	<u>\$ -</u>
<b>NET POSITION</b>				
Net investment in capital assets	36,620,841	23,771,834	60,392,675	3,155,248
Restricted for:				
Public safety	892,459	-	892,459	-
Transportation	1,604,374	-	1,604,374	-
Capital projects	1,473,172	-	1,473,172	-
Debt service	271,817	5,567,631	5,839,448	-
Donations received	166,128	-	166,128	13,475
Special Assessments	169,967	-	169,967	-
Unrestricted	2,696,964	8,797,604	11,494,568	(192,347)
Total Net Position	<u>\$ 43,895,722</u>	<u>\$ 38,137,069</u>	<u>\$ 82,032,791</u>	<u>\$ 2,976,376</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, 2016

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position			
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
						Governmental Activities	Business-type Activities	Total	Community Housing & Resources, Inc.
<b>Primary government:</b>									
Governmental activities:									
General government	\$ 5,925,876	\$ (2,073,079)	\$ 2,181,005	\$ -	\$ -	\$ (1,671,792)		\$ (1,671,792)	
Public safety	5,272,144	388,292	958,104	41,200	-	(4,661,132)		(4,661,132)	
Physical environment	639,527	7,297	219,789	23,062	-	(403,973)		(403,973)	
Transportation	5,118,459	97,115	34,082	1,750,714	206,115	(3,224,663)		(3,224,663)	
Economic environment	322,064	29,955	-	19,980	-	(332,039)		(332,039)	
Human services	24,579	-	-	-	-	(24,579)		(24,579)	
Culture/recreation	4,268,928	663,445	714,560	189,241	23,400	(4,005,172)		(4,005,172)	
Interest on long-term debt	344,918	-	-	-	-	(344,918)		(344,918)	
Total governmental activities	21,916,495	(886,975)	4,107,540	2,024,197	229,515	(14,668,268)		(14,668,268)	
Business-type activities:									
Sewer system	6,663,553	385,057	6,764,243	-	159,097	-	\$ (125,270)	(125,270)	
Beach parking	3,658,361	501,918	3,109,403	1,346,166	373,395	-	668,685	668,685	
Total business-type activities	10,321,914	886,975	9,873,646	1,346,166	532,492	-	543,415	543,415	
Total primary government	32,238,409	-	13,981,186	3,370,363	762,007	(14,668,268)	543,415	(14,124,853)	
<b>Component unit:</b>									
Community Housing & Resources, Inc.	\$ 1,306,142	\$ -	\$ 686,247	\$ 567,518	\$ -				\$ (52,377)
<b>General revenues:</b>									
Property taxes, levied for general purpose						8,321,949	-	8,321,949	-
Property taxes, levied for debt service						843,545	880,934	1,724,479	-
Gas taxes						1,754,319	-	1,754,319	-
Local business taxes						283,506	-	283,506	-
Communications taxes						538,068	-	538,068	-
Intergovernmental revenues, not restricted to specific programs						721,892	-	721,892	-
Investment earnings						102,796	328,295	431,091	521
Gain on disposal of assets						103,078	-	103,078	-
Miscellaneous						98,264	-	98,264	8,772
<b>Transfers</b>						455,467	(455,467)	-	-
Total general revenues						13,222,884	753,762	13,976,646	9,293
Change in net position						(1,445,384)	1,297,177	(148,207)	(43,084)
Net position - beginning of year as previously reported						45,058,392	36,839,892	81,898,284	3,302,174
Adjustment (See Note #18)						282,714	-	282,714	(282,714)
Net position - beginning of year, as restated						45,341,106	36,839,892	82,180,998	3,019,460
Net position - end of year						\$ 43,895,722	\$ 38,137,069	\$ 82,032,791	\$ 2,976,376

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

CITY OF SANIBEL, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2016

	2006/2016 \$6.52M					
	General	Transportation	Recreation	General Obligation Bonds	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,984,081	\$ 1,494,083	\$ 243,993	\$ 12,101	\$ 4,652,771	\$ 9,387,029
Investments	6,647,380	-	-	-	-	6,647,380
Receivables (net of allowance for uncollectibles)						
Accounts	41,448	892	9,276	-	-	51,616
Interest	110,760	-	-	-	-	110,760
Due from other funds	827,432	-	-	-	-	827,432
Due from other governments	133,360	840,330	5,006	1	52,095	1,030,792
Due from related party	267,714	-	-	-	-	267,714
Inventories	3,434	-	4,597	-	-	8,031
Prepays	95,979	-	-	-	-	95,979
Total assets	<u>\$ 11,111,588</u>	<u>\$ 2,335,305</u>	<u>\$ 262,872</u>	<u>\$ 12,102</u>	<u>\$ 4,704,866</u>	<u>\$ 18,426,733</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 359,430	\$ 381,235	\$ 49,010	\$ -	\$ 84,177	\$ 873,852
Retainages payable	-	38,804	-	-	-	38,804
Due to other funds	-	-	-	-	2,432	2,432
Due to other governments	-	-	29	-	3,194	3,223
Deposits	8,100	-	400	-	-	8,500
Accrued liabilities	149,274	11,002	23,138	-	6,199	189,613
Unearned revenue	228,406	-	17,381	-	267	246,054
Total liabilities	<u>745,210</u>	<u>431,041</u>	<u>89,958</u>	<u>-</u>	<u>96,269</u>	<u>1,362,478</u>
Fund balances:						
Nonspendable:						
Inventories	3,434	-	4,597	-	-	8,031
Prepaid expenditures	95,979	-	-	-	-	95,979
Long-term loans to other funds	550,000	-	-	-	-	550,000
Long-term loans to related party	247,714	-	-	-	-	247,714
Restricted for:						
Building permits/operations	-	-	-	-	892,459	892,459
Transportation capital projects	-	1,604,374	-	-	-	1,604,374
Other capital projects	-	-	-	-	1,473,172	1,473,172
Debt service	-	-	-	12,102	292,272	304,374
Donations received	-	-	166,128	-	-	166,128
Canal dredging and trimming	-	-	-	-	169,967	169,967
Committed to:						
Disaster reserve	4,500,000	-	-	-	-	4,500,000
Environmental initiative reserve	1,000,000	-	-	-	-	1,000,000
Insurance deductible reserve	215,000	-	-	-	-	215,000
Assigned to:						
Transportation	-	299,890	-	-	-	299,890
Parks and recreation	-	-	2,189	-	41,500	43,689
Other capital projects	-	-	-	-	1,739,227	1,739,227
Other post employment benefits	115,284	-	-	-	-	115,284
Subsequent year's budget	1,062,319	-	-	-	-	1,062,319
Unassigned:	2,576,648	-	-	-	-	2,576,648
Total fund balances	<u>10,366,378</u>	<u>1,904,264</u>	<u>172,914</u>	<u>12,102</u>	<u>4,608,597</u>	<u>17,064,255</u>
Total liabilities and fund balances	<u>\$ 11,111,588</u>	<u>\$ 2,335,305</u>	<u>\$ 262,872</u>	<u>\$ 12,102</u>	<u>\$ 4,704,866</u>	<u>\$ 18,426,733</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, 2016

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

Total fund balances - governmental funds		\$ 17,064,255
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		44,990,841
Debt interest payable that will not be liquidated with current financial resources, is not reported in the funds.		(32,556)
Deferred outflows of resources related to pension earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		1,802,019
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.		(196,282)
Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.		(183,732)
Net pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(10,563,552)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
	Bonds and notes payable	\$ (8,370,000)
	Compensated absences	<u>(615,271)</u>
		<u>(8,985,271)</u>
Net position of governmental activities		<u>\$ 43,895,722</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, 2016

	2006/2016 \$6.52M					
	General	Transportation	Recreation	General Obligation Bonds	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes						
Property	\$ 8,321,949	\$ -	\$ -	\$ 512,649	\$ 330,896	\$ 9,165,494
Gas	-	1,754,319	-	-	-	1,754,319
Business tax receipts	283,506	-	-	-	-	283,506
Communications services	538,068	-	-	-	-	538,068
Casualty insurance premium	85,154	-	-	-	-	85,154
Permits, fees, special assessments	968,682	-	-	-	851,747	1,820,429
Intergovernmental revenues	821,134	1,735,714	23,643	-	165,598	2,746,089
Charges for services	2,369,868	-	714,560	-	13,124	3,097,552
Fines and forfeitures	55,588	-	-	-	20,946	76,534
Other revenue	189,099	26,872	28,744	3,095	290,328	538,138
Total revenues	<u>13,633,048</u>	<u>3,516,905</u>	<u>766,947</u>	<u>515,744</u>	<u>1,672,639</u>	<u>20,105,283</u>
<b>EXPENDITURES</b>						
<b>Current</b>						
General government	5,532,422	-	-	-	-	5,532,422
Public safety	4,354,344	-	-	-	764,826	5,119,170
Physical environment	556,326	-	-	-	-	556,326
Public works	823,260	3,521,496	-	-	59,771	4,404,527
Economic environment	322,064	-	-	-	-	322,064
Human services	-	-	-	-	24,579	24,579
Culture/recreation	740,427	-	2,281,021	-	430,706	3,452,154
<b>Debt service</b>						
Principal retirement	-	-	-	6,735,000	285,000	7,020,000
Interest and fiscal charges	-	-	-	325,535	44,298	369,833
Bond issuance costs	-	-	-	39,503	-	39,503
<b>Capital outlay</b>	<u>18,563</u>	<u>500</u>	<u>1,878</u>	<u>-</u>	<u>286,322</u>	<u>307,263</u>
Total expenditures	<u>12,347,406</u>	<u>3,521,996</u>	<u>2,282,899</u>	<u>7,100,038</u>	<u>1,895,502</u>	<u>27,147,841</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,285,642</u>	<u>(5,091)</u>	<u>(1,515,952)</u>	<u>(6,584,294)</u>	<u>(222,863)</u>	<u>(7,042,558)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	855,467	-	1,400,000	-	891,608	3,147,075
Transfers out	(2,291,608)	(400,000)	-	-	-	(2,691,608)
Refunding bonds issued	-	-	-	6,515,000	-	6,515,000
Total other financing sources (uses)	<u>(1,436,141)</u>	<u>(400,000)</u>	<u>1,400,000</u>	<u>6,515,000</u>	<u>891,608</u>	<u>6,970,467</u>
Net change in fund balances	(150,499)	(405,091)	(115,952)	(69,294)	668,745	(72,091)
Fund balances - beginning of year previously reported	10,234,163	2,309,355	288,866	81,396	3,939,852	16,853,632
Adjustment (see Note 18)	282,714	-	-	-	-	282,714
Fund balances - beginning of year as restated	<u>10,516,877</u>	<u>2,309,355</u>	<u>288,866</u>	<u>81,396</u>	<u>3,939,852</u>	<u>17,136,346</u>
Fund balances - end of year	<u>\$ 10,366,378</u>	<u>\$ 1,904,264</u>	<u>\$ 172,914</u>	<u>\$ 12,102</u>	<u>\$ 4,608,597</u>	<u>\$ 17,064,255</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, 2016

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

Net change in fund balances - total governmental funds		\$ (72,091)
<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	\$ 307,263
	Depreciation	<u>(1,573,549)</u>
		(1,266,286)
<p>Net effect of various miscellaneous transactions involving capital assets (i.e. disposals, transfers, donations) which decrease net position.</p>		
		(4,485)
<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 has any effect on net position.</p>		
	Principal debt payments made during the fiscal year	7,020,000
	Debt issued during the fiscal year	<u>(6,515,000)</u>
		505,000
<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 are not reported as expenditures in the governmental funds.</p>		
	Current year change in accrued other postemployment benefits	(8,147)
	Current year change in accrued compensated absences	17,861
	Current year change in accrued interest payable	<u>24,915</u>
		34,629
<p>Cash pension contributions reported in the funds were less than the calculated pension expense on the statement of activities and therefore decreased net position.</p>		
		<u>(642,151)</u>
Change in net position of governmental activities		<u>\$ (1,445,384)</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, 2016

	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
<b>Taxes</b>				
Property	\$ 8,289,879	\$ 8,289,879	\$ 8,321,949	\$ 32,070
Communications services	557,441	557,441	538,068	(19,373)
Business tax receipts	290,000	290,000	283,506	(6,494)
Casualty insurance premium	63,574	63,574	85,154	21,580
Permits, fees, special assessments	915,000	915,000	968,682	53,682
Intergovernmental revenues	749,000	1,169,168	821,134	(348,034)
Charges for services	2,345,109	2,297,492	2,369,868	72,376
Fines and forfeitures	36,500	36,500	55,588	19,088
Other revenue	112,000	112,000	189,099	77,099
Total revenues	<u>13,358,503</u>	<u>13,731,054</u>	<u>13,633,048</u>	<u>(98,006)</u>
<b>Expenditures</b>				
<b>Current</b>				
<b>General Government</b>				
Legislative	477,102	477,102	434,523	(42,579)
Administrative	753,260	760,260	754,685	(5,575)
Information technology	1,084,436	1,084,436	1,083,243	(1,193)
Finance	950,888	950,888	994,700	43,812
Legal	574,689	574,689	555,109	(19,580)
Planning	980,377	1,041,846	944,994	(96,852)
Other General Government	739,800	789,800	765,168	(24,632)
Total General Government	<u>5,560,552</u>	<u>5,679,021</u>	<u>5,532,422</u>	<u>(146,599)</u>
<b>Public Safety</b>				
Police	3,976,024	4,003,914	4,066,795	62,881
SEMP	244,296	315,931	287,549	(28,382)
Total Public Safety	<u>4,220,320</u>	<u>4,319,845</u>	<u>4,354,344</u>	<u>34,499</u>
<b>Physical Environment</b>				
Garbage recycling	52,840	52,840	51,729	(1,111)
Natural resources management	485,281	527,672	504,597	(23,075)
Total Physical Environment	<u>538,121</u>	<u>580,512</u>	<u>556,326</u>	<u>(24,186)</u>
<b>Public Works</b>				
	<u>775,605</u>	<u>814,915</u>	<u>823,260</u>	<u>8,345</u>
<b>Economic Environment</b>				
	<u>302,781</u>	<u>344,832</u>	<u>322,064</u>	<u>(22,768)</u>
<b>Culture/Recreation</b>				
Public facilities	717,363	732,363	571,345	(161,018)
Museum	132,501	132,501	152,744	20,243
Performing arts facility	14,300	14,300	16,338	2,038
Total Culture/Recreation	<u>864,164</u>	<u>879,164</u>	<u>740,427</u>	<u>(138,737)</u>
<b>Capital Outlay</b>				
	<u>-</u>	<u>-</u>	<u>18,563</u>	<u>18,563</u>
Total Expenditures	<u>12,261,543</u>	<u>12,618,289</u>	<u>12,347,406</u>	<u>(270,883)</u>
Excess revenues over expenditures	<u>1,096,960</u>	<u>1,112,765</u>	<u>1,285,642</u>	<u>172,877</u>
<b>Other financing sources (uses)</b>				
Transfers in	400,000	400,000	855,467	455,467
Reserves	(5,890,000)	(5,741,990)	-	5,741,990
Transfers out	(2,293,931)	(2,291,608)	(2,291,608)	-
Total other financing sources (uses)	<u>(7,783,931)</u>	<u>(7,633,598)</u>	<u>(1,436,141)</u>	<u>6,197,457</u>
Net change in fund balance	<u>(6,686,971)</u>	<u>(6,520,833)</u>	<u>(150,499)</u>	<u>6,370,334</u>
Fund balance - beginning of year previously reported	10,235,302	10,234,163	10,234,163	-
Adjustment (see Note 18)	<u>-</u>	<u>-</u>	<u>282,714</u>	<u>282,714</u>
Fund balance - beginning of year as restated	<u>10,235,302</u>	<u>10,234,163</u>	<u>10,516,877</u>	<u>282,714</u>
Fund balance - end of year	<u>\$ 3,548,331</u>	<u>\$ 3,713,330</u>	<u>\$ 10,366,378</u>	<u>\$ 6,653,048</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, 2016

	Transportation Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Gas	\$ 1,475,000	\$ 1,475,000	\$ 1,754,319	\$ 279,319
Intergovernmental revenues	1,545,000	1,545,000	1,735,714	190,714
Other revenue	12,000	12,000	26,872	14,872
Total revenues	<u>3,032,000</u>	<u>3,032,000</u>	<u>3,516,905</u>	<u>484,905</u>
Expenditures				
<b>Current</b>				
Public Works	3,134,687	4,040,038	3,521,496	(518,542)
<b>Capital Outlay</b>	-	-	500	(500)
Total expenditures	<u>3,134,687</u>	<u>4,040,038</u>	<u>3,521,996</u>	<u>(519,042)</u>
Excess revenues (under) expenditures	<u>(102,687)</u>	<u>(1,008,038)</u>	<u>(5,091)</u>	<u>1,002,947</u>
Other financing sources (uses)				
Transfers out	(400,000)	(400,000)	(400,000)	-
Net change in fund balance	(502,687)	(1,408,038)	(405,091)	1,002,947
Fund balance - beginning of year	700,817	2,309,355	2,309,355	-
Fund balance - end of year	<u>\$ 198,130</u>	<u>\$ 901,317</u>	<u>\$ 1,904,264</u>	<u>\$ 1,002,947</u>

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

	Recreation Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 25,000	\$ 25,000	\$ 23,643	\$ (1,357)
Charges for services	745,000	745,000	714,560	(30,440)
Other revenue	68,000	68,000	28,744	(39,256)
Total revenues	<u>838,000</u>	<u>838,000</u>	<u>766,947</u>	<u>(71,053)</u>
Expenditures				
<b>Current</b>				
Culture/Recreation	2,394,599	2,394,599	2,281,021	(113,578)
<b>Capital Outlay</b>	4,000	4,000	1,878	(2,122)
Total expenditures	<u>2,398,599</u>	<u>2,398,599</u>	<u>2,282,899</u>	<u>(115,700)</u>
Excess revenues (under) expenditures	<u>(1,560,599)</u>	<u>(1,560,599)</u>	<u>(1,515,952)</u>	<u>44,647</u>
Other financing sources (uses)				
Transfers in	1,400,000	1,400,000	1,400,000	-
Net change in fund balances	(160,599)	(160,599)	(115,952)	44,647
Fund balance - beginning of year	331,578	288,866	288,866	-
Fund balance - end of year	<u>\$ 170,979</u>	<u>\$ 128,267</u>	<u>\$ 172,914</u>	<u>\$ 44,647</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, 2016

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 9,134,223	\$ 2,127,412	\$ 11,261,635
Receivables (net of allowance for uncollectibles)			
Accounts	281,866	-	281,866
Restricted assessments receivable	469,312	-	469,312
Due from other governments	565	740,909	741,474
Inventories	2,528	-	2,528
Total current assets	<u>9,888,494</u>	<u>2,868,321</u>	<u>12,756,815</u>
<b>Noncurrent assets</b>			
Investments	2,184	-	2,184
Restricted assets:			
Cash and cash equivalents	980,704	-	980,704
Assessments receivable	4,117,615	-	4,117,615
Total noncurrent assets	<u>5,100,503</u>	<u>-</u>	<u>5,100,503</u>
<b>Capital assets</b>			
Land	1,472,956	389,218	1,862,174
Buildings	1,419,054	1,840,077	3,259,131
Improvements other than buildings	-	1,588,248	1,588,248
Vehicles and equipment	2,162,701	1,788,282	3,950,983
Infrastructure	69,322,880	-	69,322,880
Construction in progress	60,573	37,070	97,643
Less accumulated depreciation	<u>(35,997,172)</u>	<u>(1,968,188)</u>	<u>(37,965,360)</u>
Total capital assets, net	<u>38,440,992</u>	<u>3,674,707</u>	<u>42,115,699</u>
Total noncurrent assets	<u>43,541,495</u>	<u>3,674,707</u>	<u>47,216,202</u>
Total assets	<u>53,429,989</u>	<u>6,543,028</u>	<u>59,973,017</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of pension earnings	143,353	169,896	313,249
Deferred charge on bond refunding	99,399	-	99,399
Total deferred outflows of resources	<u>\$ 242,752</u>	<u>\$ 169,896</u>	<u>\$ 412,648</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, 2016

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Account payable and other current liabilities	\$ 286,481	\$ 542,434	\$ 828,915
Accrued liabilities	21,284	24,728	46,012
Unearned Revenue	19,835	-	19,835
Accrued interest payable	123,904	-	123,904
Due to other funds	275,000	-	275,000
Compensated absences	42,346	49,822	92,168
Debt:			
Revenue bonds	1,251,279	-	1,251,279
Notes Payable	1,381,714	-	1,381,714
Total debt	<u>2,632,993</u>	<u>-</u>	<u>2,632,993</u>
Total current liabilities	<u>3,401,843</u>	<u>616,984</u>	<u>4,018,827</u>
<b>Noncurrent liabilities</b>			
Due to other funds	550,000	-	550,000
Net pension liability	860,800	898,199	1,758,999
Compensated absences	14,115	16,607	30,722
Other post employment benefits	32,318	28,047	60,365
Debt:			
Revenue bonds	5,187,282	-	5,187,282
Notes Payable	10,622,989	-	10,622,989
Total debt	<u>15,810,271</u>	<u>-</u>	<u>15,810,271</u>
Total noncurrent liabilities	<u>17,267,504</u>	<u>942,853</u>	<u>18,210,357</u>
Total liabilities	<u>20,669,347</u>	<u>1,559,837</u>	<u>22,229,184</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of pension earnings	-	19,412	19,412
<b>NET POSITION</b>			
Net investment in capital assets	20,097,127	3,607,399	23,704,526
Restricted for:			
Debt service	5,567,631	-	5,567,631
Capital projects	-	-	-
Unrestricted	7,338,636	1,526,276	8,864,912
Total net position	<u>\$ 33,003,394</u>	<u>\$ 5,133,675</u>	<u>\$ 38,137,069</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, 2016

