

City of Sanibel, Florida
Comprehensive Annual
Financial Report



For the Fiscal Year Ended
September 30, 2009

CITY OF SANIBEL
RECREATION CENTER

DEDICATED
DECEMBER 1, 2007

This public facility, constructed in partnership with Lee County and the Lee School District, is designed consistent with the Sanibel Plan, embracing environmental features including low flow plumbing, dark sky fixtures, state-of-the-art lighting, efficient heating and cooling chiller system, solar panels, native vegetation, natural lighting, and a shell parking lot.

Photograph by
Anthony John Coletti Photography
St. Petersburg, Florida

COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Sanibel, Florida

For the Fiscal Year Ended
September 30, 2009



Prepared by the Finance Department

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

THIS PAGE LEFT BLANK INTENTIONALLY



CITY OF SANIBEL, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTORY SECTION	
Letter of Transmittal.....	i
GFOA Certificate of Achievement	x
Organizational Chart.....	xi
List of City Officials and Executive Staff	xii
 II. FINANCIAL SECTION	
Independent Auditors' Report	1
A. MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)	3
B. BASIC FINANCIAL STATEMENTS.....	19
Government-Wide Financial Statements	
Statement of Net Assets	20
Statement of Activities.....	21
 Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet – Governmental Funds	22
Reconciliation of the Balance Sheet to the Statement of Net Assets - Governmental Funds	23
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	25
 Proprietary Fund Financial Statements	
Statement of Net Assets – Enterprise Funds	26
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Enterprise Funds.....	28
Statement of Cash Flows – Enterprise Funds.....	30
 Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Assets – Fiduciary Funds	32
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds.....	33
 Notes to the Financial Statements	35
 C. REQUIRED SUPPLEMENTARY INFORMATION (unaudited).....	79
Budgetary Comparison Schedule - General Fund.....	81
Schedule of Funding Progress – General Employees' Pension Plan.....	82
Schedule of Funding Progress – Municipal Police Officers' Pension Plan.....	83
Schedule of Funding Progress – Other Post Employment Benefits Plan.....	84

CITY OF SANIBEL, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

TABLE OF CONTENTS

II. FINANCIAL SECTION, Continued

D. COMBINING FINANCIAL STATEMENTS AND SCHEDULES.....	85
Non-Major Governmental Funds	
Combining Balance Sheet.....	90
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances..	98
Budget and Actual Comparison Non-Major Governmental Funds	
Southwest Florida Community Foundation Grant.....	105
Environmental Defense Fund.....	106
Historical Committee.....	107
Hurricane Wilma.....	108
Tropical Storm Fay.....	109
Road Impact Fees.....	110
Community Park Impact Fees.....	111
Federal Forfeiture Fund.....	112
Father Madden Estate.....	113
Algae Research Grant.....	114
DCA Grant – SEMP Communications Van.....	115
Franchise Tax and Occupational License Tax Revenue.....	116
Building Department.....	117
Recreation Center Operations.....	118
Elementary School Ball Park Maintenance,.....	119
Below Market Rate Housing.....	120
1997 \$1.25 M Paulsen Land Purchase.....	121
2002 \$3.825 M General Obligation Debt Service.....	122
1979 FMHA Revenue Bond Issue.....	123
Capital Lease.....	124
2006 \$8.355 M General Obligation Debt Service.....	125
SunTrust Notes for BMRH.....	126
Capital Asset Acquisition.....	127
Transportation Capital Projects.....	128
Dixie Beach Road Project.....	129
Rabbit Road Capital Project	130
Periwinkle Bike Path & Road Maintenance	131
San-Cap Road Project	132
Tarpon Bay Road Repaving.....	133
Hazard Mitigation Project	134
Intersection Improvements.....	135
Brazilian Pepper Control	136
Environmentally Sensitive Land Restoration	137
Gulf Pines/Gulf Shores/W. Gulf Dr. Reach Restoration.....	138
Beach Road Paving.....	139
Shell Harbor Canal Dredging.....	140
Periwinkle Landscaping.....	141
Sanibel Estates Canal Trimming.....	142
Sanibel Isles Canal Dredging	143
Recreation Center Capital Project.....	144
Community Park Improvement.....	145

CITY OF SANIBEL, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

TABLE OF CONTENTS

II. FINANCIAL SECTION, Continued

D. COMBINING FINANCIAL STATEMENTS AND SCHEDULES, continued

Fiduciary Funds

Combining Statement of Fiduciary Net Assets	146
Combining Statement of Changes in Fiduciary Net Assets	147
Combining Statement of Changes in Assets and Liabilities – Agency Funds	148

III. STATISTICAL SECTION (unaudited)..... 149

Financial Trends

Net Assets by Component.....	153
Changes in Net Assets.....	154
Fund Balance of Governmental Funds.....	156
Changes in Fund Balance of Governmental Funds.....	157
Tax Revenue by Source – Governmental Funds.....	158

Revenue Capacity

Assessed and Estimated Actual Value of Taxable Property.....	159
Direct and Overlapping Property Tax Rates.....	160
Principal Property Taxpayers.....	161
Property Tax Levies and Collections.....	162
Sewer Rates.....	163

Debt Capacity

Ratios of Outstanding Debt by Type.....	164
Ratios of General Bonded Debt Outstanding.....	165
Direct and Overlapping Governmental Activities Debt.....	166
Wastewater Revenue Bond Coverage.....	167
Wastewater Revenue Note Coverage.....	168

Demographic and Economic Information

Demographic and Economic Statistics.....	169
Principal Employers.....	170

Operating Information

Full-time Equivalent City Government Employees by Function/Program.....	171
Operating Indicators by Function/Program.....	172
Capital Assets Statistics by Function/Program.....	173
Schedule of Insurance in Force.....	174

IV. GOVERNMENT AUDITING STANDARDS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	177
---	-----

V. MANAGEMENT LETTER AND RESPONSES

Management Letter.....	181
City’s Response to Management Letter.....	185

THIS PAGE LEFT BLANK INTENTIONALLY



INTRODUCTORY SECTION

This section contains the following subsections:

Letter of Transmittal

Certificate of Achievement for Excellence in Financial Reporting

City of Sanibel Organizational Chart

List of City Elected and Appointed Officials

THIS PAGE LEFT BLANK INTENTIONALLY



March 25, 2010

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



City of Sanibel

800 Dunlop Road
Sanibel, Florida
33957-4096

www.mysanibel.com

AREA CODE – 239

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

The Comprehensive Annual Financial Report of the City of Sanibel, Florida, (the "City") for the fiscal year ended September 30, 2009 is respectfully submitted. Chapter 218.39, Florida Statutes, and the City charter require that a complete set of financial statements be published within one year of the fiscal year end, be presented in conformance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by licensed independent certified public accountants.