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 6,609,161	\$ 2,817,400	\$ 9,426,561
Licenses and permits	-	142,238	142,238
Fines and forfeitures	17,190	149,765	166,955
Other revenue	137,892	-	137,892
Total operating revenues	<u>6,764,243</u>	<u>3,109,403</u>	<u>9,873,646</u>
<b>OPERATING EXPENSES</b>			
Personnel services	1,653,424	1,826,697	3,480,121
Professional and Contractual services	420,905	479,886	900,791
Materials and supplies	236,166	162,963	399,129
Utilities	325,684	71,038	396,722
Depreciation	2,460,783	313,407	2,774,190
Insurance	20,457	32,523	52,980
Administrative charges	478,481	697,214	1,175,695
Repairs and maintenance	941,516	534,698	1,476,214
Total operating expenses	<u>6,537,416</u>	<u>4,118,426</u>	<u>10,655,842</u>
Operating income (loss)	<u>226,827</u>	<u>(1,009,023)</u>	<u>(782,196)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Taxes	880,934	-	880,934
Investment earnings	117,203	27,774	144,977
Special assessment interest income	183,318	-	183,318
Intergovernmental	-	1,346,166	1,346,166
Contributions to private organizations	-	(13,000)	(13,000)
Gain (loss) on disposition of equipment	2,513	(28,853)	(26,340)
Interest expense and fiscal charges	(513,707)	-	(513,707)
Total non-operating revenues (expenses)	<u>670,261</u>	<u>1,332,087</u>	<u>2,002,348</u>
Income before capital contributions and transfers	897,088	323,064	1,220,152
<b>CAPITAL CONTRIBUTIONS</b>			
Capital contributions	159,097	-	159,097
Capital contributions intergovernmental	-	373,395	373,395
Total capital contributions	<u>159,097</u>	<u>373,395</u>	<u>532,492</u>
<b>TRANSFERS</b>			
Transfers out to other funds	<u>(7,500)</u>	<u>(447,967)</u>	<u>(455,467)</u>
Change in net position	1,048,685	248,492	1,297,177
Net position - beginning of year	31,954,709	4,885,183	36,839,892
Net position - end of year	<u>\$ 33,003,394</u>	<u>\$ 5,133,675</u>	<u>\$ 38,137,069</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, 2016

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 6,748,755	\$ 3,109,403	\$ 9,858,158
Cash payments to suppliers for goods and services	(2,320,104)	(1,846,754)	(4,166,858)
Cash payments to employees for services	(1,557,494)	(1,744,439)	(3,301,933)
Net cash provided (used) by operating activities	<u>2,871,157</u>	<u>(481,790)</u>	<u>2,389,367</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Advance annual payment	(275,000)	-	(275,000)
Contributions to private entities	-	(13,000)	(13,000)
Transfers to other funds	(7,500)	(447,967)	(455,467)
Subsidy from intergovernmental grants	-	1,275,691	1,275,691
Net cash provided (used) by noncapital financing activities	<u>(282,500)</u>	<u>814,724</u>	<u>532,224</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Collection of taxes for bond debt service	880,989	-	880,989
Capital contributions from intergovernmental grants	-	373,395	373,395
Capital contributions	159,097	-	159,097
Collection of special assessments	685,238	-	685,238
Acquisition/construction of capital assets	(98,098)	(397,875)	(495,973)
Principal paid on capital debt	(2,573,856)	-	(2,573,856)
Interest paid on capital debt	(507,968)	-	(507,968)
Proceeds from sales of capital assets	2,513	-	2,513
Net cash used by capital and related financing activities	<u>(1,452,085)</u>	<u>(24,480)</u>	<u>(1,476,565)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from maturity of investments	844	-	844
Interest and investment earnings	300,521	27,774	328,295
Net cash provided by investing activities	<u>301,365</u>	<u>27,774</u>	<u>329,139</u>
Net increase in cash and cash equivalents	1,437,937	336,228	1,774,165
Cash and equivalents, beginning of year	<u>8,676,990</u>	<u>1,791,184</u>	<u>10,468,174</u>
Cash and equivalents, end of year	<u>\$ 10,114,927</u>	<u>\$ 2,127,412</u>	<u>\$ 12,242,339</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, 2016

	Business-type activities - Enterprise Funds		
	Sanibel Sewer System	Beach Parking	Total
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>			
Operating income (loss)	\$ 226,827	\$ (1,009,023)	\$ (782,196)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	2,460,783	313,407	2,774,190
Non-cash pension expense	114,241	70,789	185,030
Donated easements	(1,500)	-	(1,500)
Net (increase) decrease in assets:			
Accounts receivables	(3,849)	-	(3,849)
Inventories	4	-	4
Net increase (decrease) in liabilities:			
Accounts payable/other current liabilities	92,962	131,568	224,530
Accrued liabilities/compensated absences	(19,631)	9,033	(10,598)
Other postemployment benefits	1,320	2,436	3,756
Net cash provided (used) by operating activities	<u>\$ 2,871,157</u>	<u>\$ (481,790)</u>	<u>\$ 2,389,367</u>
Noncash investing, capital, and financing activities:			
Donated easements	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ 1,500</u>
Capital acquisitions at year end included in accounts payable and paid subsequent to year end	<u>\$ -</u>	<u>\$ 67,308</u>	<u>\$ 67,308</u>

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

CITY OF SANIBEL, FLORIDA  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
September 30, 2016

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,209,204	\$ 38,491
Investments, at fair value		
Treasury inflation protection securities	538,033	-
US government and agencies securities	1,335,524	-
Corporate stocks	7,906,578	-
Collateralized mortgage obligations	158,062	-
Corporate bonds	3,837,617	-
Convertibles	4,190,281	-
Master limited partnerships	1,857,312	-
Mutual funds:		
Fixed income	5,065,096	-
Equity	10,425,807	-
International equity	3,657,385	-
Real estate investments trusts	853,261	-
Real estate commingled fund	1,939,065	-
Total investments at fair value	<u>41,764,021</u>	<u>-</u>
Receivables - contributions	42,959	-
Receivables - interest and dividends	86,278	-
Total assets	<u>43,102,462</u>	<u>\$ 38,491</u>
<b>LIABILITIES</b>		
Accrued benefits and other liabilities	38,597	-
Due to other governments	-	38,491
Total liabilities	<u>38,597</u>	<u>\$ 38,491</u>
<b>NET POSITION</b>		
Net position restricted for pensions	<u>\$ 43,063,865</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, 2016

	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 2,507,444
State of Florida	85,154
Plan members	<u>177,743</u>
Total contributions	<u>2,770,341</u>
Investment income	
Net appreciation in fair value of investments	1,653,995
Interest and dividends	<u>1,661,000</u>
Total investment earnings	3,314,995
Less investment expense	<u>(197,862)</u>
Net investment earnings	<u>3,117,133</u>
Total additions	<u>5,887,474</u>
<b>DEDUCTIONS</b>	
Benefits paid	2,290,678
Lump sum DROP distributions	44,379
Refunds of contributions	12,745
Administrative expenses	<u>77,111</u>
Total deductions	<u>2,424,913</u>
Change in net position	3,462,561
Net position - beginning of year	<u>39,601,304</u>
Net position - end of year	<u><u>\$ 43,063,865</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, 2016

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

**A. Reporting Entity**

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

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

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

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

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

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

Community Housing and Resources, Inc. (CHR) is a legally separate organization with its own board that is not selected by the City Council. CHR provides services almost entirely to the citizens of the City of Sanibel. CHR is fiscally dependent upon the City in that there is a financial burden to the City and the nature and significance of the relationship between the City and CHR is such that excluding CHR from the City's financial statements would be misleading and incomplete. Additionally, the support that the City provides to CHR is a significant financial component of its overall operations. CHR has issued separate financial statements for the year ended September 30, 2016, 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. Basis of Presentation – Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds. 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.

As discussed earlier, the City has a discretely presented component unit. While CHR is not considered to be a major component unit, it is nevertheless shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's sewer and beach parking functions 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.

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 the legally separate component unit 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*.

**C. Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the City's funds, including its fiduciary funds and agency funds. Separate statements for each fund category (governmental, proprietary, and fiduciary) are presented. The emphasis of fund financial statements is on major governmental and enterprise funds. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and 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.

Proprietary funds distinguish operating revenues and expenses from non-operating items.

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

**C. Basis of Presentation – Fund Financial Statements (Continued)**

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.

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.

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.
- **2006/2016 \$6.52M General Obligation Bonds Fund** – a debt service fund consisting of voter approved debt service for the construction of a recreation center. The original debt issue was refunded during fiscal year 2016.

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.

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

**C. Basis of Presentation – Fund Financial Statements (Continued)**

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.

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.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

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

**D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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.

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

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 with the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

The proprietary and pension funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities. They are merely clearing accounts for assets held by the City as an agent for individuals, private organizations and other governmental entities.

**E. 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.

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

**E. Cash and Cash Equivalents and Investments (Continued)**

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.

For all funds except the pension trust funds, investments consist of U.S. Government securities, U.S. Government Agency securities, bonds issued by corporations organized under the laws of the United States or District of Columbia with superior investment grade ratings, investment grade obligations of state and local governments and public authorities with a maturity greater than three months and are carried at fair value. In addition, investments in the City's pension funds include U.S. Government securities, corporate bonds, equity securities, comingled real estate fund and mutual funds.

Investments for the City are reported at fair value. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. See note 3 for more information on fair value measurements. 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.

**F. 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".

**G. Inventories**

Inventories consisting of materials and supplies held for consumption are stated at the lower of cost or market (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 30<sup>th</sup> of each year for inventories held for resale.

**H. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2016

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

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

**J. 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 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.

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

**K. 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.

**L. 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.

**M. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

The City has two items that qualify for reporting in this category. In the government-wide statement of net position and the proprietary funds' statement of net position a deferred charge on refunding is reported, resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized using the straight line method over the shorter of the life of the refunded or refunding debt. Additionally, the City is reporting a deferred outflow of pension earnings in three components (for the net differences between actual and projected earnings, differences between expected and actual experience, and a change in assumptions) in both the government-wide statement of net position and the proprietary funds' statement of net position. The deferred net differences between actual and projected earnings are amortized over five years using the straight-line method. The deferred difference between expected and actual experience is recognized in the current year in the General Employees' Pension Plan and amortized over 4 years using the straight line method in the Municipal Police Officers' pension plan. See note 12 for more information.

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

**M. Deferred Outflows/Inflows of Resources (Continued)**

The deferred difference related to changes in assumptions is amortized over 4 years using the straight line method in the Municipal Police Officers' pension plan.

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category. Deferred inflows related to pensions for the differences between actual and expected experience are reported on the government-wide statement of net position and the proprietary funds' statement of net position in the City's basic financial statements. This item is related to the Municipal Police Officers' pension plan and is amortized using the straight-line method over 4 years. See note 12 for more information.

**N. 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.

**O. 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.

**P. 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.

**Q. 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 \$1,186,104 and the business-type activities that received these services were charged \$886,975.

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

**R. 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.

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

**R. Fund Balance (Continued)**

“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.

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.

*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 reported in 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”.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 2. Stewardship, Compliance and Accountability**

**A. Budgets - Legal Compliance**

Budgets are adopted on a basis consistent with U.S. Generally Accepted Accounting Principles.

Annual appropriated budgets are adopted for the general fund, special revenue funds, debt service funds, capital project funds, and enterprise funds. All annual appropriations lapse at fiscal year-end and are not automatically re-appropriated the following fiscal year.

On July 1st of each year, the Lee County Property Appraiser supplies the City with the assessed taxable valuation of the property located within the City on which the City's millage (property tax) rate for the next budget year will be based. Prior to July 31<sup>st</sup> 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 1<sup>st</sup>.

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 30<sup>th</sup> the budget is legally adopted by resolution. Five-year financial plans are also adopted for all capital project funds.

Budget amounts are presented as originally adopted and as amended by 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, 2016, various supplemental appropriations were approved by the City Council in accordance with this policy.

**B. Budgeted Excess of Expenditures over Appropriations**

For the year ended September 30, 2016, expenditures exceeded appropriations in the 2006/2016 \$6.52M General Obligation Bonds fund (by \$36,950) and the Shell Harbor Dredging Fund (by \$48,169). In both funds, the excess was provided by ending fund balance.

**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.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 2. Stewardship, Compliance and Accountability (Continued)**

**C. Property Taxes (Continued)**

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 generally permitted by the State of Florida 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, 2016 (tax year 2015) for the general governmental operations, voted debt service for the sewer expansion project, the 2012 series general obligation refunding bonds used to purchase environmentally sensitive land, and the 2006 series general obligation refunding bonds used to construct a recreational facility were 1.9139, 0.2026, 0.0761, and 0.1179, respectively, per \$1,000 of assessed property valuation.

**Note 3. Deposits and Investments**

**A. Deposits**

At September 30, 2016, the carrying amount of cash on hand and on deposit with banks and investment accounts, including interest-bearing deposits, was \$8,731,709.

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 of the City's deposits are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, *Florida Security for Public Deposits Act*. Under the Act, every qualified public depository shall deposit with the Treasurer eligible collateral of the depository to be held subject to his or her order. The Treasurer, by rule, shall establish minimum required collateral pledging levels. The pledging level may range from 25% to 200% of the average monthly balance of public deposits depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any potential losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

**B. City Investments**

By Florida Statutes 218.415 and by Ordinance No. 15-008, the City is authorized to invest in the Florida Local Government Surplus Funds Trust Fund, intergovernmental investment pools authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in Section 163.01 Florida Statutes, Securities and Exchange Commission registered money market funds, interest-bearing savings accounts, certificates of deposit, direct obligations of the U.S. Treasury, Federal agencies and instrumentalities, repurchase agreements, and collateralized mortgage obligations when the purpose of the purchase is to hold such investment to maturity, prime commercial paper of a United States corporation, finance company or banking institution, regulated bond mutual funds, corporate bonds or other corporate debt securities and investment grade obligations of state and local governments and public authorities.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 3. Deposits and Investments (Continued)**

**B. City Investments (Continued)**

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.

The City maintains an investment pool that is available for use by all funds, except the Pension Trust 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.

The following tables provide a summary of the City's investments in pooled and non-pooled investments as of September 30, 2016.

<b>Pooled Investments</b>						
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%	\$ 239	\$ 239	\$ -	\$ -	\$ -
SBA Florida PRIME	17.70%	2,238,061	2,238,061	-	-	-
Federated Prime MMF	0.10%	12,026	12,026	-	-	-
US Gov Obligations	9.62%	1,215,998	-	939,746	-	276,252
Taxable Municipal Obligations	62.98%	7,962,147	1,405,624	2,825,908	3,210,554	520,061
Corporate Bonds	9.60%	1,214,659	-	552,441	457,962	204,256
		<u>\$ 12,643,130</u>	<u>\$ 3,655,950</u>	<u>\$ 4,318,095</u>	<u>\$ 3,668,516</u>	<u>\$ 1,000,569</u>

<b>Non-Pooled Investments</b>						
Investment Type	Percent of Portfolio	Fair Value	Investment Maturities			
			Less Than 3 Months	3-12 Months	1-3 Years	Over 3 Years
Cash	0.01%	\$ 426	\$ 426	\$ -	\$ -	\$ -
GNMA	0.02%	1,331	-	-	-	1,331
<sup>(1)</sup> FHLMC	0.03%	2,184	-	-	-	2,184
SBA Florida PRIME	4.11%	285,352	285,352	-	-	-
Federated Prime MMF	0.11%	7,953	7,953	-	-	-
US Gov Obligations	12.12%	841,604	-	841,604	-	-
Taxable Municipal Obligations	74.91%	5,201,147	2,015,583	3,009,831	175,733	-
Corporate Bonds	8.69%	603,298	-	603,298	-	-
		<u>\$ 6,943,295</u>	<u>\$ 2,309,314</u>	<u>\$ 4,454,733</u>	<u>\$ 175,733</u>	<u>\$ 3,515</u>

<sup>(1)</sup> The FHLMC investment has a "no rating" (NR) by Standard's & Poor and Moody's. Original investment of \$595,000 was made in 1993.

**Note 3. Deposits and Investments (Continued)**

**B. City Investments (Continued)**

The City and both pension plans categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of September 30, 2016:

- Investments in the U.S. government securities of \$2.1 million are valued based on the closing prices reported in the active market in which the individual securities are traded (Level 1 inputs).
- Taxable municipal obligations of \$13.2 million and corporate bonds of \$1.8 million are valued using a matrix pricing model (Level 2 inputs).

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, 2016, was 50 days. The Florida PRIME is rated by Standard & Poor's as AAAM and is administered by the State Board of Administration under the regulatory oversight of the State of Florida, Chapter 19-7 of the Florida Administrative Code.

With regard to redemption gates relating to the SBA trust fund, Florida Statutes, Chapter 218.409(8)(a), provides that the principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2016, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2016

**Note 3. Deposits and Investments (Continued)**

**B. City Investments (Continued)**

The Federated Prime Obligations Fund (Federated Prime MMF) is rated with AAA ratings from three credit rating agencies (Standard & Poor's, Moody's and Fitch). The securities are valued at amortized cost to maintain a constant net asset value (NAV) of \$1.00 per share. The weighted average days to maturity (WAM) at September 30, 2016, was 6 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 Aa3. Except for three BBB+ ratings, the corporate bonds' Standard and Poor's credit ratings are A- to AAA.

PORTFOLIO	Portfolio Characteristics at 9/30/2016			Investment Policy		
	% Invested in Corporate Bonds	Average Credit Rating	Average Maturity	Maximum % in Corp. Bonds	Minimum Credit Rating	Average Maximum Maturity
<b>Pooled Investments</b>						
Operating Portfolio	8.0%	AA+	0.5	Short term	A- / A3	High Liquidity
Surplus Portfolio	14.8%	AA	2.1	15.0%	A- / A3	3 years
<b>Non-Pooled Investments</b>						
Reserves Portfolio	9.1%	AA+	0.5	10.0%	A- / A3	1 year
<i>Prepared by City's investment adviser, Integrity Fixed Income Management, LLC</i>						
<i>Minimum credit rating shown as Standard &amp; Poor's / Moody's</i>						

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

**Credit Risk.** The City's policy requires limiting investments to the safest types of securities and diversifying the investment portfolio so that potential losses on individual securities will be minimized. As previously noted, the City's investment in the SBA Florida PRIME investment pool and the Federated Prime MMF is rated AAAM by Standard's and Poor as of September 30, 2016; the municipal and corporate bonds' Standard and Poor's' credit ratings range from A- to AAA except for three BBB+ ratings as of September 30, 2016.

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss attributable to the quantity of the government's investment in a single issuer. The City's investment policy allows for investing in a variety of securities based on the issuer.

The operating portfolio is limited to demand deposits, money market funds and other highly liquid, short-term investments. The allowable concentration in corporate bonds is up to ten (10%) percent in the reserve investment portfolio and up to fifteen (15%) percent in the surplus investment portfolio. In addition, no more than two (2%) percent of the portfolio may be invested with any one corporate bond issuer. The City's corporate bond investments meet the single issuer threshold for reportable concentration of credit risk.

**Custodial Credit Risk.** The City's investment policy requires securities be held with a third party custodian and all securities purchased by, and all collateral obtained by the City should be properly designated as an asset of the City. The securities must be held in an account separate and apart from the assets of the financial institution.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2016

**Note 3. Deposits and Investments (Continued)**

**B. City Investments (Continued)**

A third party custodian is defined as any bank depository chartered by the federal government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. All of the City's investment portfolios are 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, 2016, the carrying amount of the Pension Funds' cash and cash equivalents was \$1.2 million.

*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, 2016, the City's General Employees' Pension Plan had the following investment types:

General Employees' Pension Investments				Maturities		
Investment Type	Percent of Portfolio	Fair Value	Equities	Less Than 1 Year	1-5 Years	Over 5 Years
Cash Equivalents:						
Money Market Funds	3.15%	\$ 802,350	\$ -	\$ 802,350	\$ -	\$ -
Investments:						
Domestic Equities	37.97%	9,681,700	9,681,700	-	-	-
International Equities	14.34%	3,657,385	3,657,385	-	-	-
Convertibles	10.02%	2,555,305	2,555,305	-	-	-
Master Limited Partnerships	3.91%	996,497	996,497	-	-	-
TIPS*	2.11%	538,033	-	-	301,625	236,408
Government Obligations	3.34%	851,414	-	235,588	615,826	-
Mortgage Backed Securities	1.90%	484,110	-	-	-	484,110
Collateralized Mtge Oblig	0.62%	158,062	-	-	-	158,062
Corporate Bonds	15.04%	3,837,617	-	448,629	3,340,478	48,510
Real Estate	7.60%	1,939,065	-	-	-	1,939,065
		<u>\$25,501,538</u>	<u>\$16,890,887</u>	<u>\$ 1,486,567</u>	<u>\$ 4,257,929</u>	<u>\$ 2,866,155</u>

\*TIPS - Treasury Inflation-Protection Securities

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2016

**Note 3. Deposits and Investments (Continued)**

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

The General Employees' Pension Plan has the following recurring fair value measurements as of September 30, 2016:

Investment Type	9/30/2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity Securities	16,890,887	14,742,259	2,148,628	-
Treasury Inflation-Protected Securities	538,033	-	538,033	-
Government Obligations	851,414	-	851,414	-
Mortgage Backed Securities	484,110	-	484,110	-
Collateralized Mtge Oblig	158,062	-	158,062	-
Corporate Bonds	3,837,617	-	3,837,617	-
Real Estate	1,939,065	-	-	1,939,065
	<u>\$ 24,699,188</u>	<u>\$ 14,742,259</u>	<u>\$ 8,017,864</u>	<u>\$ 1,939,065</u>

*Level 1 Inputs*

Investments in the money market mutual funds (or mutual funds) are valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset (NAV) and to transact at that price. The mutual funds held are deemed to be actively traded.

Investments in equity securities include domestic and international equities, convertibles, and master limited partnerships and are valued based on closing prices reported on the active market on which the individual securities are listed.

*Level 2 Inputs*

Mortgage securities and obligations and corporate bonds are valued using a matrix pricing model.

Investments in level 2 equity securities are valued based on the fair market value of the underlying assets

Investments in U.S. government obligations are valued based on the closing prices reported in the active market in which the individual securities are traded.

*Level 3 Inputs*

Investments in private real estate are valued based on independent appraisals performed for assets held by the open-end fund annually, with restricted-scope appraisals conducted on a quarterly basis for those assets not receiving a full appraisal. The fair value of real estate is determined as the price that the Fund would expect to receive if the asset was sold to a market participant assuming the highest and best use of each asset at the date of the Consolidated Statement of Net Assets.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2016

**Note 3. Deposits and Investments (Continued)**

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

As of September 30, 2016, the City's Municipal Police Officers' Pension Plan had the following investment types:

Investment Type	Percent of Portfolio	Fair Value	Equities	Maturities		
				Less Than 6 Months	6-12 Months	Over 1 Year
<b>Municipal Police Officers' Pension Investments</b>						
Cash Equivalents:						
Money Market Funds	2.33%	\$ 406,803	\$ -	\$ 406,803	\$ -	\$ -
Investments:						
Large Cap Growth Equities	9.94%	1,737,515	1,737,515	-	-	-
Large Cap Value Equities	10.04%	1,755,014	1,755,014	-	-	-
Mid Cap Equities	7.99%	1,396,528	1,396,528	-	-	-
Small Cap Equities	7.38%	1,289,574	1,289,574	-	-	-
Convertibles	9.36%	1,634,976	1,634,976	-	-	-
Master Limited Partnerships	4.93%	860,815	860,815	-	-	-
International Equities	14.14%	2,472,054	2,472,054	-	-	-
Fixed Income (bonds)	28.99%	5,065,096	-	5,065,096	-	-
Real Estate Investment Trust	4.90%	853,261	853,261	-	-	-
		<u>\$ 17,471,636</u>	<u>\$ 11,999,737</u>	<u>\$ 5,471,899</u>	<u>\$ -</u>	<u>\$ -</u>

The Municipal Police Officers' Pension Plan has the following recurring fair value measurements as of September 30, 2016:

Investment Type	9/30/2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity Securities	10,285,661	8,548,146	1,737,515	-
Master Limited Partnerships	860,815	-	860,815	-
Fixed Income (bonds)	5,065,096	-	5,065,096	-
Real Estate Investment Trust	853,261	853,261	-	-
	<u>\$ 17,064,833</u>	<u>\$ 9,401,407</u>	<u>\$ 7,663,426</u>	<u>\$ -</u>

**Level 1 Inputs**

Investments in the money market mutual funds (or mutual funds) are valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset (NAV) and to transact at that price. The mutual funds held are deemed to be actively traded.

Investments in equity securities include domestic and international equities, and convertibles and are valued based on closing prices reported on the active market on which the individual securities are listed.

**Level 2 Inputs**

Investments in the master limited partnership are valued at the market values of the underlying assets. Investments in level 2 equity securities are valued based on the fair market value of the underlying assets

Investments in fixed income securities (bonds) are valued using a matrix pricing model.

**Note 3. Deposits and Investments (Continued)**

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

***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 trade on one or more of the recognized national exchanges or on the National Market System of the NASDAQ stock market or the OTC.

Fixed Income Securities

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

*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.

The General Employees' Pension Trust Fund equity investments are 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.

The Municipal Police Officers' Pension Trust Fund equity investments are 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.

**Note 3. Deposits and Investments (Continued)**

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

***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 invested in convertibles, a target of 5% at fair value of its fund's total asset value may be invested in master limited partnerships and a target of 15% at fair value of its fund's total asset value may be invested in international equity securities. Investments in equities shall not exceed 70% of the Fund's assets at fair value. Not more than 5% of the Fund assets, based on fair value, shall be invested 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 invested in convertibles and a target of 5% of the fund's total asset value may be invested in Master Limited Partnerships. Not more than 5% of the fund's total asset cost value may be invested in a single corporate issuer nor shall the aggregate investment in any one corporate issuer exceed 5% of the outstanding capital stock of the company. Foreign equity securities are limited to 25% of total assets value.

**Fixed Income Securities**

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

*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).



CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2016

**Note 3. Deposits and Investments (Continued)**

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

Investment Policy:

The following was the respective Board's adopted asset allocation policy and actual allocations as of September 30, 2016:

Asset Class	General Employees'			
	Actual Allocation	Target Allocation	Range	
			Min	Max
Domestic Equity	38.0%	38.0%	26.0%	47.0%
International Equity	14.3%	15.0%	7.0%	25.0%
Fixed Income (Bonds)	20.8%	23.0%	20.0%	64.0%
Treasury Inflation-Protected Securities	2.1%	2.0%	0.0%	5.0%
Convertibles	10.0%	10.0%	0.0%	12.0%
Private Real Estate	7.6%	5.0%	0.0%	10.0%
Master Limited Partnerships	4.0%	5.0%	3.0%	8.0%
Cash	3.2%	2.0%	N/A	N/A
	100.0%	100.0%		

Asset Class	Municipal Police Officers'			
	Actual Allocation	Target Allocation	Range	
			Min	Max
Domestic Equity	35.3%	35.0%	26.0%	47.0%
International Equity	14.1%	15.0%	7.0%	25.0%
Fixed Income (Bonds)	29.0%	30.0%	20.0%	60.0%
Convertibles	9.7%	10.0%	7.0%	13.0%
Private Real Estate	4.9%	5.0%	0.0%	10.0%
Master Limited Partnerships	5.0%	5.0%	0.0%	10.0%
Cash	2.0%	0.0%	0.0%	10.0%
	100.0%	100.0%		

Concentration

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

*Rate of Return*

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended September 30, 2016 the annual money-weighted rate of return on the General Employees' and Municipal Police Officers' Pension Plans investments, net of pension plan investment expense, was 6.17% and 10.07%, respectively.

**D. Restricted Cash and Investments**

As of September 30, 2016, \$271,816 and \$804,112 in cash and cash equivalents was restricted for debt service in governmental and business-type activities, respectively. Additionally, \$176,592 is restricted for debt reserves for business-type activities.

There were no restricted investments at September 30, 2016.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2016

**Note 3. Deposits and Investments (Continued)**

**E. Additional Information**

The following table details the City's deposits and investments, including those held in fiduciary funds, at September 30, 2016.

<b>CASH AND CASH EQUIVALENTS AND INVESTMENTS</b>	
<b>Type</b>	<b>Fair Value</b>
US Govt Agency Securities	\$ 3,515
Pension Investments	41,764,021
City Investments-Reserves Account	6,646,049
Total Investments	48,413,585
<b>PLUS: Cash Equivalents</b>	
Checking Accounts	8,729,695
SBA Florida PRIME	2,523,413
City Pool Investment-Operating Account	4,786,700
City Pool Investment-Surplus Account	5,606,104
City Money Market Funds	20,644
Pension Money Market Funds	1,209,154
Total Cash Equivalents	22,875,710
<b>TOTAL Cash Equivalents and Investments</b>	71,289,295
<b>PLUS: Cash on Hand</b>	1,350
<b>TOTAL: Cash &amp; Cash Equivalents and Investments</b>	\$ 71,290,645

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

	<b>Unrestricted</b>		<b>Restricted</b>		<b>Total</b>
	Cash & Equivalents	Investments	Cash & Equivalents	Investments	Cash & Investments
<b>GOVERNMENTAL ACTIVITIES</b>					
General Fund	\$ 2,984,081	\$ 6,647,380	\$ -	\$ -	\$ 9,631,461
Other Gov'l Funds	6,131,132	-	271,816	-	6,402,948
<b>Total Governmental</b>	9,115,213	6,647,380	271,816	-	16,034,409
<b>BUSINESS-TYPE ACTIVITIES</b>					
Sewer System	9,134,223	2,184	980,704	-	10,117,111
Beach Parking	2,127,412	-	-	-	2,127,412
<b>Total Business-type</b>	11,261,635	2,184	980,704	-	12,244,523
<b>FIDUCIARY FUNDS</b>					
Pension Trust Fund	-	-	1,209,204	41,764,021	42,973,225
Agency Funds	-	-	38,488	-	38,488
<b>Total Fiduciary</b>	-	-	1,247,692	41,764,021	43,011,713
<b>TOTAL</b>	<b>\$20,376,848</b>	<b>\$ 6,649,564</b>	<b>\$ 2,500,212</b>	<b>\$41,764,021</b>	<b>\$71,290,645</b>

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2016

**Note 4. Receivables**

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 (also included in this total is 2006/2016 G.O. Bond Debt Service fund). The general fund accounts receivables are net of a \$2,360 allowance for uncollectible accounts. No allowance for uncollectible accounts was considered necessary in the other governmental funds.

Due from other governments are generally tax revenues and reimbursement grants not received at year end. The due from related party is a receivable from the City's component unit, Community Housing Resources, Inc.

Receivables, net of allowance for uncollectibles, as of year-end for the City's governmental funds are as follows:

	General Fund	Transportation Fund	Recreation Fund	Other Governmental Funds	Total
Accounts receivable	\$ 41,448	\$ 892	\$ 9,276	\$ -	\$ 51,616
Interest receivable	110,760	-	-	-	110,760
Due from other governments	133,360	840,330	5,006	-	978,696
Due from related party	267,714	-	-	52,096	319,810
Total receivables	<u>\$ 553,282</u>	<u>\$ 841,222</u>	<u>\$ 14,282</u>	<u>\$ 52,096</u>	<u>\$ 1,460,882</u>

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 \$8,877 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
<b>Unrestricted</b>			
Accounts receivable	\$ 281,866	\$ -	\$ 281,866
Due from other governments	565	740,909	741,474
Total unrestricted	<u>282,431</u>	<u>740,909</u>	<u>1,023,340</u>
<b>Restricted</b>			
Assessments receivable	4,586,927	-	4,586,927
Total net receivables	<u>\$ 4,869,358</u>	<u>\$ 740,909</u>	<u>\$ 5,610,267</u>

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

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 5. Unearned Revenues**

Governmental funds and business-type funds delay revenue recognition for resources that have been received but not yet earned. The various components of unearned revenue reported in the governmental funds were as follows:

<b>Governmental Funds:</b>	<b>Unearned</b>
Unearned revenues:	
Prepaid business tax receipts	\$ 224,931
Prepaid lease for Farmer's Market	2,000
Prepaid retiree insurance credits	165
Prepaid police services for future events	1,310
Prepaid for miscellaneous services	667
Recreation center gift cards	26
FY2017 revenue received for sign sponsorships	17,355
Total unearned revenue for governmental funds	<u>\$ 246,454</u>

As of September 30, 2016, the business-type funds had \$19,835 in unearned revenue related to user fees.

**Note 6. Interfund Receivables, Payables and Transfers**

The following schedule as of September 30, 2016, details the 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. \$550,000 is not anticipated to be collected within the next fiscal year. \$275,000 repaid annually.	\$ 825,000
General	Ball Park Maintenance	Short term loan to ball park maintenance fund. Entire balance expected to be collected in FY 2017.	2,432
	TOTAL		<u>\$ 827,432</u>

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2016

**Note 6. 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:

Transfers Out	Transfers In			
	General	Recreation Fund	Other Governmental Funds	Total Funds
General Fund	\$ -	\$ 1,400,000	\$ 891,608	\$ 2,291,608
Transportation Fund	400,000	-	-	400,000
Sewer Fund	7,500	-	-	7,500
Beach Parking Fund	447,967	-	-	447,967
Total	<u>\$ 855,467</u>	<u>\$ 1,400,000</u>	<u>\$ 891,608</u>	<u>\$ 3,147,075</u>

Source	Transfer to Fund	Amount	Purpose
General Fund	Special Revenue	\$ 5,445	City expense for Shell Harbor dredging
General Fund	Special Revenue	3,000	Sanibel Estates canal trimming
General Fund	Special Revenue	5,000	Sanibel Isles/Water Shadows dredging
General Fund	Recreation Fund	1,400,000	To support Recreation Center operations
General Fund	Special Revenue	159,065	City share of ball park maintenance expenditures
General Fund	Capital Projects	494,098	Funding for acquisition of capital assets
General Fund	Capital Projects	225,000	Annual transfer to Recreation Center sinking fund
Transportation Fund	General Fund	400,000	Reimbursement of advanced funding
Sewer Fund	General Fund	7,500	Payment in lieu of taxes
Beach Parking Fund	General Fund	447,967	Payment in lieu of taxes
TOTAL		<u>\$ 3,147,075</u>	



CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2016

**Note 7. Capital Assets**

Capital asset activity for the year ended September 30, 2016 was as follows:

<b>Governmental activities</b>	Beginning			Ending
	Balances	Increases	Decreases	Balances
Capital assets, not being depreciated:				
Land	\$24,965,925	\$ 500	\$ -	\$24,966,425
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>24,965,925</u>	<u>500</u>	<u>-</u>	<u>24,966,425</u>
Capital assets, being depreciated:				
Buildings	19,129,160	-	-	19,129,160
Improvements other than buildings	5,034,954	-	-	5,034,954
Infrastructure	14,413,694	-	-	14,413,694
Vehicles and equipment	4,917,197	306,763	(197,747)	5,026,213
Total capital assets being depreciated	<u>43,495,005</u>	<u>306,763</u>	<u>(197,747)</u>	<u>43,604,021</u>
Less accumulated depreciation for:				
Buildings	(6,884,302)	(615,604)	-	(7,499,906)
Improvements other than buildings	(4,090,795)	(136,368)	-	(4,227,163)
Infrastructure	(7,679,677)	(513,847)	-	(8,193,524)
Vehicles and equipment	(3,544,544)	(307,730)	193,262	(3,659,012)
Total accumulated depreciation	<u>(22,199,318)</u>	<u>(1,573,549)</u>	<u>193,262</u>	<u>(23,579,605)</u>
Total capital assets being depreciated, net	<u>21,295,687</u>	<u>(1,266,786)</u>	<u>(4,485)</u>	<u>20,024,416</u>
Governmental activities capital assets, net	<u>\$46,261,612</u>	<u>\$ (1,266,286)</u>	<u>\$ (4,485)</u>	<u>\$44,990,841</u>

<b>Business-type activities</b>	Beginning			Ending
	Balances	Increases	Decreases	Balances
Capital assets, not being depreciated:				
Land	\$ 1,860,674	\$ 1,500	\$ -	\$ 1,862,174
Construction in progress	-	97,643	-	97,643
Total capital assets, not being depreciated	<u>1,860,674</u>	<u>99,143</u>	<u>-</u>	<u>1,959,817</u>
Capital assets, being depreciated:				
Buildings	3,259,131	-	-	3,259,131
Improvements other than buildings	1,551,975	36,273	-	1,588,248
Infrastructure	69,322,880	-	-	69,322,880
Vehicles and equipment	3,592,501	429,365	(70,883)	3,950,983
Total capital assets, being depreciated	<u>77,726,487</u>	<u>465,638</u>	<u>(70,883)</u>	<u>78,121,242</u>
Less accumulated depreciation for:				
Buildings	(1,288,573)	(137,944)	-	(1,426,517)
Improvements other than buildings	(826,407)	(62,223)	-	(888,630)
Infrastructure	(30,682,557)	(2,311,272)	-	(32,993,829)
Vehicles and equipment	(2,435,663)	(262,751)	42,030	(2,656,384)
Total accumulated depreciation	<u>(35,233,200)</u>	<u>(2,774,190)</u>	<u>42,030</u>	<u>(37,965,360)</u>
Total capital assets, being depreciated, net	<u>42,493,287</u>	<u>(2,308,552)</u>	<u>(28,853)</u>	<u>40,155,882</u>
Business-type activities capital assets, net	<u>\$44,353,961</u>	<u>\$ (2,209,409)</u>	<u>\$ (28,853)</u>	<u>\$42,115,699</u>

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2016

**Note 7. Capital Assets (Continued)**

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

<b>Governmental activities:</b>	
General government	\$ 68,380
Public safety	130,242
Physical environment	58,084
Transportation	587,600
Culture/recreation	729,243
Total governmental activities	\$ 1,573,549
<b>Business-type activities:</b>	
Sanibel Sewer System	\$ 2,460,783
Beach Parking	313,407
Total business-type activities	\$ 2,774,190

**Note 8. Operating Leases**

In the governmental funds, rental expenditures under operating leases for the year ended September 30, 2016 was \$27,117.

The schedule to the right details the future minimum lease payments for the governmental funds under non-cancellable long-term operating leases as of September 30, for the years presented.

Fiscal Year	Amount
2017	23,571
2018	21,253
2019	12,170
TOTAL	\$ 56,994

**Note 9. Long-term Debt**

Changes in long-term debt and other long-term obligations for the year ended September 30, 2016, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
General Obligation bonds	\$ 8,875,000	\$ 6,515,000	\$ (7,020,000)	\$ 8,370,000	\$ 690,000
Net pension liability	10,469,521	2,689,826	(2,595,795)	10,563,552	-
Compensated absences	633,132	391,985	(409,846)	615,271	461,453
Other postemployment benefits	175,585	8,147	-	183,732	-
Governmental activities totals	\$ 20,153,238	\$ 9,604,958	\$ (10,025,641)	\$ 19,732,555	\$ 1,151,453
<b>Business-type Activities</b>					
Revenue Bonds	\$ 7,672,137	\$ -	\$ (1,233,576)	\$ 6,438,561	\$ 1,251,279
Notes payable	13,344,983	-	(1,340,280)	12,004,703	1,381,714
Net pension liability	1,594,464	562,860	(398,325)	1,758,999	-
Compensated absences	79,728	137,233	(94,071)	122,890	92,168
Other postemployment benefits	56,609	3,756	-	60,365	-
Business-type Activities Totals	\$ 22,747,921	\$ 703,849	\$ (3,066,252)	\$ 20,385,518	\$ 2,725,161

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2016

**Note 9. Long-term Debt (Continued)**

**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.

**Governmental Activities**

Governmental activities long-term debt at September 30, 2016, 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. \$ 1,855,000

\$6,515,000 General Obligation Bonds, Series 2016, issued to refund bonds that were used to construct a recreation facility, have interest rate of 2.32% 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 2030. 6,515,000

	8,370,000
Net pension liability	10,563,552
Compensated absences	615,271
Other postemployment benefits obligation	183,732
Total Governmental Activities	\$ 19,732,555

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2016

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**Note 9. Long-term Debt (Continued)**

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

Year ending September 30,	Governmental Activities	
	General Obligation Bonds	
	Principal	Interest
2017	\$ 690,000	\$ 189,546
2018	705,000	174,264
2019	720,000	158,658
2020	740,000	142,716
2021	755,000	126,336
Thereafter	4,760,000	537,426
Total	<u>\$ 8,370,000</u>	<u>\$ 1,328,946</u>

**Bond Refunding**

In May 2016, the City issued \$6,515,000 in Series 2016 General Obligation bonds with a fixed interest rate of 2.32%. The proceeds were used to refund the outstanding principal amount of the voter approved Series 2006 General Obligation Bonds that were issued to construct the Recreation Center in 2007. The maturity date of the issued debt was accelerated from 2036 to 2030. The refunding provided a net present value savings of \$1.2 million to the City's taxpayers over the lifetime of the debt issue.

Issuance costs of \$41,500 were paid from accumulated debt service funds.



CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2016

**Note 9. Long-term Debt (Continued)**

**Business-type Activities**

Business-type activities long-term debt at September 30, 2016, 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.

\$ 6,438,561

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.

1,931,019

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

3,361,724

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

2,564,431

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.

4,147,529

12,004,703

Net pension liability

1,758,999

Compensated absences payable

122,890

Other postemployment benefits obligation

60,365

Total Business-Type Activities

\$ 20,385,518

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2016

**Note 9. Long-term Debt (Continued)**

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

Year ending September 30,	Business-type Activities					
	Revenue Bonds		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	1,251,279	87,614	1,381,714	361,217	2,632,993	448,831
2018	1,269,236	69,657	1,424,438	318,495	2,693,674	388,152
2019	1,287,451	51,442	1,468,490	274,441	2,755,941	325,883
2020	1,305,927	32,965	1,513,914	229,018	2,819,841	261,983
2021	1,324,668	14,224	1,560,755	182,178	2,885,423	196,402
Thereafter	-	-	4,655,392	311,845	4,655,392	311,845
Total	<u>\$ 6,438,561</u>	<u>\$ 255,902</u>	<u>\$ 12,004,703</u>	<u>\$ 1,677,194</u>	<u>\$ 18,443,264</u>	<u>\$ 1,933,096</u>

**Note 10. Risk Management**

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

Participation in this risk pool is non-assessable. There were no significant reductions in insurance coverage as compared to the prior year. Settled claims have not exceeded insurance coverage in any of the past three fiscal years. The City retains the risk of loss up to a deductible amount (normally \$50,000) with the risk of loss in excess of this amount transferred to the pool with limits of liability of \$5,000,000 per occurrence for general and professional liability and \$5,000,000 for automobile liability.

The Florida League of Cities, Inc. published financial report for the year ended September 30, 2016, can be obtained from Florida League of Cities, Inc., Public Risk Service, 135 East Colonial Drive, Orlando, Florida 32853-0065.