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

The City of Sanibel's financial statements have been audited by LarsonAllen, LLP a licensed certified public accounting firm. The independent audit was performed to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2009 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified ("clean") opinion that the City's financial statements for the fiscal year ended September 30, 2009 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

CITY PROFILE

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

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

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK

Sanibel is a world class visitor destination with a mild winter climate, 15.5 miles of white sandy beaches that are habitat for numerous endangered and threatened species, 22.85 miles of paved shared use paths and numerous eco-tourist opportunities. Sixty-seven percent of the island's land area is located within the J.N. Ding Darling National Wildlife Refuge; other designated conservation land brings Sanibel's total of land under conservation

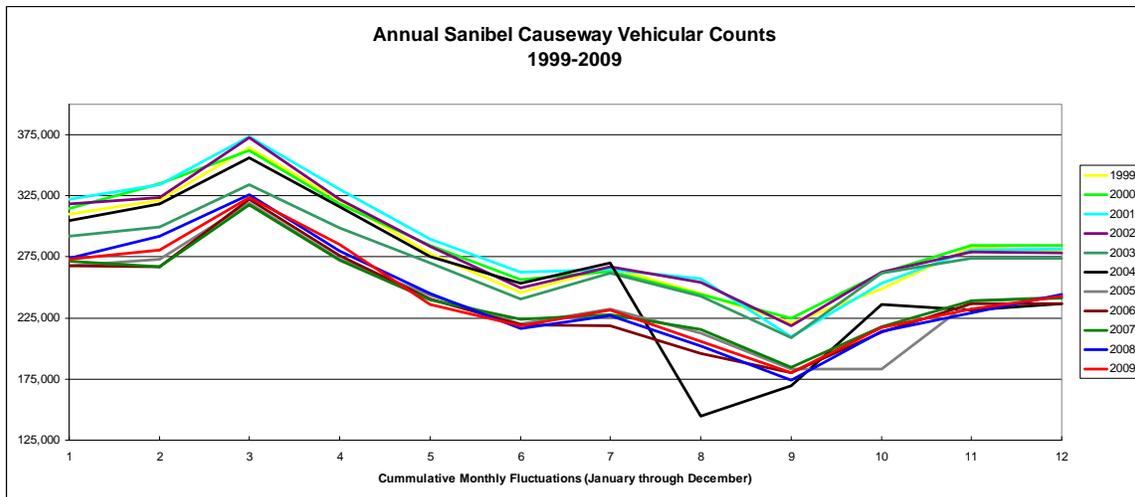
to 70%. The island is a world-renowned location for birding and shelling. Protection of the island's natural environment is the paramount priority of the City of Sanibel and residents as evidenced in the City's vision statement;

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

Tourism is Lee County's (population 615,124) number one industry employing one of every five people. Based upon statistics collected by the Lee County Tourist Development Council (TDC), Lee County receives approximately five million visitors a year with an approximate economic impact of \$3 billion dollars.

Sanibel Island (population 6,329) is a major component of the region's tourism industry. According to the TDC the top activities visitors enjoyed while in Lee County during December 2009 were beaches, relaxing, dining out, shopping, and swimming. Sanibel is a prime location for all of these.

The seasonal fluctuations of visitors and the resident population require constant attention from City employees to ensure City functions operate smoothly. Causeway traffic and the number of visitors to the chamber of commerce show the seasonality that affects all Sanibel activities.



Month	Visitors*				
	2005	2006	2007	2008	2009
January	14.7	14.4	14.1	17.2	21.3
February	18.7	18.0	17.5	25.1	27.7
March	20.8	18.7	19.8	26.6	28.5
April	14.0	14.8	15.3	20.2	22.2
May	8.4	10.4	9.7	13.2	13.5
June	9.4	9.6	10.0	12.8	13.3
July	10.5	9.3	11.0	15.3	15.5
August	8.1	7.1	8.8	11.3	12.5
September	4.9	5.1	6.2	7.2	7.7
October	5.4	7.0	8.2	10.6	10.7
November	8.5	8.7	9.8	13.5	12.6
December	9.1	9.3	12.1	15.0	14.0
Totals	132.5	132.4	142.5	188.0	199.5

*Thousands of individuals visiting the Sanibel and Captiva Chamber of Commerce visitor center

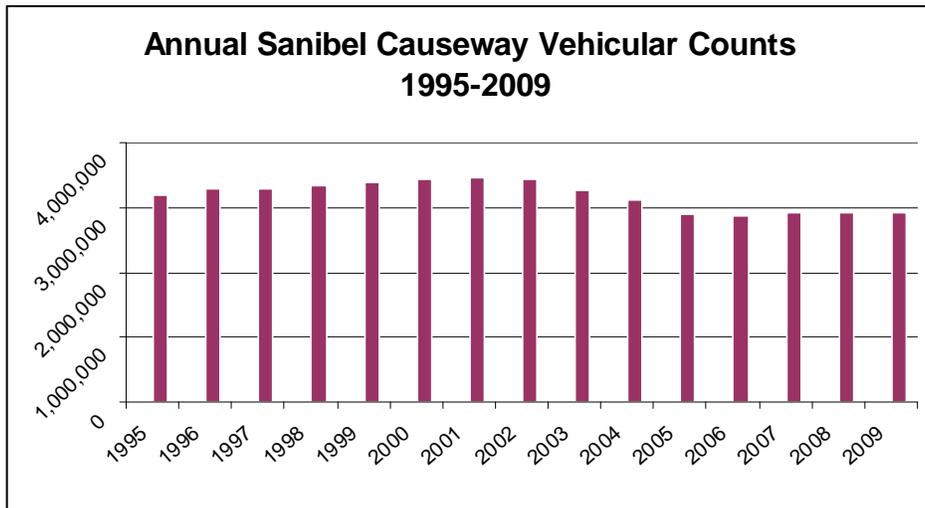
Source: Sanibel-Captiva Chamber of Commerce

According to TDC’s statistics, during December 2009, 395,921 persons visited Lee County during this one-month period with about 50% staying in paid accommodations and 50% staying with friends or relatives. As a result, total visitation was down somewhat (-9.75) year-over-year. For the calendar year, 2009 total visitation was on par with the prior year (-0.9%).