**Note 11. Restricted Assets**

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

	<u>Governmental</u>	<u>Business-Type</u>
Debt service	\$ 271,816	\$ 5,567,631
Total Restricted	<u>\$ 271,816</u>	<u>\$ 5,567,631</u>

**Note 12. Defined Benefit Pension Plans**

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

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

The plans do not issue stand-alone financial reports and are not included in any other retirement system's or entity's financial report. The City accounts for both plans as pension trust funds; therefore, they are accounted for in substantially the same manner as proprietary funds, with an economic resources measurement focus and employment of the accrual basis of accounting. Plan member contributions, employer contributions and contributions from other entities are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

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



CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2016

**Note 12. Defined Benefit Pension Plans (Continued)**

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Trust Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 802,401	\$ 406,803	\$ 1,209,204
Investments, at fair value			
Treasury inflation protection securities	538,033	-	538,033
US government and agencies securities	1,335,524	-	1,335,524
Corporate stocks	7,906,578	-	7,906,578
Collateralized mortgage obligations	158,062	-	158,062
Corporate bonds	3,837,617	-	3,837,617
Convertibles	2,555,305	1,634,976	4,190,281
Master Limited Partnerships	996,497	860,815	1,857,312
Mutual Funds			
Fixed income	-	5,065,096	5,065,096
Equity	1,775,122	8,650,685	10,425,807
International equity	3,657,385	-	3,657,385
Real estate investments trusts	-	853,261	853,261
Real estate commingled fund	1,939,065	-	1,939,065
Total investments at fair value	<u>24,699,188</u>	<u>17,064,833</u>	<u>41,764,021</u>
Contributions receivable	-	42,959	42,959
Interest and dividends receivable	70,683	15,595	86,278
Total receivables	<u>70,683</u>	<u>58,554</u>	<u>129,237</u>
 Total assets	 <u>25,572,272</u>	 <u>17,530,190</u>	 <u>43,102,462</u>
<b>LIABILITIES</b>			
Accrued benefits and other liabilities	14,015	24,582	38,597
 Total liabilities	 <u>14,015</u>	 <u>24,582</u>	 <u>38,597</u>
<b>NET POSITION</b>			
Net position restricted for pensions	<u>\$ 25,558,257</u>	<u>\$ 17,505,608</u>	<u>\$ 43,063,865</u>

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2016

**Note 12. Defined Benefit Pension Plans (Continued)**

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Trust Funds
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 1,457,338	\$ 1,050,106	\$ 2,507,444
State of Florida	-	85,154	85,154
Plan members	60,710	117,033	177,743
Total contributions	<u>1,518,048</u>	<u>1,252,293</u>	<u>2,770,341</u>
Investment income			
Net appreciation in fair value of investments	746,458	907,537	1,653,995
Interest, dividends and other	897,916	763,084	1,661,000
Total investment earnings	<u>1,644,374</u>	<u>1,670,621</u>	<u>3,314,995</u>
Less investment expense	<u>(134,666)</u>	<u>(63,196)</u>	<u>(197,862)</u>
Net investment earnings	<u>1,509,708</u>	<u>1,607,425</u>	<u>3,117,133</u>
Total additions	<u>3,027,756</u>	<u>2,859,718</u>	<u>5,887,474</u>
<b>DEDUCTIONS</b>			
Benefits paid	1,436,359	854,319	2,290,678
Lump sum DROP disbursement	44,379	-	44,379
Refunds of contributions	-	12,745	12,745
Administrative expenses	34,576	42,535	77,111
Total deductions	<u>1,515,314</u>	<u>909,599</u>	<u>2,424,913</u>
Change in net position	<u>1,512,442</u>	<u>1,950,119</u>	<u>3,462,561</u>
Net position - beginning of year	<u>24,045,815</u>	<u>15,555,489</u>	<u>39,601,304</u>
Net position - end of year	<u>\$ 25,558,257</u>	<u>\$ 17,505,608</u>	<u>\$ 43,063,865</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, 2016

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**Note 12. 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.

<u>Plan Membership as of October 1, 2015:</u>	
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	68
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	66
Active Plan Members	<u>22</u>
	<u>156</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 the following: two employee 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, 2016

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**Note 12. Defined Benefit Pension Plans (Continued)**

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

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

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

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

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

Termination of Employment Vesting Schedule:

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

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

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

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

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

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2016

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**Note 12. Defined Benefit Pension Plans (Continued)**

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

For participants who elect to continue participating in the plan and all participants other than police dispatchers hired on or after May 1, 2011, and police dispatchers hired on or after January 1, 2012, the cost-of-living adjustment is 2.00% per year beginning October 1 after receipt of 60 monthly retirement payments and continue for twenty-five (25) years thereafter or the length of the monthly retirement benefit period, whichever is less.

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

There were no employees participating in the DROP program at September 30, 2016.

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, 2016. 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, 2016 were as follows:

Total pension liability	\$ 32,289,257
Total plan fiduciary net position	(25,558,257)
City's net pension liability	<u>\$ 6,731,000</u>
Plan fiduciary net position as a % of total pension liability	79.15%

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2016

**Note 12. 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, 2015 updated to September 30, 2016 using the following actuarial assumptions applied to all measurement periods.

Inflation .....	2.70%
Salary Increases.....	4.80% - 7.80%
Discount Rate .....	6.75%
Investment Rate of Return.....	6.75%

*Mortality Rate Healthy Lives*

RP2000 Fully Generational mortality table with Scale BB sex distinct as follows  
 Males – 50% annuitant white collar, 50% annuitant blue collar  
 Females – 100% annuitant white collar

*Mortality Rate Disabled Lives*

RP2000 without projection mortality table sex distinct as follows  
 Males – 100% disabled male with four year setback  
 Females – 100 disabled female with two year set forward

The most recent actuarial experience study used to review the other significant assumptions was dated December 4, 2008.

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, 2016 are summarized in the following table:

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

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2016

**Note 12. Defined Benefit Pension Plans (Continued)**

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

*Discount Rate:*

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

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

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

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
City's net pension liability	\$ 10,574,427	\$ 6,731,000	\$ 3,523,572

<b>CHANGES IN NET PENSION LIABILITY</b>			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2015	\$ 30,093,409	\$ 24,045,815	\$ 6,047,594
Changes for the year:			
Service cost	174,843	-	174,843
Interest	1,993,132	-	1,993,132
Differences between expected and actual experience	(230,237)	-	(230,237)
Changes of assumptions	1,738,848	-	1,738,848
Contributions - employer	-	1,457,338	(1,457,338)
Contributions - employee	-	60,710	(60,710)
Net investment income	-	1,509,708	(1,509,708)
Benefit payments, including refunds of employee contributions	(1,480,738)	(1,480,738)	-
Administrative expense	-	(34,576)	34,576
Net changes	<u>2,195,848</u>	<u>1,512,442</u>	<u>683,406</u>
Balances at September 30, 2016	<u>\$ 32,289,257</u>	<u>\$ 25,558,257</u>	<u>\$ 6,731,000</u>

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2016

**Note 12. Defined Benefit Pension Plans (Continued)**

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

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

For the year ended September 30, 2016 the City will recognize a pension expense of \$2,296,452. On September 30, 2016 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Actual investment earnings different than assumed	\$ 1,023,950	\$ -
Differences between actual and expected experience	-	-
Total	<u>\$ 1,023,950</u>	<u>\$ -</u>

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

Total year ended September 30,	
2017	\$ 269,182
2018	269,181
2019	462,892
2020	22,695
2021	-
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.

<u>Plan Membership as of October 1, 2015:</u>	
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	25
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	7
Active Plan Members	<u>20</u>
	<u>52</u>

Plan Description

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

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

**Note 12. Defined Benefit Pension Plans (Continued)**

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

The Normal Retirement Benefit of the Plan is three percent of average final compensation multiplied by the number of years of service (maximum 30 years). Average compensation is calculated by taking the average of the total compensation paid during the 5 highest years of service. In 2011 the Florida Legislature amended Florida Statute 185, restricting overtime hours at a maximum of 300 per year and eliminating the payout of vacation and medical leave in the calculation of average compensation upon retirement.

On November 1, 2011, the City Council approved Ordinance 11-010 amending the Municipal Police Officers' Pension Plan's average compensation calculation to coincide with the October 1, 2011 effective date of the new Fraternal Order of Police labor agreement.

Effective with fiscal years on or after September 30, 2011, average compensation calculations includes overtime payments not to exceed 300 hours per fiscal year and excludes the payment for vacation and medical leave accrued at the time of retirement, except for the value of vacation and medical leave that was accrued and eligible for payout as of September 30, 2011, unless the actual value of the vacation and medical leave payout is less than the September 30, 2011 value, in which case the lesser value will be included.

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

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

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, 2016 is \$1,030,886.

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2016

**Note 12. Defined Benefit Pension Plans (Continued)**

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

Contributions

Active members are required to contribute eight (8%) percent of their compensation to this Plan until Normal Retirement Age and four (4%) percent thereafter. The State of Florida makes contributions from taxes on casualty insurance premiums. The State of Florida's contribution to the Municipal Police Officer's Plan for the year ended September 30, 2016, was \$85,154. 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, 2016. 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, 2016 were as follows:

Total pension liability	\$ 23,097,159
Total plan fiduciary net position	(17,505,608)
City's net pension liability	\$ 5,591,551
Plan fiduciary net position as a % of total pension liability	75.79%

*Actuarial Assumptions:*

The total pension liability was determined by an actuarial valuation as of October 1, 2015 updated to September 30, 2016 using the following actuarial assumptions applied to all measurement periods.

Inflation .....	2.70%
Salary Increases .....	Service based
Discount Rate .....	7.5%
Investment Rate of Return .....	7.5%

*Mortality Rate Healthy Lives*

RP2000 Fully Generational mortality table with Scale BB sex distinct as follows  
 Males – 10% annuitant white collar / 90% annuitant blue collar  
 Females – 100% annuitant white collar

*Mortality Rate Disabled Lives*

RP2000 without projection mortality table sex distinct as follows  
 Males – 60% disabled male setback 4 years / 40% annuitant white collar no setback  
 Females – 60% disabled female set forward 2 years/40% annuitant white collar no setback

Assumption Changes

As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed from the RP-2000 Combined Healthy Tables to the mortality tables used by the Florida Retirement System for special risk employees for 2014. The salary increase assumption was changed from a flat 7.00% per year to one based on service. The inflation assumption rate was lowered from 3.0% to 2.7%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2016

**Note 12. Defined Benefit Pension Plans (Continued)**

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

The most recent actuarial experience study used to review the other significant assumptions was dated May 2, 2012.

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, 2016 are summarized in the following table:

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

*Discount Rate:*

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

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

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's net pension liability	\$ 8,585,239	\$ 5,591,551	\$ 3,150,331

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2016

**Note 12. Defined Benefit Pension Plans (Continued)**

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

CHANGES IN NET PENSION LIABILITY			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2015	\$ 21,571,880	\$ 15,555,489	\$ 6,016,391
Changes for the year:			
Service cost	492,835	-	492,835
Interest	1,620,290	-	1,620,290
Change in excess State funds	(27,317)	-	(27,317)
Differences between expected and actual experience	(287,593)	-	(287,593)
Changes of assumptions	594,128	-	594,128
Contributions - employer	-	1,050,106	(1,050,106)
Contributions - state	-	85,154	(85,154)
Contributions - employee	-	117,033	(117,033)
Net investment income	-	1,607,425	(1,607,425)
Benefit payments, including refunds of employee contributions	(867,064)	(867,064)	-
Administrative expense	-	(42,535)	42,535
Net changes	1,525,279	1,950,119	(424,840)
Balances at September 30, 2016	\$ 23,097,159	\$ 17,505,608	\$ 5,591,551

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

For the year ended September 30, 2016 the City will recognize a pension expense of \$1,038,177. On September 30, 2016 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	\$ 616,443	\$ -
Changes of assumptions	445,596	-
Differences between actual and expected experience	29,279	215,694
Total	\$ 1,091,318	\$ 215,694

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

Total year ended September 30,	
2017	\$ 291,535
2018	291,536
2019	378,134
2020	(85,581)
2021	-
Thereafter	-

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2016

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**Note 13. 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.

Plan Description

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

The normal retirement age is 60.

Mandatory and Irrevocable Additional Contributions

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

City Matching

The City will match the participant's mandatory contribution of 5% of base pay at 100%. The first 1% to 5% of the voluntary contribution will be matched by the City at 50%. The additional 6% to 10% of the voluntary contribution permitted will not be matched by the City. The maximum City match is 7.5% of base pay. The City's contributions to the Plan for the years ended September 30, 2016 and 2015 were \$305,495 and \$286,616, respectively.

Forfeitures

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

All amounts forfeited by terminated participants shall be allocated to a suspense account and used to reduce dollar for dollar employer contributions otherwise required under the Plan for the current plan year and succeeding plan years, if necessary. Forfeitures may first be used to pay the reasonable administrative expenses of the Plan, with any remainder being applied to reduce employer contributions. The amount of forfeitures available at September 30, 2016 was \$24,822.

CITY OF SANIBEL, FLORIDA  
 NOTES TO THE FINANCIAL STATEMENTS  
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**Note 13. Defined Contribution Plan (Continued)**

Rollover Contributions by Participants

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

Accrued Leave Contributions by Participants

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

Vesting Provisions

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

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

**Note 14. 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)	88
Retirees and covered spouses currently receiving benefits:	
Pre-Medicare	5
Post-Medicare	1
Total Retirees and covered spouses currently receiving benefits	6

Funding Policy

Required contributions are based on projected pay-as-you-go financing. For the fiscal year ended September 30, 2016, the City provided contributions of \$27,058 toward implicit benefits including administrative expenses payable during the year.

CITY OF SANIBEL, FLORIDA  
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**Note 14. Other Post-Employment Benefits (OPEB) (Continued)**

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost for the current year was determined as part of the October 1, 2015 actuarial valuation using the entry age normal actuarial cost method. Select actuarial assumptions are listed in the table below:

Valuation date	October 1, 2015
Actuarial cost method	Entry Age Normal (Level Percent of Pay)
Amortization of UAAL	Level Percentage of Payroll (Closed amortization over 30 years)
Remaining amortization period	30 years
Asset valuation method	Fair value
Actuarial assumptions:	
Interest rate	4.0%
Health care inflation	
Pre-Medicare	8.0% (grading down to 4.5% in 2021)
Post-Medicare	8.0% (grading down to 4.5% in 2021)
Salary Rate Increase	<b>General:</b> Age 20 – 7.8% average salary increase Age 30 – 6.3% average salary increase Age 40 – 5.4% average salary increase Age 50 – 4.8% average salary increase <b>Police:</b> 7.0% per year
Inflation Rate	3.0% per year
Mortality Rate	RP 2000 Combined Mortality Table, projected to measurement date using Scale AA.

The actuarial valuation involves estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to constant revision as actual experience is compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

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

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 14. Other Post-Employment Benefits (Continued)**

Funded Status and Funding Progress

The funded status and the three year funding trend of the Plan as of September 30, 2016 are presented below and reflect a decision to no longer fund the program:

Funded status as of:	10/01/2013	10/01/2014	10/01/2015
Actuarial Accrued Liability (AAL)	\$ 397,234	\$ 353,709	\$ 287,836
Actuarial Value of Assets (AVA)	-	-	-
Unfunded Actuarial Accrued Liability (UAAL)	397,234	353,709	287,836
Funded Ratio (actuarial value of assets/AAL)	0.00%	0.00%	0.00%
Covered Payroll	5,572,096	5,365,337	5,490,360
Ratio of UAAL to Covered Payroll	7.13%	6.59%	5.24%

Fiscal Year Ending	Annual	% of Annual	Net OPEB Obligation
	OPEB Cost	OPEB Cost Contributed	
September 30, 2016	\$ 38,961	69.4%	\$ 244,097
September 30, 2015	48,233	88.4%	232,194
September 30, 2014	49,406	80.4%	226,583

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	10/01/2013	10/01/2014	10/01/2015
Applicable for Fiscal Year Ending	09/30/2014	09/30/2015	09/30/2016
Annual Required Contribution	\$ 48,671	\$ 47,726	\$ 43,814
Interest on Net OPEB Obligation	10,844	11,329	9,288
Adjustment to Annual Required Contribution	(10,109)	(10,822)	(14,141)
Annual OPEB Cost (Expense)	49,406	48,233	38,961
Net Contributions Made	(39,706)	(42,622)	(27,058)
Increase (Decrease) in Net OPEB Obligation	9,700	5,611	11,903
Net OPEB Obligation - Beginning of Year	216,883	226,583	232,194
Adjustment for Asset Transfer to City	-	-	-
Net OPEB Obligation - End of Year	\$ 226,583	\$ 232,194	\$ 244,097

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2016

**Note 15. Other Revenues**

Other revenue in the government fund types at September 30, 2016 is as follows:

	General Fund	Transportation Fund	Recreation Fund	2016 G.O. Bonds	Other Governmental Funds	Total
Investment earnings (loss)	\$ 16,039	\$ 25,578	\$ 3,730	\$ -	\$ 57,449	\$ 102,796
Rents	4,019	-	-	-	-	4,019
Impact fees	-	-	-	-	229,515	229,515
Sale of surplus equipment	106,769	794	-	-	-	107,563
Contributions and donations	5,920	500	23,902	-	3,000	33,322
Other Miscellaneous Revenues	56,352	-	1,112	3,095	364	60,923
Total Other Revenues	<u>\$ 189,099</u>	<u>\$ 26,872</u>	<u>\$ 28,744</u>	<u>\$ 3,095</u>	<u>\$ 290,328</u>	<u>\$ 538,138</u>

**Note 16. 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 17. Commitments**

The City's commitments with contractors as of September 30, 2016, are as follows:

	Total Contract	Spent to Date	Remaining
<b><u>GOVERNMENTAL ACTIVITIES</u></b>			
Transportation Fund			
2016 Street Resurfacing Project	\$ 414,499	\$ 329,241	\$ 85,258
2016 Sanibel River Clearing Project	98,000	58,800	39,200
Phase 2 Watershed Mgmt Plan	24,990	4,019	20,971
Special Revenue Fund			
Sanibel Isles Dredging	34,850	-	34,850
<b>Total governmental activities</b>	<u>\$ 572,339</u>	<u>\$ 392,060</u>	<u>\$ 180,279</u>
<b><u>BUSINESS-TYPE ACTIVITIES</u></b>			
Sewer Fund			
Wulfert Plant Tank Repairs	\$ 69,123	\$ -	\$ 69,123
Donax WRF Plant 1 Upgrade Design	197,902	76,815	121,087
Phase 4 Sewer Final Design	25,430	18,355	7,075
Donax WRF Denitrification Design	193,803	57,178	136,625
<b>Total business-type activities</b>	<u>486,258</u>	<u>152,348</u>	<u>333,910</u>
<b>Total construction commitments</b>	<u>\$ 1,058,597</u>	<u>\$ 544,408</u>	<u>\$ 514,189</u>

CITY OF SANIBEL, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2016

**Note 18. Prior Period Adjustment**

In December 2015, the City and its component unit, Community Housing Resources, Inc. agreed to a repayment schedule for amounts owed to the City related to a 1999 agreement for CHR's Casa Mariposa project. In accordance with generally accepted accounting principles, beginning fund balance in the Statement of Revenues, Expenditures, and Changes in Fund Balance for the General fund and beginning net position in the Statement of Activities for governmental activities was restated by \$282,714.

The tables below present the details of the restatements:

<b>Statement of Revenues, Expenditures and Changes in Fund Balance</b>	General Fund
Fund balance, September 30, 2015 as previously reported	\$ 10,234,163
Adjustment for amount due from related party	<u>282,714</u>
Fund balance, September 30, 2015 as restated	<u>\$ 10,516,877</u>

<b>Statement of Activities</b>	Governmental Activities
Net position, September 30, 2015 as previously reported	\$ 45,058,392
Adjustment for amount due from related party	<u>282,714</u>
Net position, September 30, 2015 as restated	<u>\$ 45,341,106</u>



**This section contains the following subsections:**

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CITY OF SANIBEL, FLORIDA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 September 30, 2016

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

	2016	2015	2014	2013
Total pension liability				
Service cost	\$ 174,843	\$ 191,061	\$ 196,178	\$ 183,773
Interest	1,993,132	1,945,199	1,895,908	1,851,553
Differences between expected and actual experience	(230,237)	48,718	-	-
Changes of assumptions	1,738,848	-	-	-
Benefit payments, including refunds of member contributions	(1,480,738)	(1,436,535)	(1,276,944)	(1,504,296)
Net change in total pension liability	2,195,848	748,443	815,142	531,030
Total pension liability - beginning	30,093,409	29,344,966	28,529,824	27,998,794
Total pension liability - ending (a)	<u>\$ 32,289,257</u>	<u>\$ 30,093,409</u>	<u>\$ 29,344,966</u>	<u>\$ 28,529,824</u>
Plan fiduciary net position				
Contributions - employer	\$ 1,457,338	\$ 1,795,876	\$ 1,681,948	\$ 1,691,261
Contributions - employee	60,710	63,855	65,431	64,908
Net investment income	1,509,708	(553,543)	2,424,391	2,436,581
Benefit payments, including refunds of member contributions	(1,480,738)	(1,436,535)	(1,276,944)	(1,504,296)
Administrative expense	(34,576)	(37,648)	(27,489)	(31,229)
Net change in plan fiduciary net position	1,512,442	(167,995)	2,867,337	2,657,225
Plan fiduciary net position - beginning	24,045,815	24,213,810	21,346,473	18,689,248
Plan fiduciary net position - ending (b)	<u>\$ 25,558,257</u>	<u>\$ 24,045,815</u>	<u>\$ 24,213,810</u>	<u>\$ 21,346,473</u>
City's net pension liability - ending (a) - (b)	<u>\$ 6,731,000</u>	<u>\$ 6,047,594</u>	<u>\$ 5,131,156</u>	<u>\$ 7,183,351</u>
Plan fiduciary net position as a percentage of the total pension liability	79.15%	79.90%	82.51%	74.82%
Covered-employee payroll*	\$ 1,214,204	\$ 1,396,431	\$ 1,308,625	\$ 1,298,166
City's net position liability as a percentage of covered-employee payroll	554.35%	433.08%	392.10%	553.35%

Notes to Schedule:

\*The covered-employee payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

\* Schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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

	2016	2015	2014	2013
Annual money-weighted rate of return, net of investment expenses	6.17%	-2.23%	11.00%	12.96%

\* Schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

CITY OF SANIBEL, FLORIDA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 September 30, 2016

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 1,457,341	\$ 1,629,315	\$ 1,659,991	\$ 1,668,403	\$ 1,397,764	\$ 1,448,913	\$ 1,173,397	\$ 858,029	\$ 824,863	\$ 635,605
Contributions in relation to the actuarially determined contributions	1,457,341	1,795,876	1,681,948	1,691,261	5,587,616	1,448,913	1,173,397	975,816	824,863	635,605
Contribution deficiency (Excess)	\$ -	\$ (166,561)	\$ (21,957)	\$ (22,858)	\$ (4,189,852)	\$ -	\$ -	\$ (117,787)	\$ -	\$ -
<b>Covered-employee payroll*</b>	\$ 1,214,204	\$ 1,396,431	\$ 1,308,625	\$ 1,298,166	\$ 1,325,935	\$ 1,306,071	\$ 4,706,046	\$ 4,927,259	\$ 5,448,952	\$ 5,190,903
<b>Contributions as a percentage of covered employee payroll</b>	120.02%	128.60%	128.53%	130.28%	421.41%	110.94%	24.93%	19.80%	15.14%	12.24%

**Notes to Schedule**

The covered-employee payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

Valuation Date: 10/01/2015 updated to 09/30/2016

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

Methods and assumptions used to determine contribution rates:

Funding method	Entry age normal actuarial cost method. The following loads are applied for determination of the sponsor dollar funding requirement: Interest: A half year, based on the current 6.75% assumption. Salary: A full year, based on the current 3.60% assumption.
Amortization method	Level percentage of pay, closed
Remaining amortization period	11 years (as of 10/01/2014)
Asset smoothing methodology	Fair market value, net of investment-related expenses.
Inflation	2.7% per year
Salary increases	See Table below.
Interest rate	6.75% per year, compounded annually, net of investment related expenses.
Payroll increase	None
Cost-of-living adjustment	2% for 25 years, beginning 5 years after retirement, payable to normal and early retirees. For members who retired prior to May 1, 2011, the adjustments are 3% annually for 25 years, beginning 3 years after retirement.
Retirement age	One year following satisfaction of the Plan's requirement for normal retirement.
Early retirement	Commencing upon eligibility for early retirement, members are assumed to retire with an immediate benefit at the rate of 5% per year.
Termination rates	See Table below. (These rates reflect the new assumption; rates for valuations prior to October 1, 2013 were double those shown on the table below.)
Disability rates	See Table below.
Mortality	RP2000 mortality tables (see note 12 for more detailed information)

Other Information

Age	Termination, Disability and Salary Rate Tables		
	% Terminating During the Year	% Becoming Disabled During the Year	Average Salary Increase
20	9.30%	0.14%	7.80%
30	5.50%	0.18%	6.30%
40	4.60%	0.30%	5.40%
50	4.10%	1.00%	4.80%

CITY OF SANIBEL, FLORIDA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 September 30, 2016

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

	2016	2015	2014	2013
Total pension liability				
Service cost	\$ 492,835	\$ 469,734	\$ 509,101	\$ 473,582
Interest	1,620,290	1,528,830	1,445,430	1,373,741
Change in excess State funds	(27,317)	-	-	-
Differences between expected and actual experience	(287,593)	58,554	-	-
Changes of assumptions	594,128	-	-	-
Benefit payments, including refunds of member contributions	(867,064)	(854,438)	(751,882)	(1,102,107)
Net change in total pension liability	1,525,279	1,202,680	1,202,649	745,216
Total pension liability - beginning	21,571,880	20,369,200	19,166,551	18,421,335
Total pension liability - ending (a)	<u>\$ 23,097,159</u>	<u>\$ 21,571,880</u>	<u>\$ 20,369,200</u>	<u>\$ 19,166,551</u>
Plan fiduciary net position				
Contributions - employer	\$ 1,050,106	\$ 1,138,692	\$ 961,952	\$ 2,072,711
Contributions - state	85,154	77,754	65,862	62,542
Contributions - employee	117,033	108,536	114,679	105,628
Net investment income	1,607,425	(730,080)	1,564,849	1,435,540
Benefit payments, including refunds of member contributions	(867,064)	(854,438)	(751,882)	(1,102,107)
Administrative expense	(42,535)	(41,503)	(38,332)	(32,304)
Net change in plan fiduciary net position	1,950,119	(301,039)	1,917,128	2,542,010
Plan fiduciary net position - beginning	15,555,489	15,856,528	13,939,400	11,397,390
Plan fiduciary net position - ending (b)	<u>\$ 17,505,608</u>	<u>\$ 15,555,489</u>	<u>\$ 15,856,528</u>	<u>\$ 13,939,400</u>
City's net pension liability - ending (a) - (b)	<u>\$ 5,591,551</u>	<u>\$ 6,016,391</u>	<u>\$ 4,512,672</u>	<u>\$ 5,227,151</u>
Plan fiduciary net position as a percentage of the total pension liability	75.79%	72.11%	77.85%	72.73%
Covered-employee payroll*	\$ 1,462,915	\$ 1,599,122	\$ 1,433,491	\$ 1,320,347
City's net position liability as a percentage of covered-employee payroll	382.22%	376.23%	314.80%	395.89%

Notes to Schedule:

\*The covered-employee payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

\* Schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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

	2016	2015	2014	2013
Annual money-weighted rate of return, net of investment expenses	10.07%	-4.50%	10.91%	12.01%

\* Schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

CITY OF SANIBEL, FLORIDA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 September 30, 2016

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 1,162,579	\$ 967,464	\$ 1,027,813	\$ 729,756	\$ 687,550	\$ 548,612	\$ 538,345	\$ 554,158	\$ 438,927	\$ 401,295
From excess State money reserve	27,317	-	-	-	-	-	-	-	-	-
Contributions in relation to the actuarially determined contributions	1,135,262	1,216,446	1,027,813	2,135,253	1,721,305	566,977	538,345	560,891	441,913	402,814
Contribution deficiency (Excess)	\$ -	\$ (248,982)	\$ -	\$ (1,405,497)	\$ (1,033,755)	\$ (18,365)	\$ -	\$ (6,733)	\$ (2,986)	\$ (1,519)
<b>Covered-employee payroll*</b>	<b>\$ 1,462,915</b>	<b>\$ 1,599,122</b>	<b>\$ 1,433,491</b>	<b>\$ 1,320,347</b>	<b>\$ 1,284,662</b>	<b>\$ 1,527,468</b>	<b>\$ 1,582,903</b>	<b>\$ 1,727,615</b>	<b>\$ 2,089,004</b>	<b>\$ 2,047,406</b>
<b>Contributions as a percentage of covered employee payroll</b>	<b>77.60%</b>	<b>76.07%</b>	<b>71.70%</b>	<b>161.72%</b>	<b>133.99%</b>	<b>37.12%</b>	<b>34.01%</b>	<b>32.47%</b>	<b>21.15%</b>	<b>19.67%</b>

**Notes to Schedule**

The covered-employee payroll numbers shown are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

Valuation Date: 10/01/2015 updated to 09/30/2016

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	21 years (as of 10/01/2014)
Actuarial asset method	Each year, the prior actuarial value of assets is brought forward utilizing the historical geometric 4-year average market value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below market value.
Inflation	2.7% per year
Salary increases	7% per year until the assumed retirement age. Projected salary in the year of retirement is increased 10% for members who had 10 or more years of credited service as of September 30, 2011 and 5% for members who had less than 10 years of credited service as of September 30, 2011. These increases are to account for non-regular compensation.
Interest rate	7.5% per year compounded annually, net of investment related expenses.
Payroll growth assumption	None.
Cost-of-living adjustment	3.0% automatic COLA to normal and early retirees, beginning one year after retirement.
Retirement age	Two years after the earlier of age 60 with 5 years of service, age 55 with 10 years of service, or 25 years of service regardless of age. Also, any member who has reached normal retirement plus two years is assumed to continue employment for one additional year.
Early retirement	Commencing at eligibility for early retirement (age 50), members are assumed to retire with an immediate benefit at the rate of 2% per year.
Termination rates	See Table below.
Disability rates	See Table below. It is assumed that 75% of disabilities and active member deaths are service related.
Mortality	RP2000 mortality tables - see note 12 for more information

Other Information

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

CITY OF SANIBEL, FLORIDA  
OTHER SUPPLEMENTARY INFORMATION  
September 30, 2016

**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)
10/01/2015	\$ -	\$ 287,836	\$ 287,836	0.00%	\$ 5,490,360	5.24%
10/01/2014	-	353,709	353,709	0.00%	5,365,337	6.59%
10/01/2013	-	397,234	397,234	0.00%	5,572,096	7.13%
10/01/2012	-	631,325	631,325	0.00%	5,787,718	10.91%
10/01/2011	153,507	530,484	376,977	28.94%	4,993,719	7.55%
10/01/2010	129,012	377,652	248,640	34.16%	6,672,366	3.73%
10/01/2009	109,079	326,631	217,552	33.40%	6,778,234	3.21%
10/01/2008	80,460	426,115	345,655	18.88%	6,443,331	5.36%
10/01/2007	26,579	479,981	453,402	5.54%	6,479,008	7.00%

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

Year Ended September 30	Annual Required Contribution	City Contribution	Percentage Contributed
2016	\$ 38,961	\$ 27,058	69.45%
2015	48,233	42,622	88.37%
2014	49,406	39,706	80.37%
2013	72,120	38,548	53.45%
2012	58,209	28,405	48.80%
2011	52,480	52,480	100.00%
2010	46,897	46,897	100.00%
2009	70,235	70,235	100.00%
2008	86,071	86,071	100.00%
2007	54,339	54,339	100.00%

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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.

- **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 Bonds** – 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.
- **2006/2016 \$6.52M General Obligation Bonds** – (Construction of New Recreation Center) – to account for the debt service payments and administrative costs of the \$6.52 million General Obligation Bonds issued in 2016 that refunded the original 2006 issue.

## 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.

CITY OF SANIBEL, FLORIDA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 September 30, 2016

Special Revenue Funds

	Historical Committee	Road Impact Fees	Community Park Impact Fees	Father Madden Estate	Building Department	Elementary School Ball Park Maintenance	Shell Harbor Dredging	Sanibel Estates Canal Trimming	Sanibel Isles/ Water Shadows Dredging	Total
<b>ASSETS</b>										
Cash and cash equivalents	\$ -	\$ 756,253	\$ 132,203	\$ -	\$ 914,386	\$ -	\$ 39,728	\$ 27,458	\$ 111,435	\$ 1,981,463
Accounts receivable	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	51,732	246	66	51	52,095
Total assets	<u>\$ -</u>	<u>\$ 756,253</u>	<u>\$ 132,203</u>	<u>\$ -</u>	<u>\$ 914,386</u>	<u>\$ 51,732</u>	<u>\$ 39,974</u>	<u>\$ 27,524</u>	<u>\$ 111,486</u>	<u>\$ 2,033,558</u>
<b>LIABILITIES</b>										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 12,534	\$ 7,800	\$ -	\$ 8,750	\$ -	\$ 29,084
Due to other funds	-	-	-	-	-	2,432	-	-	-	2,432
Due to other governments	-	-	-	-	3,194	-	-	-	-	3,194
Accrued liabilities	-	-	-	-	6,199	-	-	-	-	6,199
Deferred revenue	-	-	-	-	-	-	-	267	-	267
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,927</u>	<u>10,232</u>	<u>-</u>	<u>9,017</u>	<u>-</u>	<u>41,176</u>
<b>FUND BALANCES</b>										
<b>Restricted:</b>										
Building permits/operations	-	-	-	-	892,459	-	-	-	-	892,459
Capital projects	-	756,253	132,203	-	-	-	-	-	-	888,456
Debt service	-	-	-	-	-	-	-	-	-	-
Canal dredging and trimming	-	-	-	-	-	-	39,974	18,507	111,486	169,967
<b>Assigned:</b>										
Parks and recreation	-	-	-	-	-	41,500	-	-	-	41,500
Capital projects	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>756,253</u>	<u>132,203</u>	<u>-</u>	<u>892,459</u>	<u>41,500</u>	<u>39,974</u>	<u>18,507</u>	<u>111,486</u>	<u>1,992,382</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 756,253</u>	<u>\$ 132,203</u>	<u>\$ -</u>	<u>\$ 914,386</u>	<u>\$ 51,732</u>	<u>\$ 39,974</u>	<u>\$ 27,524</u>	<u>\$ 111,486</u>	<u>\$ 2,033,558</u>

CITY OF SANIBEL, FLORIDA  
 COMBINING BALANCE SHEET (Continued)  
 NONMAJOR GOVERNMENTAL FUNDS  
 September 30, 2016

	Debt Service	Capital Projects				Total Nonmajor Governmental Funds
	2012 \$2.97M General Obligation Bonds	Capital Asset Acquisition	Transportation Capital Projects	Recreation Facility Sinking Fund	Total	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 292,272	\$ 1,005,303	\$ 598,691	\$ 775,042	\$ 2,379,036	\$ 4,652,771
Accounts receivable	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	52,095
<b>Total assets</b>	<b>\$ 292,272</b>	<b>\$ 1,005,303</b>	<b>\$ 598,691</b>	<b>\$ 775,042</b>	<b>\$ 2,379,036</b>	<b>\$ 4,704,866</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 32,239	\$ 13,975	\$ 8,879	\$ 55,093	\$ 84,177
Due to other funds	-	-	-	-	-	2,432
Due to other funds	-	-	-	-	-	3,194
Accrued liabilities	-	-	-	-	-	6,199
Deferred revenue	-	-	-	-	-	267
<b>Total liabilities</b>	<b>-</b>	<b>32,239</b>	<b>13,975</b>	<b>8,879</b>	<b>55,093</b>	<b>96,269</b>
<b>FUND BALANCES</b>						
<b>Restricted:</b>						
Building permits/operations	-	-	-	-	-	892,459
Capital projects	-	-	584,716	-	584,716	1,473,172
Debt service	292,272	-	-	-	-	292,272
Canal dredging and trimming	-	-	-	-	-	169,967
<b>Assigned:</b>						
Parks and recreation	-	-	-	-	-	41,500
Other capital projects	-	973,064	-	766,163	1,739,227	1,739,227
<b>Total fund balances</b>	<b>292,272</b>	<b>973,064</b>	<b>584,716</b>	<b>766,163</b>	<b>2,323,943</b>	<b>4,608,597</b>
<b>Total liabilities and fund balances</b>	<b>\$ 292,272</b>	<b>\$ 1,005,303</b>	<b>\$ 598,691</b>	<b>\$ 775,042</b>	<b>\$ 2,379,036</b>	<b>\$ 4,704,866</b>

CITY OF SANIBEL, FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended September 30, 2016

	Special Revenue Funds									
	Historical Committee	Road Impact Fees	Community Park Impact Fees	Father Madden Estate	Building Department	Elementary School Ball Park Maintenance	Shell Harbor Dredging	Sanibel Estates Canal Trimming	Sanibel Isles/ Water Shadows Dredging	Total
<b>REVENUES</b>										
Taxes										
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits/Fee/Special Assessments	-	-	-	-	817,664	-	17,594	6,760	9,729	851,747
Intergovernmental revenue	-	-	-	-	-	165,598	-	-	-	165,598
Charges for services	-	-	-	-	13,124	-	-	-	-	13,124
Fines and forfeitures	-	-	-	-	20,946	-	-	-	-	20,946
Other revenue	-	214,460	24,962	-	10,741	-	3,926	402	1,471	255,962
Total revenues	-	214,460	24,962	-	862,475	165,598	21,520	7,162	11,200	1,307,377
<b>EXPENDITURES</b>										
<b>Current</b>										
Public safety	-	-	-	-	764,826	-	-	-	-	764,826
Public works	-	-	-	-	-	-	49,169	10,362	240	59,771
Human services	-	-	-	24,579	-	-	-	-	-	24,579
Culture/recreation	147,309	-	-	-	-	283,397	-	-	-	430,706
<b>Debt Service</b>										
Principal retirement	-	-	-	-	-	-	-	-	-	-
Interest & fiscal charges	-	-	-	-	-	-	-	-	-	-
<b>Capital outlay</b>										
Total expenditures	147,309	-	-	24,579	764,826	283,397	49,169	10,362	240	1,279,882
Excess (deficiency) of revenue over (under) expenditures	(147,309)	214,460	24,962	(24,579)	97,649	(117,799)	(27,649)	(3,200)	10,960	27,495
<b>OTHER FINANCING SOURCES</b>										
Transfers in	-	-	-	-	-	159,065	5,445	3,000	5,000	172,510
Net change in fund balances	(147,309)	214,460	24,962	(24,579)	97,649	41,266	(22,204)	(200)	15,960	200,005
Fund balances:										
Beginning of year	147,309	541,793	107,241	24,579	794,810	234	62,178	18,707	95,526	1,792,377
End of year	\$ -	\$ 756,253	\$ 132,203	\$ -	\$ 892,459	\$ 41,500	\$ 39,974	\$ 18,507	\$ 111,486	\$ 1,992,382

CITY OF SANIBEL, FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (Continued)  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended September 30, 2016

	Debt Service	Capital Projects				Total Nonmajor Governmental Funds
	2012 \$2.97M General Obligation Bonds	Capital Asset Acquisition	Transportation Capital Projects	Recreation Facility Sinking Fund	Total	
<b>REVENUES</b>						
Taxes						
Property	\$ 330,896	\$ -	\$ -	\$ -	\$ -	\$ 330,896
Permits/Fee/Special Assessments	-	-	-	-	-	851,747
Intergovernmental revenue	-	-	-	-	-	165,598
Charges for services	-	-	-	-	-	13,124
Fines and forfeitures	-	-	-	-	-	20,946
Other revenue	6,903	11,355	7,059	9,049	27,463	290,328
Total revenues	<u>337,799</u>	<u>11,355</u>	<u>7,059</u>	<u>9,049</u>	<u>27,463</u>	<u>1,672,639</u>
<b>EXPENDITURES</b>						
<b>Current</b>						
Public safety	-	-	-	-	-	764,826
Public works	-	-	-	-	-	59,771
Human services	-	-	-	-	-	24,579
Culture/recreation	-	-	-	-	-	430,706
<b>Debt Service</b>						
Principal retirement	285,000	-	-	-	-	285,000
Interest & fiscal charges	44,298	-	-	-	-	44,298
<b>Capital outlay</b>	<u>-</u>	<u>205,706</u>	<u>48,918</u>	<u>31,698</u>	<u>286,322</u>	<u>286,322</u>
Total expenditures	<u>329,298</u>	<u>205,706</u>	<u>48,918</u>	<u>31,698</u>	<u>286,322</u>	<u>1,895,502</u>
Excess (deficiency) of revenue over (under) expenditures	<u>8,501</u>	<u>(194,351)</u>	<u>(41,859)</u>	<u>(22,649)</u>	<u>(258,859)</u>	<u>(222,863)</u>
<b>OTHER FINANCING SOURCES</b>						
Transfers in	<u>-</u>	<u>494,098</u>	<u>-</u>	<u>225,000</u>	<u>719,098</u>	<u>891,608</u>
Net change in fund balances	8,501	299,747	(41,859)	202,351	460,239	668,745
Fund balances:						
Beginning of year	283,771	673,317	626,575	563,812	1,863,704	3,939,852
End of year	<u>\$ 292,272</u>	<u>\$ 973,064</u>	<u>\$ 584,716</u>	<u>\$ 766,163</u>	<u>\$ 2,323,943</u>	<u>\$ 4,608,597</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, 2016

	Historical Committee Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Other revenue	\$ 1,500	\$ 1,500	\$ -	\$ (1,500)
<b>EXPENDITURES</b>				
<b>Current</b>				
Culture/recreation	-	147,309	147,309	-
Net change in fund balances	1,500	(145,809)	(147,309)	(1,500)
Fund balances, beginning of year	146,830	147,309	147,309	-
Fund balances, end of year	<u>\$ 148,330</u>	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ (1,500)</u>

	Road Impact Fees Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Other revenue	\$ 102,000	\$ 102,000	\$ 214,460	\$ 112,460
<b>EXPENDITURES</b>				
Total expenditures	-	-	-	-
Net change in fund balances	102,000	102,000	214,460	112,460
Fund balances, beginning of year	168,345	541,793	541,793	-
Fund balances, end of year	<u>\$ 270,345</u>	<u>\$ 643,793</u>	<u>\$ 756,253</u>	<u>\$ 112,460</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, 2016

Community Park Impact Fees Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Other revenue	\$ 10,750	\$ 10,750	\$ 24,962	\$ 14,212
<b>EXPENDITURES</b>				
Total expenditures	-	-	-	-
Net change in fund balances	10,750	10,750	24,962	14,212
Fund balances, beginning of year	96,513	107,241	107,241	-
Fund balances, end of year	<u>\$ 107,263</u>	<u>\$ 117,991</u>	<u>\$ 132,203</u>	<u>\$ 14,212</u>