In December 2009, the average expenditure per visitor, per day decreased by 4.3%, from \$114.63 to \$119.83 from December 2008 levels. For the calendar year, estimated total expenditures were down ten percent (10.0%). TDC research documents visitor satisfaction with the destination remains extremely high, with 97% visitors to Lee County satisfied or very satisfied with their trip and 93% stating they are likely to return.

The most significant impact on the local economy for the current season is the reduction in average room rates. Based upon statistics released by the TDC, December 2009 average room rates for hotels has decreased by 20.0%, condominiums and vacation homes have increased by 8.0% and rates for recreational vehicle facilities has decreased by 10.7%.

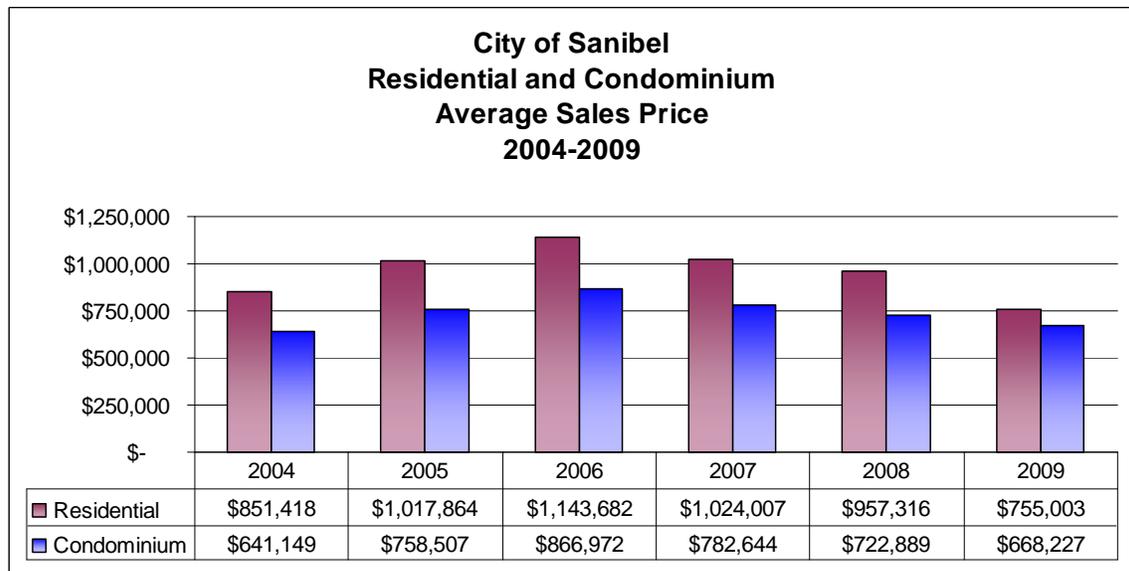
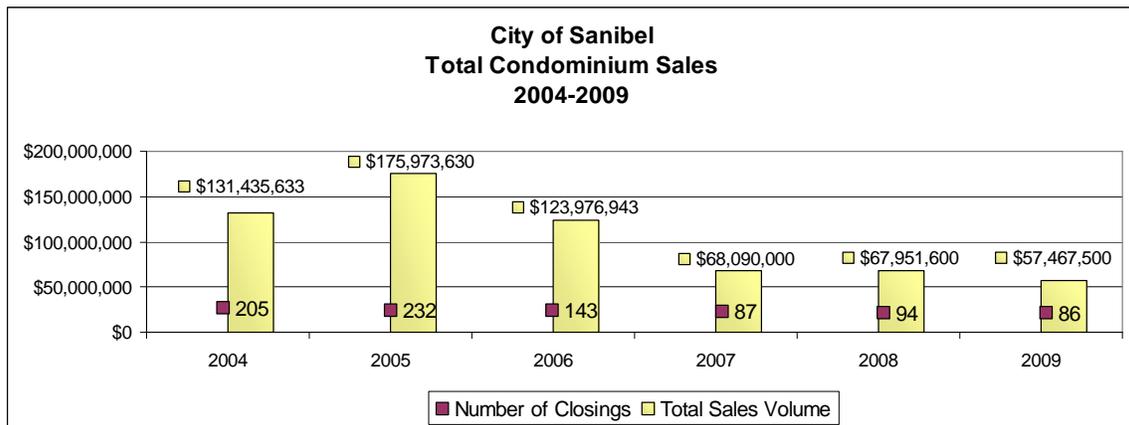
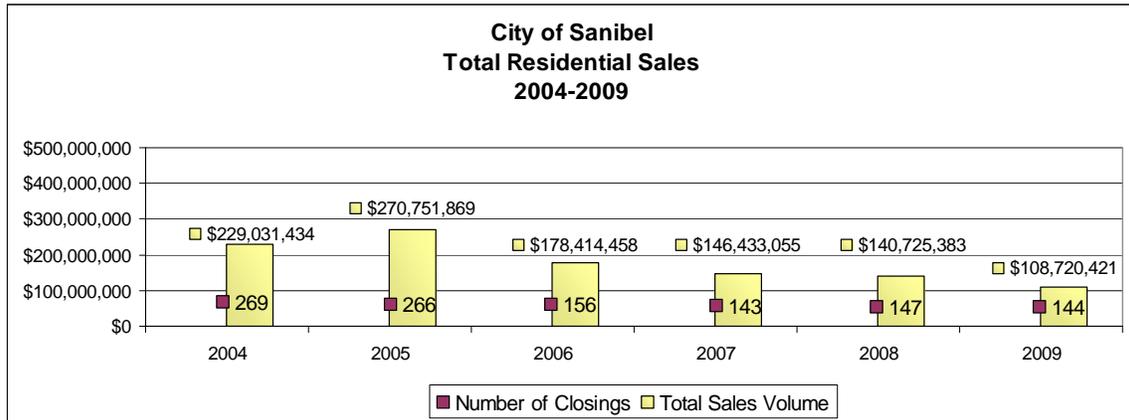
These economic conditions have resulted in reduced vehicular traffic to the Island. As illustrated below in statistics generated by the Lee County Department of Transportation, traffic peaked on island in 2001.