Father Madden Estate Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Other revenue	\$ 400	\$ 400	\$ -	\$ (400)
<b>EXPENDITURES</b>				
<b>Current</b>				
Human Services	1,000	25,579	24,579	(1,000)
Excess (deficiency) of revenue over (under) expenditures	(600)	(25,179)	(24,579)	600
Net change in fund balances	(600)	(25,179)	(24,579)	600
Fund balances, beginning of year	24,636	24,579	24,579	-
Fund balances, end of year	<u>\$ 24,036</u>	<u>\$ (600)</u>	<u>\$ -</u>	<u>\$ 600</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, 2016

	Building Department Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Licenses & Permits	\$ 533,779	\$ 533,779	\$ 817,664	\$ 283,885
Charges for services	10,000	10,000	13,124	3,124
Fines and forfeitures	20,000	20,000	20,946	946
Other revenue	13,000	13,000	10,741	(2,259)
Total revenues	<u>576,779</u>	<u>576,779</u>	<u>862,475</u>	<u>285,696</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public safety	782,958	805,174	764,826	(40,348)
<b>Capital Outlay</b>	<u>3,500</u>	<u>3,500</u>	<u>-</u>	<u>(3,500)</u>
Total expenditures	<u>786,458</u>	<u>808,674</u>	<u>764,826</u>	<u>(43,848)</u>
Net change in fund balances	<u>(209,679)</u>	<u>(231,895)</u>	<u>97,649</u>	<u>329,544</u>
Fund balances, beginning of year	<u>736,311</u>	<u>794,810</u>	<u>794,810</u>	<u>-</u>
Fund balances, end of year	<u>\$ 526,632</u>	<u>\$ 562,915</u>	<u>\$ 892,459</u>	<u>\$ 329,544</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, 2016

	Elementary School Ball Park Maintenance Fund			
	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 150,000	\$ 146,660	\$ 165,598	\$ 18,938
Other revenue	500	500	-	(500)
Total revenues	<u>150,500</u>	<u>147,160</u>	<u>165,598</u>	<u>18,438</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Culture/recreation	300,076	294,413	283,397	(11,016)
<b>Capital Outlay</b>	15,700	15,700	-	(15,700)
Total expenditures	<u>315,776</u>	<u>310,113</u>	<u>283,397</u>	<u>(26,716)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(165,276)</u>	<u>(162,953)</u>	<u>(117,799)</u>	<u>45,154</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	161,388	159,065	159,065	-
Net change in fund balances	<u>(3,888)</u>	<u>(3,888)</u>	<u>41,266</u>	<u>45,154</u>
Fund balances, beginning of year	<u>3,888</u>	<u>234</u>	<u>234</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ (3,654)</u>	<u>\$ 41,500</u>	<u>\$ 45,154</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, 2016

Shell Harbor Dredging Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Permits/Fee/Special Assessments	17,434	17,434	17,594	160
Other revenue	\$ 200	\$ 200	\$ 3,926	\$ 3,726
Total revenues	<u>17,634</u>	<u>17,634</u>	<u>21,520</u>	<u>3,886</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Works	<u>1,000</u>	<u>1,000</u>	<u>49,169</u>	<u>48,169</u>
Excess (deficiency) of revenue over (under) expenditures	<u>16,634</u>	<u>16,634</u>	<u>(27,649)</u>	<u>(44,283)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	<u>5,445</u>	<u>5,445</u>	<u>5,445</u>	<u>-</u>
Net change in fund balances	<u>22,079</u>	<u>22,079</u>	<u>(22,204)</u>	<u>(44,283)</u>
Fund balances, beginning of year	<u>62,941</u>	<u>62,178</u>	<u>62,178</u>	<u>-</u>
Fund balances, end of year	<u>\$ 85,020</u>	<u>\$ 84,257</u>	<u>\$ 39,974</u>	<u>\$ (44,283)</u>

Sanibel Estates Canal Trimming Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Permits/Fee/Special Assessments	6,720	6,720	6,760	40
Other revenue	\$ 400	\$ 400	\$ 402	\$ 2
Total revenues	<u>7,120</u>	<u>7,120</u>	<u>7,162</u>	<u>42</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Works	<u>10,500</u>	<u>10,500</u>	<u>10,362</u>	<u>(138)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(3,380)</u>	<u>(3,380)</u>	<u>(3,200)</u>	<u>180</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Net change in fund balances	<u>(380)</u>	<u>(380)</u>	<u>(200)</u>	<u>180</u>
Fund balances, beginning of year	<u>18,733</u>	<u>18,707</u>	<u>18,707</u>	<u>-</u>
Fund balances, end of year	<u>\$ 18,353</u>	<u>\$ 18,327</u>	<u>\$ 18,507</u>	<u>\$ 180</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, 2016

Sanibel Isles/Water Shadows Dredging Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Permits/Fee/Special Assessments	9,700	9,700	9,729	29
Other revenue	\$ 700	\$ 700	\$ 1,471	\$ 771
Total revenues	<u>10,400</u>	<u>10,400</u>	<u>11,200</u>	<u>800</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Works	250	35,100	240	(34,860)
Excess (deficiency) of revenue over (under) expenditures	<u>10,150</u>	<u>(24,700)</u>	<u>10,960</u>	<u>35,660</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	5,000	5,000	5,000	-
Net change in fund balances	15,150	(19,700)	15,960	35,660
Fund balances, beginning of year	<u>94,984</u>	<u>95,526</u>	<u>95,526</u>	<u>-</u>
Fund balances, end of year	<u>\$ 110,134</u>	<u>\$ 75,826</u>	<u>\$ 111,486</u>	<u>\$ 35,660</u>

2012 \$2.97M General Obligation Bonds Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 329,620	\$ 329,620	\$ 330,896	\$ 1,276
Other revenue	5,000	5,000	6,903	1,903
Total revenues	<u>334,620</u>	<u>334,620</u>	<u>337,799</u>	<u>3,179</u>
<b>EXPENDITURES</b>				
<b>Debt Service</b>				
Principal retirement	285,000	285,000	285,000	-
Interest and fiscal charges	44,298	44,298	44,298	-
Total expenditures	<u>329,298</u>	<u>329,298</u>	<u>329,298</u>	<u>-</u>
Excess (deficiency) of revenue over (under) expenditures	<u>5,322</u>	<u>5,322</u>	<u>8,501</u>	<u>3,179</u>
Net change in fund balances	<u>5,322</u>	<u>5,322</u>	<u>8,501</u>	<u>3,179</u>
Fund balances, beginning of year	<u>278,096</u>	<u>283,771</u>	<u>283,771</u>	<u>-</u>
Fund balances, end of year	<u>\$ 283,418</u>	<u>\$ 289,093</u>	<u>\$ 292,272</u>	<u>\$ 3,179</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, 2016

2006/2016 \$6.52M General Obligation Bonds Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 510,673	\$ 510,673	\$ 512,649	\$ 1,976
Other revenue	5,000	5,000	3,095	(1,905)
Total revenues	<u>515,673</u>	<u>515,673</u>	<u>515,744</u>	<u>71</u>
<b>EXPENDITURES</b>				
<b>Debt Service</b>				
Principal retirement	220,000	6,735,000	6,735,000	-
Interest and fiscal charges	286,588	286,588	325,535	(38,947)
Bond issuance costs	-	41,500	39,503	1,997
Total expenditures	<u>506,588</u>	<u>7,063,088</u>	<u>7,100,038</u>	<u>(36,950)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>9,085</u>	<u>(6,547,415)</u>	<u>(6,584,294)</u>	<u>(36,879)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding bonds issued	-	6,515,000	6,515,000	-
Net change in fund balances	<u>9,085</u>	<u>(32,415)</u>	<u>(69,294)</u>	<u>(36,879)</u>
Fund balances, beginning of year	<u>76,929</u>	<u>81,396</u>	<u>81,396</u>	<u>-</u>
Fund balances, end of year	<u>\$ 86,014</u>	<u>\$ 48,981</u>	<u>\$ 12,102</u>	<u>\$ (36,879)</u>

Transportation Capital Projects Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Other revenue	\$ 10,000	\$ 10,000	\$ 7,059	\$ (2,941)
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>7,059</u>	<u>(2,941)</u>
<b>EXPENDITURES</b>				
<b>Capital Outlay</b>				
	<u>708,000</u>	<u>708,000</u>	<u>48,918</u>	<u>(659,082)</u>
Net change in fund balances	<u>(698,000)</u>	<u>(698,000)</u>	<u>(41,859)</u>	<u>656,141</u>
Fund balances, beginning of year	<u>711,024</u>	<u>626,575</u>	<u>626,575</u>	<u>-</u>
Fund balances, end of year	<u>\$ 13,024</u>	<u>\$ (71,425)</u>	<u>\$ 584,716</u>	<u>\$ 656,141</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, 2016

Capital Asset Acquisition Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Other revenue	\$ 13,500	\$ 13,500	\$ 11,355	\$ (2,145)
<b>EXPENDITURES</b>				
<b>Current</b>				
General government	-	9,850	-	(9,850)
<b>Capital Outlay</b>	1,025,920	1,243,725	205,706	(1,038,019)
Total expenditures	<u>1,025,920</u>	<u>1,253,575</u>	<u>205,706</u>	<u>(1,047,869)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,012,420)</u>	<u>(1,240,075)</u>	<u>(194,351)</u>	<u>(1,050,014)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	494,098	494,098	494,098	-
Net change in fund balances	(518,322)	(745,977)	299,747	1,045,724
Fund balances, beginning of year	<u>591,322</u>	<u>673,317</u>	<u>673,317</u>	<u>-</u>
Fund balances, end of year	<u>\$ 73,000</u>	<u>\$ (72,660)</u>	<u>\$ 973,064</u>	<u>\$ 1,045,724</u>

Recreation Facility Sinking Fund				
	Budgets		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Other revenue	\$ 6,500	\$ 6,500	\$ 9,049	\$ 2,549
<b>EXPENDITURES</b>				
<b>Capital Outlay</b>	268,160	268,160	31,698	(236,462)
Excess (deficiency) of revenue over (under) expenditures	<u>(261,660)</u>	<u>(261,660)</u>	<u>(22,649)</u>	<u>239,011</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	225,000	225,000	225,000	-
Net change in fund balances	(36,660)	(36,660)	202,351	239,011
Fund balances, beginning of year	<u>502,180</u>	<u>563,812</u>	<u>563,812</u>	<u>-</u>
Fund balances, end of year	<u>\$ 465,520</u>	<u>\$ 527,152</u>	<u>\$ 766,163</u>	<u>\$ 239,011</u>

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

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Combining Statement of Changes in Net Position – Fiduciary Funds .....139

**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 Funds .....140

CITY OF SANIBEL, FLORIDA  
 COMBINING STATEMENT OF NET POSITION  
 FIDUCIARY FUNDS  
 September 30, 2016

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Trust Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 802,401	\$ 406,803	\$ 1,209,204
Investments, at fair value			
Treasury inflation protection securities	538,033	-	538,033
US government and agencies securities	1,335,524	-	1,335,524
Corporate stocks	7,906,578	-	7,906,578
Collateralized mortgage obligations	158,062	-	158,062
Corporate bonds	3,837,617	-	3,837,617
Convertibles	2,555,305	1,634,976	4,190,281
Master Limited Partnerships	996,497	860,815	1,857,312
Mutual Funds			
Fixed income	-	5,065,096	5,065,096
Equity	1,775,122	8,650,685	10,425,807
International equity	3,657,385	-	3,657,385
Real estate investments trusts	-	853,261	853,261
Real estate commingled fund	1,939,065	-	1,939,065
Total investments at fair value	<u>24,699,188</u>	<u>17,064,833</u>	<u>41,764,021</u>
Contributions receivable	-	42,959	42,959
Interest and dividends receivable	70,683	15,595	86,278
Total receivables	<u>70,683</u>	<u>58,554</u>	<u>129,237</u>
 Total assets	 <u>25,572,272</u>	 <u>17,530,190</u>	 <u>43,102,462</u>
<b>LIABILITIES</b>			
Accrued benefits and other liabilities	14,015	24,582	38,597
 Total liabilities	 <u>14,015</u>	 <u>24,582</u>	 <u>38,597</u>
<b>NET POSITION</b>			
Net position restricted for pensions	<u>\$ 25,558,257</u>	<u>\$ 17,505,608</u>	<u>\$ 43,063,865</u>

CITY OF SANIBEL, FLORIDA  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
For the Fiscal Year Ended September 30, 2016

	Pension Trust Funds		
	General Employees'	Municipal Police Officers'	Total Trust Funds
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 1,457,338	\$ 1,050,106	\$ 2,507,444
State of Florida	-	85,154	85,154
Plan members	60,710	117,033	177,743
Total contributions	<u>1,518,048</u>	<u>1,252,293</u>	<u>2,770,341</u>
Investment income			
Net appreciation in fair value of investments	746,458	907,537	1,653,995
Interest, dividends and other	897,916	763,084	1,661,000
Total investment earnings	<u>1,644,374</u>	<u>1,670,621</u>	<u>3,314,995</u>
Less investment expense	<u>(134,666)</u>	<u>(63,196)</u>	<u>(197,862)</u>
Net investment earnings	<u>1,509,708</u>	<u>1,607,425</u>	<u>3,117,133</u>
Total additions	<u>3,027,756</u>	<u>2,859,718</u>	<u>5,887,474</u>
<b>DEDUCTIONS</b>			
Benefits paid	1,436,359	854,319	2,290,678
Lump sum DROP disbursement	44,379	-	44,379
Refunds of contributions	-	12,745	12,745
Administrative expenses	34,576	42,535	77,111
Total deductions	<u>1,515,314</u>	<u>909,599</u>	<u>2,424,913</u>
Change in net position	<u>1,512,442</u>	<u>1,950,119</u>	<u>3,462,561</u>
Net position - beginning of year	<u>24,045,815</u>	<u>15,555,489</u>	<u>39,601,304</u>
Net position - end of year	<u>\$ 25,558,257</u>	<u>\$ 17,505,608</u>	<u>\$ 43,063,865</u>

CITY OF SANIBEL, FLORIDA  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 For the Fiscal Year Ended September 30, 2016

	Agency Funds						Total Agency Funds
	Regional Park Impact Fees	EMS Impact Fees	Fire Control District Fees	Fire Impact Fees	Lee County Septic Abandonment	Lee County School Board	
<b>ASSETS</b>							
Cash and cash equivalents - beginning of year	\$ 4,781	\$ 876	\$ 5,152	\$ 7,938	\$ -	\$ 8,010	\$ 26,757
Additions - Collections							
Collections	<u>20,490</u>	<u>1,642</u>	<u>13,815</u>	<u>14,474</u>	<u>75</u>	<u>61,290</u>	<u>111,786</u>
Deductions							
Remittances to other governmental agencies	<u>(17,758)</u>	<u>(1,964)</u>	<u>(15,954)</u>	<u>(17,473)</u>	<u>(75)</u>	<u>(46,827)</u>	<u>(100,051)</u>
Cash and cash equivalents - end of year	<u>\$ 7,513</u>	<u>\$ 553</u>	<u>\$ 3,013</u>	<u>\$ 4,939</u>	<u>\$ -</u>	<u>\$ 22,473</u>	<u>\$ 38,491</u>
<b>LIABILITIES</b>							
Due to other governments - beginning of year	\$ 4,781	\$ 876	\$ 5,152	\$ 7,938	\$ -	\$ 8,010	\$ 26,757
Additions							
Collections	<u>20,490</u>	<u>1,642</u>	<u>13,815</u>	<u>14,474</u>	<u>75</u>	<u>61,290</u>	<u>111,786</u>
Deductions							
Remittances to other governmental agencies	<u>(17,758)</u>	<u>(1,964)</u>	<u>(15,954)</u>	<u>(17,473)</u>	<u>(75)</u>	<u>(46,827)</u>	<u>(100,051)</u>
Total due to other governments - end of year	<u>\$ 7,513</u>	<u>\$ 553</u>	<u>\$ 3,013</u>	<u>\$ 4,939</u>	<u>\$ -</u>	<u>\$ 22,473</u>	<u>\$ 38,491</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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Fund Balances of Governmental Funds .....	145
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**Revenue Capacity**

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

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Direct and Overlapping Property Tax Rates .....	149
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Property Tax Levies and Collections .....	151
Sanibel Sewer System Sewer Rates .....	152

**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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Direct and Overlapping Governmental Activities Debt.....	155
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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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Governmental activities</b>										
Net investment in capital assets	\$ 36,620,841	\$ 37,386,612	\$ 37,809,068	\$ 38,084,139	\$ 38,489,185	\$ 38,851,134	\$ 38,368,735	\$ 35,796,393	\$ 36,345,476	\$ 34,442,658
Restricted	4,577,917	4,486,575	3,088,775	2,412,824	2,321,002	2,276,723	1,924,988	4,045,391	4,544,823	6,406,164
Unrestricted	<u>2,696,964</u>	<u>3,185,205</u>	<u>4,085,080</u>	<u>20,959,613</u>	<u>22,207,926</u>	<u>21,852,858</u>	<u>21,568,122</u>	<u>19,867,426</u>	<u>16,086,510</u>	<u>14,871,818</u>
Total governmental activities net position	<u>43,895,722</u>	<u>45,058,392</u>	<u>44,982,923</u>	<u>61,456,576</u>	<u>63,018,113</u>	<u>62,980,715</u>	<u>61,861,845</u>	<u>59,709,210</u>	<u>56,976,809</u>	<u>55,720,640</u>
<b>Business-type activities</b>										
Net investment in capital assets	23,771,834	23,457,165	22,473,067	21,561,359	21,228,648	21,085,016	17,991,148	17,037,477	10,783,538	8,052,663
Restricted	5,567,631	6,253,240	7,178,063	8,708,211	9,510,488	10,441,174	11,678,522	12,672,286	16,000,958	20,479,404
Unrestricted	<u>8,797,604</u>	<u>7,129,486</u>	<u>4,555,122</u>	<u>4,353,893</u>	<u>3,124,595</u>	<u>1,693,021</u>	<u>2,792,034</u>	<u>1,810,124</u>	<u>2,796,975</u>	<u>360,675</u>
Total business-type activities net position	<u>38,137,069</u>	<u>36,839,891</u>	<u>34,206,252</u>	<u>34,623,463</u>	<u>33,863,731</u>	<u>33,219,211</u>	<u>32,461,704</u>	<u>31,519,887</u>	<u>29,581,471</u>	<u>28,892,742</u>
<b>Primary government</b>										
Net investment in capital assets	60,392,675	60,843,777	60,282,135	59,645,498	59,717,833	59,936,150	56,359,883	52,833,870	42,495,321	42,495,321
Restricted	10,145,548	10,739,815	10,266,838	11,121,035	11,831,490	12,717,897	13,603,510	16,717,677	26,885,568	26,885,568
Unrestricted	<u>11,494,568</u>	<u>10,314,691</u>	<u>8,640,202</u>	<u>25,313,506</u>	<u>25,332,521</u>	<u>23,545,879</u>	<u>24,360,156</u>	<u>21,677,550</u>	<u>15,232,493</u>	<u>15,232,493</u>
Total primary government net position	<u>\$ 82,032,791</u>	<u>\$ 81,898,283</u>	<u>\$ 79,189,175</u>	<u>\$ 96,080,039</u>	<u>\$ 96,881,844</u>	<u>\$ 96,199,926</u>	<u>\$ 94,323,549</u>	<u>\$ 91,229,097</u>	<u>\$ 86,558,280</u>	<u>\$ 84,613,382</u>

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Expenses</b>										
Governmental activities										
General government	\$ 3,852,797	\$ 3,059,243	\$ 1,989,435	\$ 2,645,474	\$ 1,060,457	\$ 1,247,993	\$ 1,049,655	\$ 1,187,925	\$ 2,485,498	\$ 2,894,264
Public safety	5,660,436	4,914,342	4,818,715	4,968,234	4,943,006	5,110,249	5,236,888	5,475,170	5,509,270	5,392,051
Physical environment	646,824	646,509	625,663	657,770	693,096	757,467	919,446	1,280,829	1,020,976	1,160,444
Transportation	5,215,574	4,150,278	4,114,671	4,207,936	4,654,009	3,452,975	4,290,481	3,956,588	4,598,819	2,935,517
Economic development	352,019	330,604	319,055	310,986	303,739	288,989	279,107	314,639	272,751	274,498
Human services	24,579	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	974
Culture/recreation	4,932,373	4,962,842	4,580,446	4,526,040	4,219,856	4,173,267	4,295,854	3,871,583	4,406,463	2,785,049
Interest on long-term debt	344,918	346,967	357,954	381,058	477,463	435,469	563,139	635,752	672,858	782,008
Total governmental activities expenses	<u>21,029,520</u>	<u>18,411,785</u>	<u>16,806,939</u>	<u>17,698,498</u>	<u>16,352,626</u>	<u>15,467,409</u>	<u>16,635,570</u>	<u>16,723,486</u>	<u>18,967,635</u>	<u>16,224,805</u>
Business-type activities										
Sewer	7,048,610	6,729,763	6,651,541	7,197,611	7,659,796	7,182,495	7,352,404	7,864,277	8,110,872	6,967,022
Beach parking	4,160,279	3,373,708	2,687,152	2,593,668	2,552,587	2,316,959	2,058,331	2,079,582	2,169,757	1,966,248
Total business-type activities expenses	<u>11,208,889</u>	<u>10,103,471</u>	<u>9,338,693</u>	<u>9,791,279</u>	<u>10,212,383</u>	<u>9,499,454</u>	<u>9,410,735</u>	<u>9,943,859</u>	<u>10,280,629</u>	<u>8,933,270</u>
Total primary government expenses	<u>32,238,409</u>	<u>28,515,256</u>	<u>26,145,632</u>	<u>27,489,777</u>	<u>26,565,009</u>	<u>24,966,863</u>	<u>26,046,305</u>	<u>26,667,345</u>	<u>29,248,264</u>	<u>25,158,075</u>
<b>Program Revenues</b>										
Governmental activities										
Charges for services										
General government	2,181,005	1,679,310	1,575,060	1,608,000	1,521,597	1,416,763	1,452,266	1,482,245	1,635,314	999,764
Public safety	958,104	717,757	753,675	846,565	854,433	825,845	735,832	810,180	903,086	921,349
Other activities	968,431	954,614	854,529	787,727	780,585	742,762	710,602	705,738	688,248	593,704
Operating grants and contributions	2,024,197	1,933,338	1,735,335	364,063	361,386	477,869	821,483	2,016,163	905,018	620,099
Capital grants and contributions	229,515	291,238	199,669	125,231	143,227	208,811	1,640,519	248,455	577,958	5,530,390
Total governmental activities program revenues	<u>6,361,252</u>	<u>5,576,257</u>	<u>5,118,268</u>	<u>3,731,586</u>	<u>3,661,228</u>	<u>3,672,050</u>	<u>5,360,702</u>	<u>5,262,781</u>	<u>4,709,624</u>	<u>8,665,306</u>
Business-type activities										
Charges for services										
Sewer	6,764,243	6,554,024	6,294,512	6,090,467	6,130,374	5,937,048	5,850,009	5,694,967	5,445,307	5,051,569
Beach Parking	3,109,403	2,615,434	1,822,700	1,665,215	1,574,009	1,469,464	1,312,588	1,380,026	1,279,665	1,046,651
Operating grants and contributions	1,346,166	1,337,995	1,083,325	1,036,029	1,070,180	957,377	1,172,047	1,347,248	1,619,340	1,621,097
Capital grants and contributions	532,492	1,019,340	174,830	483,358	462,902	289,561	61,500	1,912,990	686,775	100,952
Total business-type activities program revenues	<u>11,752,304</u>	<u>11,526,793</u>	<u>9,375,367</u>	<u>9,275,069</u>	<u>9,237,465</u>	<u>8,653,450</u>	<u>8,396,145</u>	<u>10,335,231</u>	<u>9,031,087</u>	<u>7,820,269</u>
Total primary government program revenues	<u>18,113,556</u>	<u>17,103,050</u>	<u>14,493,635</u>	<u>13,006,655</u>	<u>12,898,693</u>	<u>12,325,500</u>	<u>13,756,847</u>	<u>15,598,012</u>	<u>13,740,711</u>	<u>16,485,575</u>
<b>Net (Expense) Revenue</b>										
Governmental activities	(14,668,268)	(12,835,528)	(11,688,671)	(13,966,912)	(12,691,398)	(11,795,359)	(11,274,868)	(11,460,705)	(14,258,011)	(7,559,499)
Business-type activities	543,415	1,423,322	36,674	(516,210)	(974,918)	(846,004)	(1,014,591)	391,372	(1,249,542)	(1,113,001)
Total primary government net expense	<u>\$(14,124,853)</u>	<u>\$(11,412,206)</u>	<u>\$(11,651,997)</u>	<u>\$(14,483,122)</u>	<u>\$(13,666,316)</u>	<u>\$(12,641,363)</u>	<u>\$(12,289,459)</u>	<u>\$(11,069,333)</u>	<u>\$(15,507,553)</u>	<u>\$( 8,672,500)</u>

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities										
Taxes										
Property taxes, levied for general purpose	\$ 8,321,949	\$ 8,286,932	\$ 8,253,344	\$ 8,283,542	\$ 8,460,871	\$ 8,742,177	\$ 9,372,184	\$ 10,175,612	\$ 11,004,197	\$ 11,973,525
Property taxes, levied for debt service	843,545	839,254	850,501	853,159	748,558	755,021	753,285	737,735	735,097	775,976
Gas taxes	1,754,319	1,660,529	1,534,406	1,478,765	1,408,442	1,418,333	1,433,690	1,480,460	1,524,191	1,632,569
Local business taxes	283,506	294,163	284,521	284,903	289,220	290,214	291,395	293,393	290,066	656,936
Communications taxes	538,068	551,012	568,157	576,179	550,011	540,080	558,375	529,114	599,970	556,781
Casualty insurance premium tax	-	-	-	62,542	63,574	57,487	58,716	57,459	53,654	50,726
Intergovernmental revenues	721,892	698,136	657,804	614,949	581,420	554,641	526,046	676,646	825,679	945,322
Investment earnings	102,796	100,762	135,333	31,057	303,612	251,382	196,471	(15,420)	319,991	1,329,759
Gain (Loss) on Disposal of Assets	103,078	-	-	-	-	-	-	-	(11,581)	-
Miscellaneous	98,264	480,209	443,333	220,279	323,088	304,894	237,341	258,107	347,918	192,710
Transfers	455,467	-	(126,975)	-	-	-	-	-	(175,002)	(69,349)
<b>Total governmental activities</b>	<b>13,222,884</b>	<b>12,910,997</b>	<b>12,600,424</b>	<b>12,405,375</b>	<b>12,728,796</b>	<b>12,914,229</b>	<b>13,427,503</b>	<b>14,193,106</b>	<b>15,514,180</b>	<b>18,044,955</b>
Business-type activities										
Taxes										
Property taxes, levied for debt service	880,934	880,713	907,735	949,124	949,140	1,007,540	1,241,407	1,244,143	1,175,625	1,131,789
Investment earnings	328,295	329,605	360,330	326,818	670,298	582,775	715,001	302,901	576,004	730,259
Gain (Loss) on Disposal of Assets	-	-	-	-	-	-	-	-	11,640	-
Miscellaneous	-	-	-	-	-	13,196	-	-	-	505,380
Transfers	(455,467)	-	126,975	-	-	-	-	-	175,002	69,349
<b>Total business-type activities</b>	<b>753,762</b>	<b>1,210,318</b>	<b>1,395,040</b>	<b>1,275,942</b>	<b>1,619,438</b>	<b>1,603,511</b>	<b>1,956,408</b>	<b>1,547,044</b>	<b>1,938,271</b>	<b>2,436,777</b>
<b>Total primary government</b>	<b>13,976,646</b>	<b>14,121,315</b>	<b>13,995,464</b>	<b>13,681,317</b>	<b>14,348,234</b>	<b>14,517,740</b>	<b>15,383,911</b>	<b>15,740,150</b>	<b>17,452,451</b>	<b>20,481,732</b>
<b>Change in Net Position</b>										
Governmental activities	(1,445,384)	75,469	911,753	(1,561,537)	37,398	1,118,870	2,152,635	2,732,401	1,256,169	10,485,456
Business-type activities	1,297,177	2,633,640	1,431,714	759,732	644,520	757,507	941,817	1,938,416	688,729	1,323,776
<b>Total change in net position</b>	<b>\$ (148,207)</b>	<b>\$ 2,709,109</b>	<b>\$ 2,343,467</b>	<b>\$ (801,805)</b>	<b>\$ 681,918</b>	<b>\$ 1,876,377</b>	<b>\$ 3,094,452</b>	<b>\$ 4,670,817</b>	<b>\$ 1,944,898</b>	<b>\$ 11,809,232</b>

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					
<b>General Fund</b>								
Reserved	\$ 2,106,410	\$ 2,453,016	\$ 3,241,640					
Unreserved	16,137,395	12,660,045	12,343,462					
Total General Fund	<u>18,243,805</u>	<u>15,113,061</u>	<u>15,585,102</u>					
<b>All Other Governmental Funds</b>								
Reserved	534,083	538,412	540,083					
Unreserved, reported in:								
Special revenue funds	2,615,240	2,256,268	2,047,882					
Capital project funds	3,511,308	4,006,411	11,732,162					
Total all other governmental funds	<u>\$ 6,660,631</u>	<u>\$ 6,801,091</u>	<u>\$ 14,320,127</u>					
	Post-GASB 54							
	Fiscal Year							
	2016	2015	2014	2013	2012	2011	2010	2009
<b>General Fund</b>								
<b>Non Spendable</b>	\$ 897,127	\$ 922,550	\$ 1,208,759	\$ 1,476,730	\$ 2,305,341	\$ 2,477,715	\$ 1,780,050	\$ 2,106,410
<b>Spendable</b>								
Committed	5,715,000	5,715,000	5,815,000	6,115,000	6,115,000	6,115,000	6,115,000	6,015,000
Assigned	1,177,603	917,032	1,715,502	2,307,319	1,467,261	4,692,583	275,000	275,000
Unassigned	<u>2,576,648</u>	<u>2,679,581</u>	<u>2,802,118</u>	<u>2,471,724</u>	<u>4,048,953</u>	<u>4,125,963</u>	<u>8,222,172</u>	<u>9,847,395</u>
<b>Total General Fund</b>	<u>10,366,378</u>	<u>10,234,163</u>	<u>11,541,379</u>	<u>12,370,773</u>	<u>13,936,555</u>	<u>17,411,261</u>	<u>16,392,222</u>	<u>18,243,805</u>
<b>All Other Governmental Funds</b>								
<b>Non Spendable</b>	4,597	5,449	5,001	6,406	5,776	3,605	4,224	-
<b>Spendable</b>								
Restricted	4,610,474	4,544,047	3,146,318	2,527,749	2,384,739	2,355,723	1,924,988	4,045,391
Assigned	<u>2,082,806</u>	<u>2,069,973</u>	<u>2,528,014</u>	<u>2,421,574</u>	<u>3,211,503</u>	<u>4,500,043</u>	<u>5,323,162</u>	<u>2,615,240</u>
<b>Total All Other Governmental Funds</b>	<u>\$ 6,697,877</u>	<u>\$ 6,619,469</u>	<u>\$ 5,679,333</u>	<u>\$ 4,955,729</u>	<u>\$ 5,602,018</u>	<u>\$ 6,859,371</u>	<u>\$ 7,252,374</u>	<u>\$ 6,660,631</u>
<b>Total Fund Balance</b>	<u>\$17,064,255</u>	<u>\$ 16,853,632</u>	<u>\$ 17,220,712</u>	<u>\$ 17,326,502</u>	<u>\$ 19,538,573</u>	<u>\$ 24,270,632</u>	<u>\$ 23,644,596</u>	<u>\$ 24,904,436</u>

**Note:** Three years of data available for GASB 34 compliance  
 Eight 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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Revenues</b>										
Taxes	\$ 11,826,541	\$ 11,709,644	\$ 11,556,791	\$ 11,539,090	\$ 11,520,676	\$ 11,803,312	\$ 12,467,645	\$ 13,273,773	\$ 14,207,175	\$ 15,646,513
Permits, Fees, Special Assessments	1,820,429	1,609,319	1,570,322	1,674,784	1,707,053	1,708,807	1,646,764	1,663,887	1,766,263	1,223,080
Intergovernmental	2,746,089	2,631,474	2,486,300	983,573	948,867	1,143,026	1,520,872	2,831,634	1,947,650	6,949,347
Charges for services	3,097,552	2,621,821	2,434,107	2,298,709	2,236,711	2,167,400	2,184,329	2,213,391	2,378,285	2,024,869
Fines and forfeits	76,534	45,048	63,881	66,576	70,208	80,127	83,542	102,626	80,831	265,828
Miscellaneous	538,138	919,712	719,342	403,709	787,693	730,766	596,761	415,098	827,817	1,668,933
Total revenues	<u>20,105,283</u>	<u>19,537,018</u>	<u>18,830,743</u>	<u>16,966,441</u>	<u>17,271,208</u>	<u>17,633,438</u>	<u>18,499,913</u>	<u>20,500,409</u>	<u>21,208,021</u>	<u>27,778,570</u>
<b>Expenditures</b>										
Current										
General government	5,532,422	5,805,909	5,017,528	6,005,996	8,411,612	4,180,658	4,028,742	4,057,299	5,147,088	4,702,270
Public safety	5,119,170	4,850,267	4,906,573	4,500,436	4,514,438	4,050,699	4,096,086	4,353,428	4,672,683	4,515,664
Physical environment	556,326	611,690	598,395	592,915	619,264	691,637	854,615	1,214,970	960,151	1,038,602
Public Works/Transportation	4,404,527	3,149,238	3,152,618	3,073,641	3,550,891	2,491,009	3,354,809	2,995,026	3,674,417	1,911,468
Economic environment	322,064	293,305	284,346	279,380	269,328	261,087	254,451	296,234	246,383	246,319
Human services	24,579	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	974
Culture/recreation	3,452,154	3,659,882	3,215,943	3,119,489	2,816,149	2,725,028	2,905,317	2,654,431	3,264,112	2,205,471
Debt service										
Principal	7,020,000	490,000	480,000	465,000	3,255,000	275,000	3,206,752	720,742	767,695	2,442,791
Interest and fiscal charges	409,336	347,040	360,336	373,630	514,607	469,438	625,259	635,498	664,630	774,882
Capital outlay	307,263	695,767	792,819	767,025	1,020,979	1,861,846	432,722	581,497	2,824,732	13,529,139
Total expenditures	<u>27,147,841</u>	<u>19,904,098</u>	<u>18,809,558</u>	<u>19,178,512</u>	<u>24,973,268</u>	<u>17,007,402</u>	<u>19,759,753</u>	<u>17,510,125</u>	<u>22,222,891</u>	<u>31,367,580</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,042,558)</u>	<u>(367,080)</u>	<u>21,185</u>	<u>(2,212,071)</u>	<u>(7,702,060)</u>	<u>626,036</u>	<u>(1,259,840)</u>	<u>2,990,284</u>	<u>(1,014,870)</u>	<u>(3,589,010)</u>
<b>Other financing sources (uses)</b>										
Transfers in	3,147,075	2,497,479	2,632,647	3,940,773	4,350,291	3,327,756	8,162,213	4,399,068	7,315,101	6,536,706
Transfers out	(2,691,608)	(2,497,479)	(2,759,622)	(3,940,773)	(4,350,291)	(3,327,756)	(8,162,213)	(4,399,068)	(7,490,103)	(6,606,056)
Capital lease proceeds	-	-	-	-	-	-	-	-	88,817	-
Debt proceeds/bond refunding	6,515,000	-	-	-	2,970,000	-	-	-	-	-
Total other financing sources (uses)	<u>6,970,467</u>	<u>-</u>	<u>(126,975)</u>	<u>-</u>	<u>2,970,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(86,185)</u>	<u>(69,350)</u>
<b>Net change in fund balances</b>	<u>\$ (72,091)</u>	<u>\$ (367,080)</u>	<u>\$ (105,790)</u>	<u>\$ (2,212,071)</u>	<u>\$ (4,732,060)</u>	<u>\$ 626,036</u>	<u>\$ (1,259,840)</u>	<u>\$ 2,990,284</u>	<u>\$ (1,101,055)</u>	<u>\$ (3,658,360)</u>
<b>Debt service as a percentage of noncapital expenditures</b>	27.68%	4.36%	4.66%	4.55%	15.74%	4.92%	19.83%	8.01%	7.38%	18.04%

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	
2007	\$ 11,973,525	\$ 775,976	\$ 656,936	\$ -	\$ 1,632,569	\$ 556,781	\$ 50,726	\$ 15,646,513
2008	11,004,197	735,097	-	290,066	1,524,191	599,970	53,654	14,207,175
2009	10,175,612	737,735	-	293,393	1,480,460	529,114	57,459	13,273,773
2010	9,372,184	753,285	-	291,395	1,433,690	558,375	58,716	12,467,645
2011	8,742,177	755,021	-	290,214	1,418,333	540,080	57,487	11,803,312
2012	8,460,871	748,558	-	289,220	1,408,442	550,011	63,574	11,520,676
2013	8,283,542	853,159	-	284,903	1,478,765	576,179	62,542	11,539,090
2014	8,253,344	850,501	-	284,521	1,534,406	568,157	65,862	11,556,791
2015	8,286,932	839,254	-	294,163	1,660,529	551,012	77,754	11,709,644
2016	8,321,949	843,545	-	283,506	1,754,319	538,068	85,154	11,826,541
Change 2007 - 2016	(30.50%)	8.71%	(100.00%)	N/A	7.46%	(3.36%)	67.87%	(24.41%)

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

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

Fiscal Year Ended Sept. 30,	Gross Real Property	Gross Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Market Value	Assessed Value (2) as a Percentage of Actual Value
2007	\$ 5,747,239,780	\$ 54,496,590	\$ 811,376,000	\$ 4,990,360,370	2.8983	\$ 6,860,543,274	84.57%
2008	5,977,655,900	62,636,940	843,579,870	5,196,712,970	2.5779	7,146,421,698	84.52%
2009	5,592,986,580	75,483,630	770,226,060	4,898,244,150	2.5760	6,717,227,175	84.39%
2010	5,104,417,100	79,639,690	669,557,780	4,514,499,010	2.6150	6,149,996,025	84.29%
2011	4,641,799,875	81,951,085	511,635,339	4,212,115,621	2.5908	5,609,943,002	84.20%
2012	4,624,238,049	74,419,950	538,798,711	4,159,859,288	2.5260	5,575,589,058	84.27%
2013	4,602,176,246	71,523,730	603,301,194	4,070,398,782	2.5570	5,544,368,141	84.30%
2014	4,657,905,800	72,758,525	627,420,629	4,103,243,696	2.5307	5,612,177,404	84.29%
2015	4,932,685,591	71,847,252	703,183,864	4,301,348,979	2.4145	5,933,790,886	84.34%
2016	5,241,764,132	70,375,655	796,395,390	4,515,744,397	2.3105	6,294,737,068	84.39%

(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)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>DIRECT RATES</b>										
CITY OF SANIBEL										
General Operating	1.9139	1.9995	2.0861	2.1000	2.1038	2.1561	2.1561	2.1561	2.1966	2.5000
Voted Debt - Land	0.0761	0.0800	0.0860	0.0855	0.0599	0.0595	0.0561	0.0483	0.0456	0.0475
Voted Debt - Recreation Facility	0.1179	0.1225	0.1291	0.1308	0.1263	0.1268	0.1172	0.1080	0.1011	0.1145
Voted Debt - Sewer	0.2026	0.2125	0.2295	0.2407	0.2360	0.2484	0.2856	0.2636	0.2346	0.2363
Total direct rates	2.3105	2.4145	2.5307	2.5570	2.5260	2.5908	2.6150	2.5760	2.5779	2.8983
<b>OVERLAPPING RATES</b>										
LEE COUNTY:										
General Revenue	3.6506	3.6506	3.6506	3.6506	3.6506	3.6506	3.6506	3.6506	3.6506	3.5216
Capital Improvements	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.9536
INDEPENDENTS DISTRICTS:										
Sanibel Public Library	0.3725	0.3725	0.3725	0.3750	0.3750	0.3750	0.3750	0.3750	0.3900	0.4200
Hyacinth Control	0.0263	0.0277	0.0291	0.0298	0.0310	0.0310	0.0277	0.0214	0.0214	0.0223
Mosquito Control	0.2397	0.2397	0.2520	0.2300	0.2388	0.2388	0.2132	0.1636	0.1636	0.1695
Fire Control District	1.1089	1.0239	1.0239	0.9660	0.9446	0.9446	0.8794	0.8114	0.7736	0.8258
WATER MANAGEMENT DISTRICTS										
South Florida Water Management	0.3551	0.3842	0.4110	0.4289	0.4363	0.6240	0.6240	0.6240	0.6240	0.6970
West Coast Inland Waterway	0.0394	0.0394	0.0394	0.0394	0.0394	0.0394	0.0394	0.0394	0.0394	0.0400
SCHOOL BOARD:										
General Operating	7.2850	7.4160	7.5980	7.5840	7.8540	8.0150	7.5080	6.8680	6.9600	7.0120
Total Direct and Overlapping Rates	15.8880	16.0685	16.4072	16.3607	16.5957	17.0092	16.4323	15.6294	15.7005	16.5601

**Source:** Lee County Tax Collector

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

Taxpayer	Fiscal Year 2015-16			Fiscal Year 2006-07		
	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	\$ 36,007,231	1	0.80%	\$ 37,794,060	1	0.76%
Sanibel Cottages	22,035,860	2	0.49%	20,193,960	2	0.40%
Tortuga Beach Club	17,515,367	3	0.39%	18,228,960	5	0.37%
RLR Investments, LLC	15,759,636	5	0.35%	18,305,940	4	0.37%
Shell Island Beach Club	12,955,500	6	0.29%	13,715,860	8	0.27%
1231 Middle Gulf Drive, LLC	12,526,496	7	0.28%	-	N/A	N/A
BRE/Sanibel Inn Owner, LLC	11,282,225	4	0.25%	12,780,970	10	0.26%
Dahlmann Periwinkle Partners	10,319,863	8	0.23%	-	N/A	N/A
Rochester Resorts	9,594,546	9	0.21%	-	N/A	N/A
Perwinkle Park Limited	8,793,271	10	0.19%	-	N/A	N/A
West Wind Association of Sanibel	-	N/A	N/A	18,636,730	3	0.37%
Miller, Tanya B.	-	N/A	N/A	14,255,000	7	0.29%
Periwinkle Place Partners	-	N/A	N/A	14,607,490	6	0.29%
Carroll, James P & Patricia	-	N/A	N/A	13,126,830	9	0.26%
Sanctuary Golf Club, Inc	-	N/A	N/A	-	N/A	N/A
Sanibel Beach Club Association	-	N/A	N/A	-	N/A	N/A
	<u>\$ 156,789,995</u>		<u>3.47%</u>	<u>\$ 181,645,800</u>		<u>3.64%</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
2007	\$ 12,475,901	\$ 11,627,012	93.20%	\$ 346,513	\$ 11,973,525	95.97%
2008	11,415,100	10,537,141	92.31%	467,056	11,004,197	96.40%
2009	10,579,884	9,882,269	93.41%	293,343	10,175,612	96.18%
2010	9,751,355	9,084,499	93.16%	287,685	9,372,184	96.11%
2011	9,081,742	8,485,790	93.44%	256,387	8,742,177	96.26%
2012	8,754,881	8,437,584	96.38%	23,012	8,460,596	96.64%
2013	8,733,402	8,280,019	94.81%	3,524	8,283,543	94.85%
2014	8,580,499	8,244,371	96.08%	8,973	8,253,344	96.19%
2015	8,600,547	8,286,932	96.35%	-	8,286,932	96.35%
2016	8,642,683	8,321,949	96.29%	-	8,321,949	96.29%