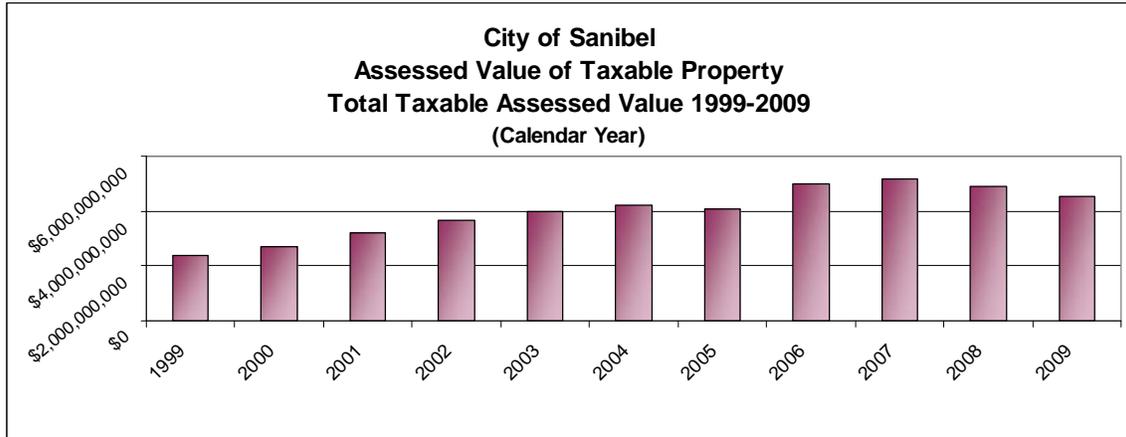
Historically, real estate has also been one of Lee County’s economic drivers. Lee ranked fourth (4th) in absolute state population growth between 2000 and 2007. However, the steep housing decline that began in 2007 hit Lee County particularly hard and caused county-wide growth to slow. The Lee County communities of Cape Coral and Lehigh Acres, which experienced some of the most dramatic national increases in home sales from 2004 to 2006, also experienced some of the greatest number of foreclosures from 2007-2009.

Balance of page left blank intentionally

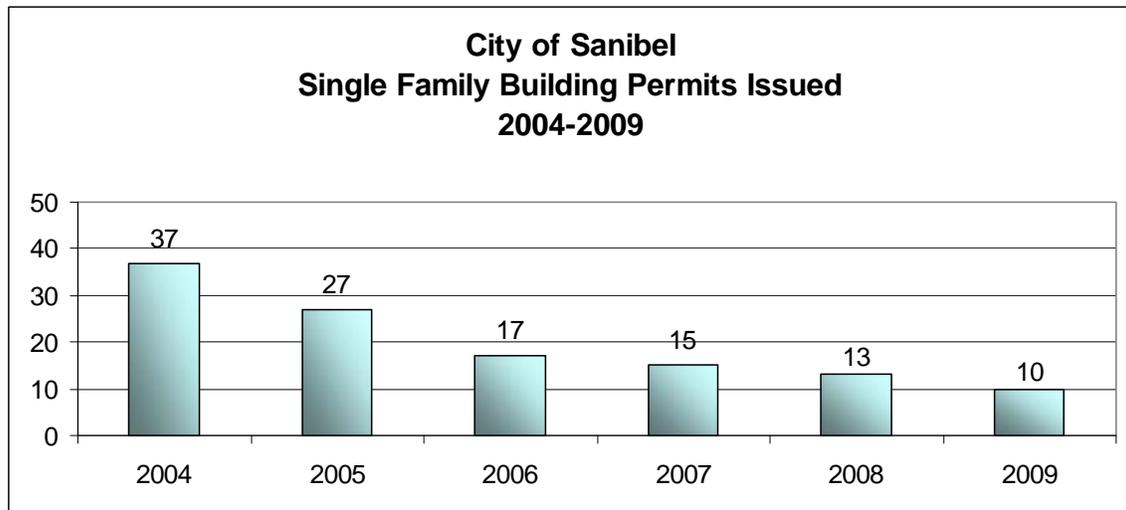
On Sanibel, number of sales and sale prices of residential units and condominiums began declining in 2006, as illustrated in the following charts using data from the MLS Service.



Sanibel's property values increased in 2007 as hurricane-battered properties came back to the tax rolls, before beginning to drift down by 5.6% in 2008 and 7.9% in 2009.



Over the past 6 years, Sanibel has experienced a decrease in single family home starts from 37 in 2004 to 10 in 2009. This decrease appears to be due to a combination of the economy and build-out.

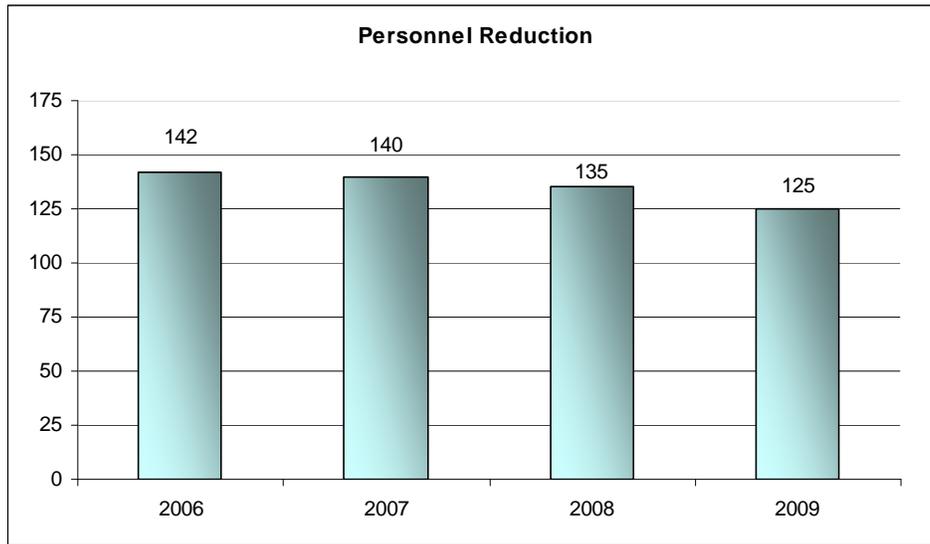


**Chart Source: City of Sanibel Building Department*

City revenue receipts that are impacted by the general economic health of the state of Florida include gas taxes, communication services taxes, state sales tax and state revenue sharing. City operations and expenditures were proactively reduced in 2009 out of concern for these shared revenues. Due to the City's conservative budget approach these revenue sources' actual receipts were higher than budgeted.

Balance of page left blank intentionally

In 2009 the City reduced the number of full-time employees through attrition from 135 to 125 to reduce fixed operating costs. Between 2006 and 2009 the City's full-time work force was reduced as shown below.



The City's financial operations are managed with recurring general fund operating surpluses contributing to historically strong cash and general fund balance positions. This trend continued in 2009 thanks to a reduction in operating costs and the selective delay of capital projects. On September 30, 2009 the City had an unreserved fund balance in its general fund equal to 147% of FY2010 operating expenditures.

LONG-TERM FINANCIAL PLANNING

On September 30, 2009, unreserved, undesignated fund balance in the general fund (147 percent of general fund operating expenditures) falls within the policy guidelines set by the Council for budgetary and planning purposes (i.e., 17 percent of general fund operating expenditures). If the unreserved, undesignated fund balance falls below the acceptable level, the City shall take action necessary to restore the unreserved, undesignated fund balance to acceptable levels within two years.

The City of Sanibel's financial operations are managed with recurring general fund operating surpluses contributing to historically strong cash and general fund balance positions. This trend is expected to be negatively impacted by State legislation capping property taxes and the continued decline in the economy. The City has and continues to identify options to reduce fixed costs. The City is strategically investing in technology that can improve productivity. The City's priority is to maintain Sanibel as a world-class, safe, clean, environmentally and fiscally sound municipality.

The City of Sanibel has by design, lowered expenditures and increased reserves to weather the current economic challenges. The City is currently operating under the assumption that the current economic decline has yet to reach bottom. Council recognizes that as a barrier island in the sub-tropics, the City remains vulnerable to natural events such as tropical storms and hurricanes and through budgeting and planning Council continues to position the City for a response to such emergencies, even during an economic decline.

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 undesignated 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.

Further downward trends in the State and/or local economy will 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/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 keeping all investments free from risk, maintaining adequate liquidity and flexibility to meet both scheduled and unscheduled obligations and lastly, maximizing returns.

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

The City should maintain sufficient reserves in accordance with established fund balance policy of 17% of general fund operating expenditures.

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

MAJOR INITIATIVES

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

- Continuation of efforts at the federal, state, regional and local levels through education, political and legal methods to improve Sanibel's water quality by reducing urban development nutrient releases into the Caloosahatchee River;
- Begin planning of Phase IV (final phase) of the sewer expansion project. The final phase is scheduled to begin in fiscal year 2011. Construction cost is estimated at \$1,250,000. Fiscal year 2010 planning budget is \$50,000.
- Maintain \$4,500,000 in the general fund FY 2010 budget for a disaster reserve to address future storm season events;
- Maintain \$1,200,000 in the general fund FY 2010 budget for a reserve for environmental initiatives;
- Continue the exotic plant eradication program.

- Sustain a diverse housing stock through redevelopment regulations for resort housing while ensuring protection of the island's unique natural system by developing a decisional framework based upon best land use practices, developing special site and design criterion applicable to resort properties, and developing provisions for relocation and restoration of nonconforming resort structures that are currently located within the Gulf Beach Zone.
- Revised the City's investment policy in FY 2010 and engaged the services of an investment consultant. This will enhance staff's ability to safeguard, monitor and manage the City's investments while maintaining the City's priority on the safety of principal and liquidity.

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, 2008. This was the twenty-third (23rd) 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, 2008. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

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

Respectfully submitted,


 Judith A. Zimomra, City Manager


 Sylvia A. Edwards, Finance Director

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, 2008

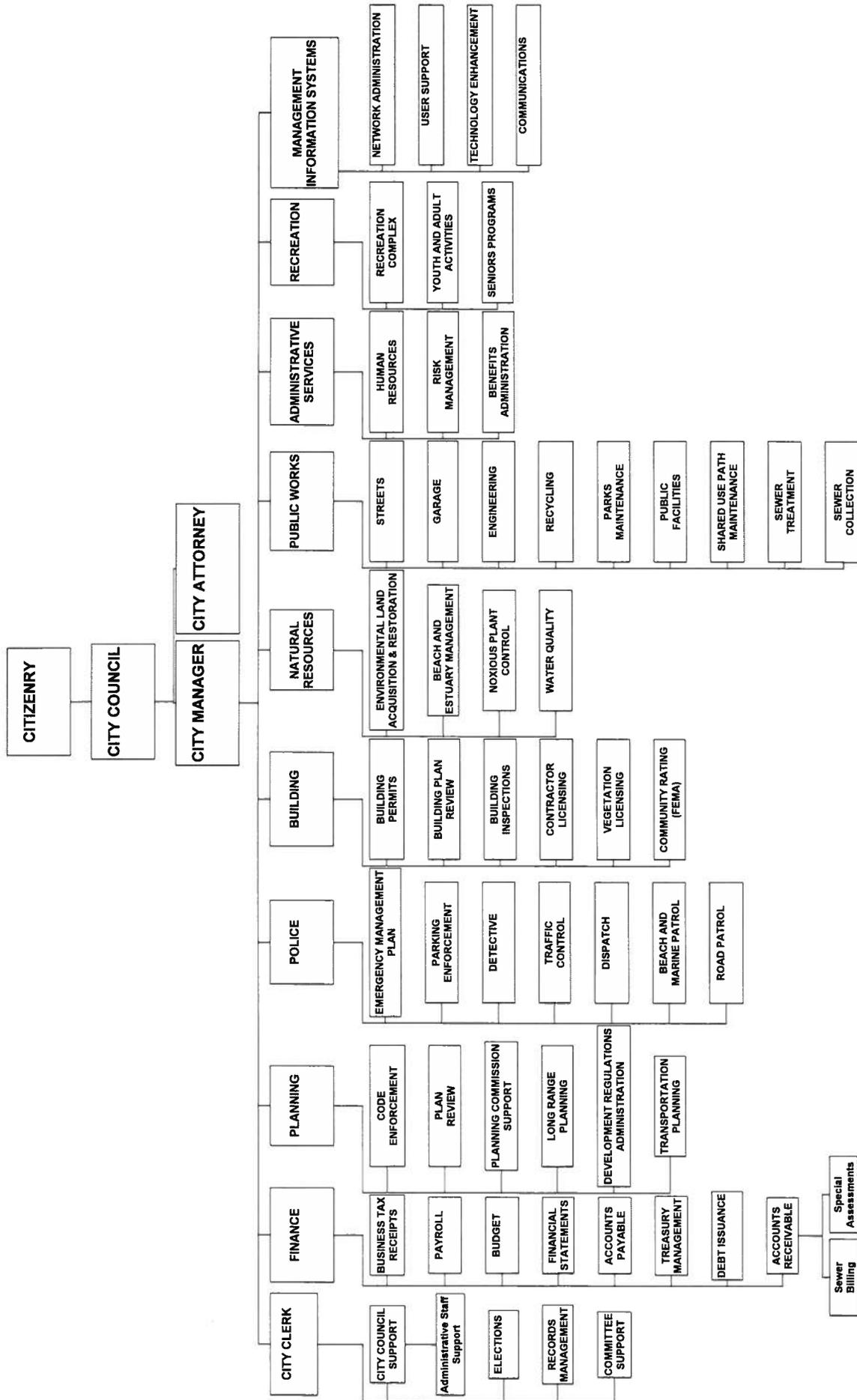
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