(\*) 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"			
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	8.24	
2015	56.50	32.82	81.96	163.85	234.85	524.13	821.82	8.49	
2016	58.20	33.80	84.42	168.77	241.90	539.85	846.47	8.74	

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

Fiscal year Ended Sept. 30	Governmental Activities				Business-Type Activities			Percentage of	
	General Obligation Bonds	Capital Revenue Bonds	Capital Revenue Notes	Capital Leases	Wastewater Revenue Bonds	Wastewater Revenue Notes	Total Primary Government	Personal Income	Per Capita
2007	\$ 11,640,000	\$ 1,759,388	\$ 2,026,093	\$ 50,891	\$ 4,287,269	\$ 45,797,920	\$ 65,561,561	N/A	\$ 10,412
2008	11,390,000	1,659,639	1,659,038	88,817	4,038,193	43,522,246	62,357,933	N/A	9,783
2009	11,135,000	1,555,151	1,306,432	80,169	3,784,120	35,492,474	53,353,346	11.50%	8,430
2010	10,870,000	-	-	-	3,520,045	32,855,365	47,245,410	9.16%	7,303
2011	10,595,000	-	-	-	3,250,970	27,752,296	41,598,266	N/A	6,429
2012	10,310,000	-	-	-	2,971,895	25,848,164	39,130,059	N/A	6,030
2013	9,845,000	-	-	-	2,687,823	23,882,161	36,414,984	N/A	5,605
2014	9,365,000	-	-	-	8,888,260	14,645,081	32,898,341	N/A	5,069
2015	8,875,000	-	-	-	7,672,137	13,344,984	29,892,121	N/A	4,597
2016	8,370,000	-	-	-	6,438,561	12,004,703	26,813,264	N/A	4,068

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

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

Fiscal year Ended Sept. 30	General Bonded Debt Outstanding			Percentage of Estimated Actual Value of Taxable Property	Per Capita
	General Obligation Bonds	Less: Amounts Available in Debt Service (1)	Net General Bonded Debt		
2007	\$ 11,640,000	\$ 271,549	\$ 11,368,451	0.17%	\$ 1,805
2008	11,390,000	268,025	11,121,975	0.16%	1,745
2009	11,135,000	262,885	10,872,115	0.16%	1,718
2010	10,870,000	294,179	10,575,821	0.17%	1,635
2011	10,595,000	249,383	10,345,617	0.18%	1,599
2012	10,310,000	249,106	10,060,894	0.18%	1,550
2013	9,845,000	265,161	9,579,839	0.17%	1,475
2014	9,365,000	294,562	9,070,438	0.16%	1,398
2015	8,875,000	307,695	8,567,305	0.14%	1,318
2016	8,370,000	271,817	8,098,183	0.13%	1,229

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

CITY OF SANIBEL, FLORIDA  
 DIRECT AND OVERLAPPING GOVERNMENTAL  
 ACTIVITIES DEBT  
 September 30, 2016

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<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
DIRECT:			
City of Sanibel	\$ 8,370,000	100%	\$ 8,370,000
OVERLAPPING			
Lee County	<u>-</u>	N/A	<u>-</u>
TOTAL:	<u>\$ 8,370,000</u>		<u>\$ 8,370,000</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 Excluding Connection Fees		Net Revenue Available for Debt Service Including Connection Fees		Debt Service Requirements			Coverage Calculation <sup>(3)</sup>	
			Connection Fees	Connection Fees	Connection Fees	Connection Fees	Principal	Interest	Total	Excluding Connection Fees	Including Connection Fees
2007	\$ 3,774,479	\$ 2,445,784	\$ 1,328,695	\$ 45,731	\$ 1,374,426	\$ 270,000	\$ 151,909	\$ 421,909	3.15	3.26	
2008	3,855,217	3,363,667	491,550	28,770	520,320	270,000	146,509	416,509	1.18	1.25	
2009	4,061,376	3,380,295	681,081	58,335	739,416	285,000	134,651	419,651	1.62	1.76	
2010	3,767,290	3,114,777	652,513	35,102	687,615	290,000	127,241	417,241	1.56	1.65	
2011	3,562,210	3,035,214	526,996	60,321	587,317	300,000	119,266	419,266	1.26	1.40	
2012	4,374,694	3,780,265	594,429	113,409	707,838	305,000	110,266	415,266	1.43	1.70	
2013	4,019,254	3,393,652	625,602	111,282	736,884	315,000	101,116	416,116	1.50	1.77	
2014	5,465,389	2,991,556	2,473,833	47,126	2,520,959	1,216,123	122,770	1,338,893	1.85	1.88	
2015	5,689,328	3,250,201	2,439,127	132,242	2,571,369	1,233,576	105,317	1,338,893	1.82	1.92	
2016	5,890,072	3,691,576	2,198,496	65,634	2,264,130	1,251,279	87,614	1,338,893	1.64	1.69	

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

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

<sup>(3)</sup> 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	
2007	3,137,159	1,523,528	4,660,687	2,525,200	1,416,310	3,941,510	1.18
2008	3,509,318	940,711	4,450,029	2,275,673	1,579,017	3,854,690	1.15
2009	3,179,638	972,918	4,152,556	2,124,134	1,191,171	3,315,305	1.25
2010	4,038,140	971,582	5,009,722	2,143,013	1,040,306	3,183,319	1.57
2011	3,959,164	999,710	4,958,874	1,904,133	878,896	2,783,029	1.78
2012	3,362,132	994,733	4,356,865	1,966,002	817,029	2,783,031	1.57
2013	3,332,060	876,811	4,208,871	2,029,899	753,132	2,783,031	1.51
2014	2,081,975	916,970	2,998,945	1,300,098	403,247	1,703,345	1.76
2015	2,057,220	936,377	2,993,597	1,340,280	402,652	1,742,932	1.72
2016	2,055,626	778,698	2,834,324	1,381,714	361,217	1,742,931	1.63

<sup>(1)</sup> 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.

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

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

Year	City Population	City Personal Income	Per Capita Personal Income	Lee County Unemployment Rate
2007	6,297	N/A	N/A	5.2%
2008	6,374	N/A	N/A	9.3%
2009	6,329	\$ 463,909,371	\$ 73,299	13.8%
2010	6,469	\$ 515,850,998	\$ 79,742	12.5%
2011	6,470	N/A	N/A	10.2%
2012	6,489	N/A	N/A	8.0%
2013	6,497	N/A	N/A	5.8%
2014	6,490	N/A	N/A	5.0%
2015	6,502	N/A	N/A	4.5%
2016	6,591	N/A	N/A	4.7%

**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 October 2016 from the U.S. Department of Labor.

N/A indicates that statistical information is not available

CITY OF SANIBEL, FLORIDA  
 PRINCIPAL EMPLOYERS<sup>(1)</sup>  
 CURRENT AND NINE YEARS AGO

Employer	2016			2007		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lee Memorial Health System	11,800	1	3.35%	8,000	2	2.53%
Lee County School District	11,000	2	3.12%	10,930	1	3.45%
Publix Super Markets	5,100	3	1.45%	4,153	3	1.31%
Lee County Administration	4,955	4	1.41%	2,481	4	0.78%
Wal-Mart Corporation	3,146	5	0.89%	2,189	5	0.69%
Home Depot	1,159	12	0.33%	-	-	-
Lee County Sheriff's Office	1,543	8	0.44%	1,422	7	0.45%
Goodwill Industries of SWFL	1,187	11	0.34%			
Winn Dixie	1,561	7	0.44%			
U.S. Postal Service	-	-	0.00%	1,397	9	0.44%
Chico's FAS Inc.	1,426	9	0.40%	1,117	10	0.35%
Florida Gulf Coast University	1,253	10	0.36%	1,040	11	0.33%
City of Fort Myers				1,024	12	0.32%
City of Cape Coral	1,800	6	0.51%	1,948	6	0.62%
Bonita Bay Group	-	-	-	1,400	8	0.44%
<b>Total</b>	<b>45,930</b>		<b>13.04%</b>	<b>37,101</b>		<b>11.72%</b>

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

**Source:** Bureau of Economic and Business Research

Total County employment for 2016 352,206

Total County employment for 2007 316,605

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

<b>Function/Program</b>	Full-time Equivalent Employees as of September 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government										
Legislative	5.00	5.00	5.00	2.76	2.76	2.00	2.00	2.00	2.00	2.00
Administrative	3.75	3.75	3.75	4.75	4.75	4.75	5.00	5.00	5.00	5.00
IT	4.40	4.40	4.40	4.40	4.00	4.00	4.00	4.00	4.00	3.00
Finance	7.50	7.50	7.50	7.50	8.00	7.00	7.50	7.50	7.50	7.50
Legal	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Planning	8.95	8.90	9.45	8.80	8.85	7.95	6.00	7.00	10.00	10.80
Public Safety										
Police	32.75	35.12	35.12	35.12	33.22	35.72	37.50	38.25	41.25	40.25
Building	5.55	4.80	4.80	4.50	4.35	4.25	4.00	4.00	5.00	7.50
Vehicle Weight Permits	-	-	-	-	-	-	-	-	-	1.00
Physical Environment	2.00	3.00	3.00	2.96	2.96	3.00	3.00	3.00	3.00	3.00
Transportation	16.08	13.58	13.52	13.58	13.28	14.24	15.51	17.00	19.00	19.00
Culture/Recreation										
Recreation Facility	27.65	26.85	26.05	24.24	24.24	24.06	22.81	21.81	18.92	14.42
Public Facilities	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Senior Programs	1.00	2.00	2.00	1.57	1.57	1.57	1.57	1.62	1.62	1.62
Museum/Historical Village	-	-	-	-	-	-	-	-	-	1.00
Ball Park Maintenance	-	-	-	-	-	-	-	2.00	2.00	2.00
Sewer Operations	18.30	18.30	17.22	18.22	18.29	18.33	16.57	17.00	17.00	17.25
Beach Parking	27.74	20.24	16.88	15.63	14.58	13.18	13.92	13.50	14.50	14.50
<b>TOTAL</b>	<b>165.67</b>	<b>158.44</b>	<b>153.69</b>	<b>149.03</b>	<b>145.85</b>	<b>145.05</b>	<b>144.38</b>	<b>148.68</b>	<b>155.79</b>	<b>154.84</b>

**Source:** City of Sanibel Annual Budget

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

<b>Function/Program</b>	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Police</b>										
Calls for Service	29,439	28,346	21,606	24,790	23,161	23,542	27,564	27,041	32,424	26,076
Parking Citations	3,256	3,713	3,401	2,969	2,439	2,583	2,649	3,561	3,859	3,412
Traffic Citations	1,049	1,093	1,031	1,300	1,113	1,081	1,055	782	1,283	1,478
Total Arrests	115	133	137	171	116	249	260	357	174	153
<b>General Government</b>										
Building permits issued	3,546	2,828	2,677	2,725	2,828	2,430	2,418	2,200	2,165	2,624
Building inspections conducted	7,158	6,465	6,546	7,277	6,726	6,266	6,554	5,849	6,036	8,592
Dwelling units permitted	36	24	23	17	23	17	15	10	13	15
<b>Transportation</b>										
Streets resurfaced/reconstructed (miles)	1.80	3.27	5.96	4.80	5.80	5.93	6.71	6.45	3.03	1.01
Shared-use Paths Constructed (linear feet)	580	-	1,540	196	6,758	4,730	-	-	1,200	-
Road and Shared-use Path Miles Swept	69	139	139	235	59	491	465	447	274	281
<b>Wastewater</b>										
Average daily sewage treatment (thousands of gallons)	1,445	1,278	1,278	1,408	1,038	1,122	1,515	1,396	1,506	1,355
Placement of new collection pipe (linear feet)	-	-	-	-	-	1,120	-	-	-	3,960
Sewer equivalent residential units (ERU) <sup>(1)</sup>	9,455	9,392	9,375	9,360	9,344	9,323	9,302	8,864	8,835	8,517
<b>Recreation</b>										
After-school program participants	129	173	118	121	138	147	147	158	215	154
Senior Program membership	729	724	738	707	712	746	748	702	662	745
Senior Aerobics participants	11,535	10,989	10,013	9,845	9,023	8,196	8,464	6,584	5,470	5,271
RecCenter annual memberships <sup>(2)</sup>	1,168	1,153	1,091	1,085	1,093	1,005	990	989	1,183	-
RecCenter six-month memberships <sup>(2)</sup>	728	770	787	788	744	729	731	780	1,112	-
<b>Sanibel Harbor Canal Trimming Assessment District</b>										
Mangroves trimmed (linear feet)	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000

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

<sup>(2)</sup> New Recreation Center opened in December 2007

**Source:** Various City departments annual reports

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

<u>Function/Program</u>	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicle Patrol Units										
Patrol cars	12	9	11	10	9	9	10	10	10	11
Motorcycles	2	2	2	2	2	2	2	2	2	2
Unmarked vehicles	8	7	7	7	7	6	7	7	7	7
Patrol boats	2	2	2	2	2	2	2	2	2	2
Natural Resources										
Environmentally Sensitive Land (acres)	622	622	622	622	622	622	622	622	622	622
Transportation										
Paved Public Streets (miles)	53.67	53.67	53.67	53.67	53.67	53.56	53.56	53.56	53.34	53.34
Unpaved Public Streets (miles)	8.16	8.16	8.16	8.16	8.16	8.27	8.27	8.27	8.41	8.41
Shared Use Paths (miles)	25.54	25.06	25.06	25.06	25.03	23.75	22.85	22.85	22.85	22.62
Wastewater										
Treatment Capacity (thousands)	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Recreation										
Number of Parks (non-beach facilities)	2	2	2	2	2	2	2	2	2	2
Recreation centers/gymnasiums	1	1	1	1	1	1	1	1	1	0
Senior centers	1	1	1	1	1	1	1	1	1	1
Swimming pools	3	3	3	3	3	3	3	3	3	0
Baseball/softball diamonds	3	3	3	3	3	3	3	3	3	3
Beach Parking										
Number of Beach Parking Facilities	7	7	7	7	7	7	7	7	7	7
Parking Spaces	637	637	637	637	637	610	610	610	610	610
Restrooms	9	8	8	8	8	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, 2016

Type of Policy and Type of Coverage	Limits of Liability	Company	Expiration Date	Annual Premium
Property <sup>(1)</sup>		Florida Municipal Insurance Trust	10/01/2017	\$ 85,724
Real	\$ 47,529,276			
Personal	9,429,934			
Business Income	2,000,000			
Inland Marine	1,153,046			
General Liability	5,000,000	Florida Municipal Insurance Trust	10/01/2017	164,722
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	10/01/2017	106,039
Automobile Liability and Automobile Physical Damage	5,000,000	Florida Municipal Insurance Trust	10/01/2017	27,430
Statutory Accidental Death & Disability	70,000.00 199,980.00	National Union Fire Insurance Co of Pitt, PA	10/01/2017	1,943
Pollution Liability	2,000,000	Commerce and Industry Insurance Company (\$1,000,000 maximum per claim)	08/24/2017	1,839
Flood	10,551,900	Wright National Flood Insurance Group	Various	105,778
Windstorm	12,622,791	Citizens Property Insurance Corporation	Various	100,000 <sup>(2)</sup>

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

<sup>(2)</sup> Estimated









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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Sanibel, Florida (the City), as of and for the year ended September 30, 2016, 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 3, 2017. 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 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 3, 2017

**This section contains the following subsections:**

Independent Auditors' Management Letter ..... 171  
Management's Response to Management Letter ..... 175  
Independent Accountants' Examination Report..... 177



## 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, 2016, and have issued our report thereon dated March 3, 2017.

### Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

### Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 3, 2017, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

### Official Title and Legal Authority

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

### Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Honorable Mayor and City Council  
City of Sanibel, Florida

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

### **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2016, 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, 2016. 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. In connection with our audit, we did not have any such findings.

### **Purpose of this 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 3, 2017

**CITY OF SANIBEL, FLORIDA  
MANAGEMENT LETTER  
SEPTEMBER 30, 2016**

**APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

Prior Year Findings		Current Year Status		
		Cleared	Partially Cleared	Not Cleared
Finding Reference #	Comment			
MLC 2015-001	Purchase Card Policy	X		





# City of Sanibel

800 Dunlop Road  
Sanibel, Florida 33957-4096

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

AREA CODE – 239

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

March 3, 2017

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

RE: Response to Auditor Management Letter

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, prepared a management letter based on their audit of the City's general purpose financial statements for the fiscal year ended September 30, 2016.

### **PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

#### **2015-001 Audit Adjustment**

The conditions that caused this issue were corrected. This comment was not repeated in the current year.

#### **MLC 2015-001 Purchase Card Policy**

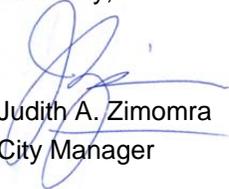
The City updated its purchasing card policy during fiscal year 2016. This comment is completed.

### **CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

None noted.

The City of Sanibel appreciates the review of its procedures by CliftonLarsonAllen LLP and intends to continue its practice of thorough compliance with all generally accepted accounting principles and internal controls.

Sincerely,

  
Judith A. Zimomra  
City Manager



## INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined City of Sanibel, Florida's (the City) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2016. 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 supporting the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

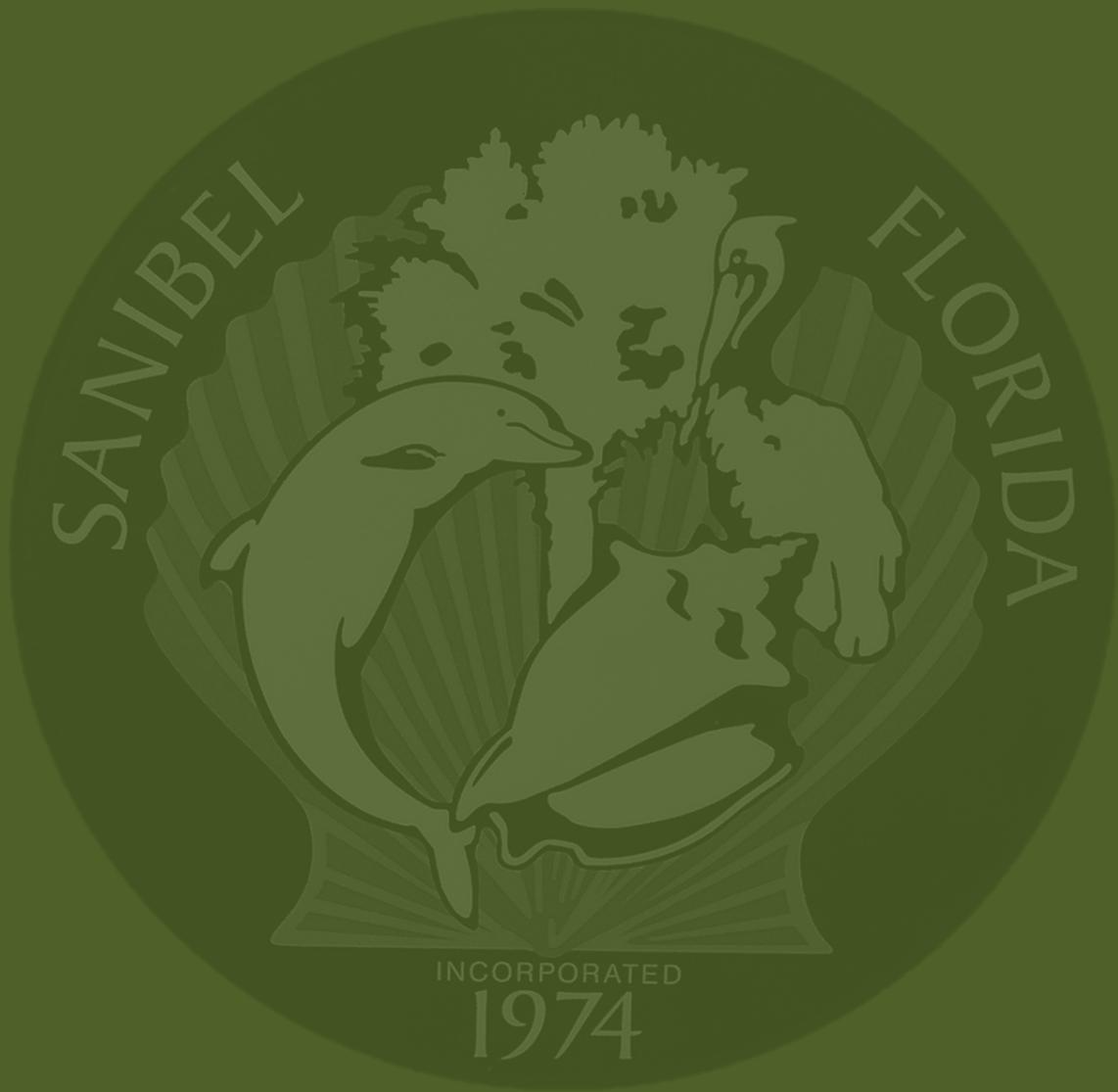
In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

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

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Fort Myers, Florida  
March 3, 2017



## CITY OF SANIBEL

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