CITY OF SANIBEL ORGANIZATIONAL CHART - 2009



**City of Sanibel
COUNCIL-MANAGER FORM OF GOVERNMENT
AS OF SEPTEMBER 30, 2009**



ELECTED OFFICIALS

Mick DenhamMayor
 Kevin RuaneVice Mayor
 Marty HarrityCouncilmember
 Jim JenningsCouncilmember
 Peter PappasCouncilmember

APPOINTED OFFICIALS

Judith A. Zimomra, M.P.A., J.D. City Manager
 Kenneth B. Cuyler, Esq. City Attorney

EXECUTIVE STAFF

James R. IsomAdministrative Services Director
 R. Harold Law, Jr.Chief Building Official
 William TomlinsonChief of Police
 Pamela Smith, MMC City Clerk
 Sylvia A. Edwards, CPA, CGFO, CPFO Finance Director
 Albert Smith, Jr. Information Services Director
 Robert K. Loflin, Ph.d. Natural Resources Director
 James C. Jordan Planning Director
 Gates D. Castle, PEPublic Works Director/City Engineer
 Christopher Deal, MSRecreation Director

FINANCIAL SECTION

This section contains the following subsections:

Independent Auditors' Report

Management's Discussion and Analysis (MD&A)

Basic Financial Statements

Required Supplementary Information Other Than MD&A

Combining Financial Statements and Schedules

THIS PAGE LEFT BLANK INTENTIONALLY



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the remaining aggregate fund information of the City of Sanibel, Florida (the "City"), as of and for the year ended September 30, 2009, which, together with the aggregate discretely presented component unit, collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Community Housing and Resources, Inc., a component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for Community Housing and Resources, Inc., is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the remaining fund information of the City of Sanibel, Florida as of September 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis (MD&A) on pages 3 through 17, the budgetary comparison information on page 81 and the schedules of funding progress and schedules of contributions from employer and other contributing entities on pages 82 through 84, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Larson Allen LLP
LarsonAllen LLP

Fort Myers, Florida
March 17, 2010

Management's Discussion and Analysis

THIS PAGE LEFT BLANK INTENTIONALLY



MANAGEMENT'S DISCUSSION AND ANALYSIS

Discussion and analysis of the City of Sanibel's financial statements is intended to provide a narrative introduction to the basic financial statements and an analytical overview of the City's financial activities for the fiscal year ended September 30, 2009.

FINANCIAL HIGHLIGHTS

- ❑ At the close of fiscal year 2009, the City of Sanibel's assets exceeded its liabilities by \$91.2 million (net assets). Governmental and business-type assets exceeded liabilities by \$59.7 million and \$31.5 million, respectively.
- ❑ The City's total net assets increased by \$4.7 million, or 5.4%, in comparison to the prior year. Unrestricted net assets, which may be used to meet the government's ongoing obligations to citizens and creditors increased by \$2.8 million, or 14.8%.
- ❑ The City's governmental activities reported total net assets of \$59.7 million, which is an increase of \$2.7 million, or 4.8%, in comparison to the prior year. Approximately 33.3 % of the total, or \$19.9 million, is unrestricted.
- ❑ The City's business-type activities reported total net assets of \$31.5 million, which is an increase of \$1.9 million, or 6.6%, in comparison to the prior year. Approximately 5.7% of the total, or \$1.8 million, is unrestricted.
- ❑ The City's total debt decreased by \$9 million during the current fiscal year. This decrease is discussed further in Debt Administration.
- ❑ At the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$24.9 million, an increase of \$3 million, or 13.7%, from the 2008 ending fund balance of \$21.9 million. Approximately 89.6% (\$22.3 million) is available for spending at the government's discretion (unreserved fund balance).

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's basic financial statements provide information on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year-to-year or government-to-government) and enhance the City's accountability.

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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 Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. The focus of the Statement of Net Assets (the "unrestricted net assets") 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 20).

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year, focusing on both the gross and net costs of various activities, governmental and business-type, that are supported by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy from various business-type activities. (See page 21).

Each of these 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, transportation, public works, physical environment, economic environment, human services, and culture and recreation. The business-type activities of the City consist of the sewer system enterprise fund and the beach parking enterprise fund.

Component units are other governmental units over which the City (the City Council, acting as a group) can exercise influence and/or may be obligated to provide financial subsidy. Discretely-presented component units (Community Housing & Resources, Inc.) are presented as a separate column in the government-wide statements. Blended component units are presented as part of the primary government activities. The City has no blended component units to report. Community Housing & Resources, Inc., a legally separate organization, issued separate audited financial statements for the year ended September 30, 2009.

The government-wide financial statements can be found on pages 20-21 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. Traditional users of governmental financial statements will find the fund financial statement presentation more familiar.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains forty-four 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 which the General Fund is considered to be a major fund. Data from the other forty-three non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in this report, immediately following the Required Supplementary Information.

The City adopts an annual appropriated budget for its General Fund, as well as the other forty-three governmental funds. Budgetary comparison statements are required only for the general and major special revenue funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget, immediately following the Notes to the Financial Statements. (See page 81).

The basic governmental fund financial statements can be found on pages 22-25 of this report.

Proprietary funds. The City maintains only 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 or charges are the primary revenue source for the proprietary funds. Sanibel'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.

The proprietary fund statements provide the same type of information as the business-type activities in the government-wide financial statements, only in a different format.

The basic proprietary fund financial statements can be found on pages 26-31 of this report.

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

The basic fiduciary fund financial statements can be found on pages 32-33 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 35-78 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 progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees and schedules showing budget-to-actual data for the general fund.

Required supplementary information can be found on pages 81-84 of this report.

Government-wide Financial Analysis

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$91.2 million.

The City's combined net assets as of September 30, 2009 were \$91,229,097. The 2009 increase to city-wide net assets was \$4,670,817. The City's combined revenues, including contributions, grants, charges for services, taxes and other general revenues were \$31,338,162. Total expenses city-wide were \$26,667,345.

The following table reflects the condensed Statement of Net Assets for the current year with comparative information for fiscal year 2008 (see page 20):

Statement of Net Assets (Summary) as of September 30, 2009 and 2008						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 26,741,907	\$ 23,752,388	\$ 15,191,211	\$ 19,645,608	\$ 41,933,118	\$ 43,397,996
Capital assets, net of depreciation	<u>48,894,394</u>	<u>49,910,650</u>	<u>56,314,071</u>	<u>58,343,977</u>	<u>105,208,465</u>	<u>108,254,627</u>
Total assets	<u>75,636,301</u>	<u>73,663,038</u>	<u>71,505,282</u>	<u>77,989,585</u>	<u>147,141,583</u>	<u>151,652,623</u>
Current and other liabilities	1,312,465	1,382,977	620,457	759,816	1,932,922	2,142,793
Long-term liabilities	<u>14,614,626</u>	<u>15,303,252</u>	<u>39,364,938</u>	<u>47,648,298</u>	<u>53,979,564</u>	<u>62,951,550</u>
Total liabilities	<u>15,927,091</u>	<u>16,686,229</u>	<u>39,985,395</u>	<u>48,408,114</u>	<u>55,912,486</u>	<u>65,094,343</u>
Net assets:						
Invested in capital assets, net of related debt	35,796,393	36,345,476	17,037,477	10,783,538	52,833,870	47,129,014
Restricted	4,045,391	4,544,823	12,672,286	16,000,958	16,717,677	20,545,781
Unrestricted	<u>19,867,426</u>	<u>16,086,510</u>	<u>1,810,124</u>	<u>2,796,975</u>	<u>21,677,550</u>	<u>18,883,485</u>
Total net assets	<u>\$ 59,709,210</u>	<u>\$ 56,976,809</u>	<u>\$ 31,519,887</u>	<u>\$ 29,581,471</u>	<u>\$ 91,229,097</u>	<u>\$ 86,558,280</u>

Capital assets, such as land, buildings, roads, bridges, machinery and equipment, less the outstanding debt used to acquire those assets, are 57.9% of the City's net assets compared to 54.4% at September 30, 2008. The City uses these assets to provide services to citizens; consequently these assets are not available for future spending. It is important to recognize that other resources will be required to repay the outstanding debt on capital assets.

Restricted net assets of \$16,717,677, representing 18.3% of total net assets, are subject to external restrictions on how they may be used. Unrestricted net assets of \$21,677,550 are 23.8% of total net assets and may be used for any purpose.

In governmental activities, \$19,867,426 or 33.3% of net assets are unrestricted, a \$3,708,916 increase from September 30, 2008. The increase in net assets is due to revenues being higher than expenditures.

In business-type activities, \$1,810,124 or 5.7% of net assets are unrestricted, a \$986,851 decrease from September 30, 2008. The decrease in net assets is due to the use of unrestricted surplus cash and \$2,961,286 in cash restricted for debt service to pay in full a \$5,905,636 sewer loan.

Balance of page left blank intentionally

Statement of Activities

The following is a summary of the information presented in the Statement of Activities found on page 21 of this report, with comparative information for 2008:

Changes in Net Assets (Summary)						
For the Year Ended September 30, 2009 and 2008						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues						
Charges for services	\$ 2,998,163	\$ 3,226,648	\$ 7,074,993	\$ 6,724,972	\$ 10,073,156	\$ 9,951,620
Operating grants and contributions	2,016,163	905,018	1,347,248	1,619,340	3,363,411	2,524,358
Capital grants and contributions	248,455	577,958	1,912,990	686,775	2,161,445	1,264,733
General revenues						
Property taxes	10,913,347	11,739,294	1,244,143	1,175,625	12,157,490	12,914,919
Other taxes	2,360,426	2,467,881	-	-	2,360,426	2,467,881
Intergovernmental revenues	676,646	825,679	-	-	676,646	825,679
Other	242,687	656,328	302,901	587,644	545,588	1,243,972
Total revenues	<u>19,455,887</u>	<u>20,398,806</u>	<u>11,882,275</u>	<u>10,794,356</u>	<u>31,338,162</u>	<u>31,193,162</u>
Expenses (including indirect expenses):						
General government	1,187,925	2,485,498	-	-	1,187,925	2,485,498
Public safety	5,475,170	5,509,270	-	-	5,475,170	5,509,270
Physical environment	1,280,829	1,020,976	-	-	1,280,829	1,020,976
Sewer	-	-	7,864,277	8,110,872	7,864,277	8,110,872
Transportation	3,956,588	4,598,819	-	-	3,956,588	4,598,819
Beach parking	-	-	2,079,582	2,169,757	2,079,582	2,169,757
Economic development	314,639	272,751	-	-	314,639	272,751
Human services	1,000	1,000	-	-	1,000	1,000
Culture/recreation	3,871,583	4,406,463	-	-	3,871,583	4,406,463
Interest on long-term debt	635,752	672,858	-	-	635,752	672,858
Total expenses	<u>16,723,486</u>	<u>18,967,635</u>	<u>9,943,859</u>	<u>10,280,629</u>	<u>26,667,345</u>	<u>29,248,264</u>
Increase in net assets before transfers	2,732,401	1,431,171	1,938,416	513,727	4,670,817	1,944,898
Transfers	-	(175,002)	-	175,002	-	-
Change in Net Assets	2,732,401	1,256,169	1,938,416	688,729	4,670,817	1,944,897
Net assets-October 1	<u>56,976,809</u>	<u>55,720,640</u>	<u>29,581,471</u>	<u>28,892,742</u>	<u>86,558,280</u>	<u>84,613,382</u>
Net assets-September 30	<u>\$ 59,709,210</u>	<u>\$ 56,976,809</u>	<u>\$ 31,519,887</u>	<u>\$ 29,581,471</u>	<u>\$ 91,229,097</u>	<u>\$ 86,558,280</u>

Primary government total net assets increased by \$4,670,817 with governmental activities increasing by \$2,732,401 and business-type activities increasing by \$1,938,416.

Total primary government revenues were flat between years, with governmental activities revenues decreasing by \$942,919 and business-type revenues increasing by \$1,087,919.

Total primary government expenses were lower between years, with governmental activities expense decreasing by \$2,244,149 and business-type expense decreasing by \$336,770.

Governmental activities

Program revenues include \$3.0 million in charges for services, of which \$1,482,245 was from various fees for general government services. The most significant of these were franchise fees of \$977,505, development fees of \$237,898 and indirect cost charges to other funds of \$227,898. Building-type permits of \$683,006 and court fines of \$69,969 were the significant charges for services in public safety activity. Physical environment activity's solid waste surcharge fees accounted for \$203,865 and recreation center user fees were \$490,833.

Development fees and building and permit fees were \$154,277 lower than in the prior year, reflecting the slow down in real estate activity.

Operating grants were \$1,111,145 more than in the prior year. The City received additional reimbursements for 2004 and 2005 hurricane expenditures from FEMA and the State of Florida for Hurricane Charley and Hurricane Wilma in the amount of \$1,066,951.

Capital grants were lower in 2009 with the completion of the community park project in 2008.

Property tax collections were \$825,947 lower in 2009 with Council voting to levy a lower mill rate on a lower property tax base.

Other revenues were down as investment earnings decreased substantially in 2009 due to the national deterioration in the economy.

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.

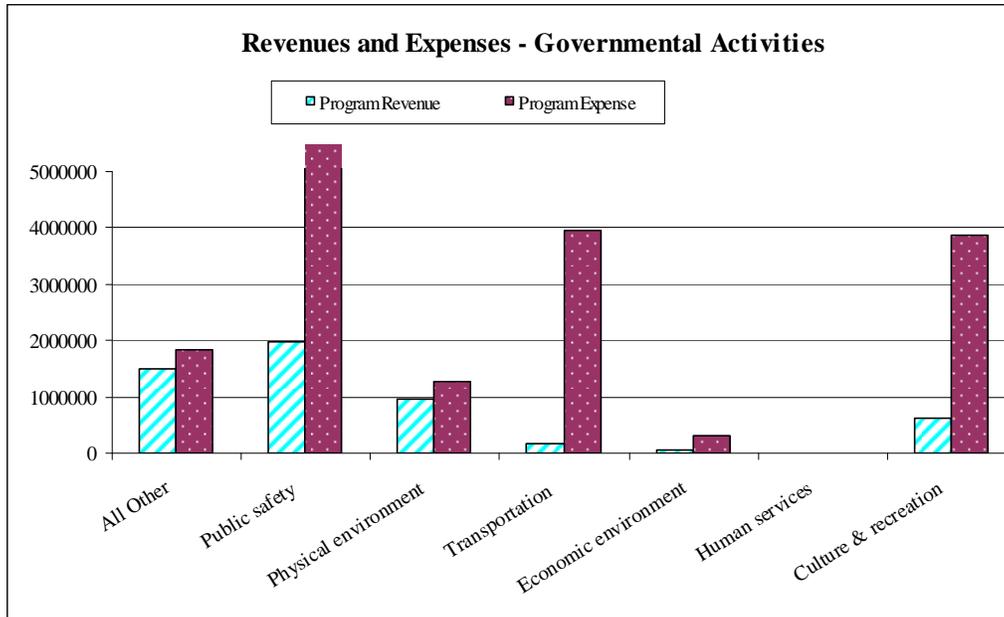
The cost of all governmental activities this fiscal year was \$16.7 million. As shown in the statement of activities (see page 17), the net cost ultimately paid through taxes and other general revenues was \$11.4 million, \$2.8 million less than in 2008. The decrease was achieved by cutting vacant positions, renegotiating existing contracts and by continually identifying means to reduce operating expenses.

Expenses and Program Revenues			
Governmental Activities			

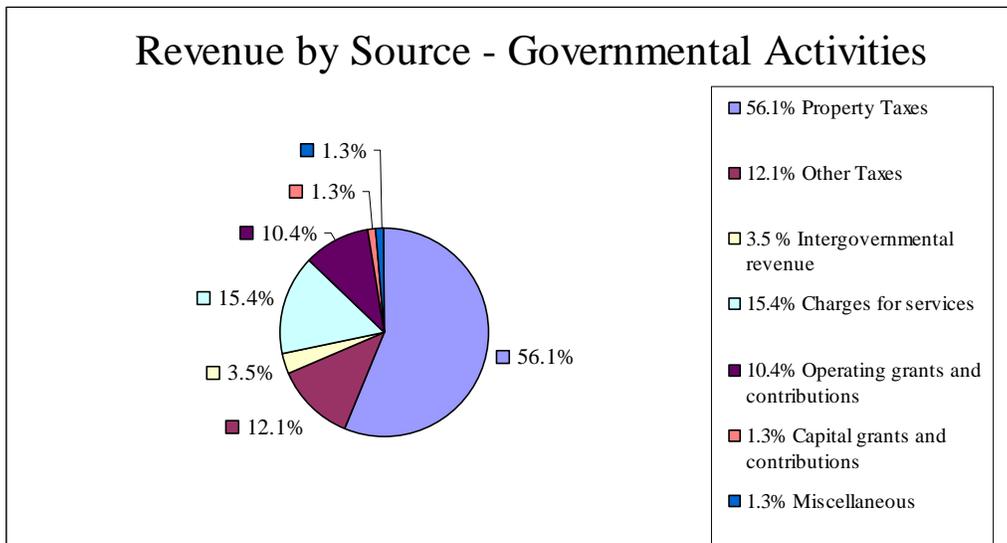
	Total Cost Of Services		Net Cost (Earnings) Of Services	
	2009	2008	2009	2008
Public safety	\$ 5,475,170	\$ 5,509,270	\$ 3,491,507	\$ 4,357,003
Physical environment	1,280,829	1,020,976	321,822	440,083
Transportation	3,956,588	4,598,819	3,785,616	4,495,454
Economic development	314,639	272,751	270,961	272,751
Human services	1,000	1,000	1,000	1,000
Culture/Recreation	3,871,583	4,406,463	3,255,867	3,276,988
All Others	1,823,677	3,158,356	333,932	1,414,732
Totals	\$ 16,723,486	\$ 18,967,635	\$ 11,460,705	\$ 14,258,011

Balance of page left blank intentionally

As you can see from the chart below which compares program expenses with program revenues for the City's governmental activities, most of the funding for governmental activities is not from program revenues:



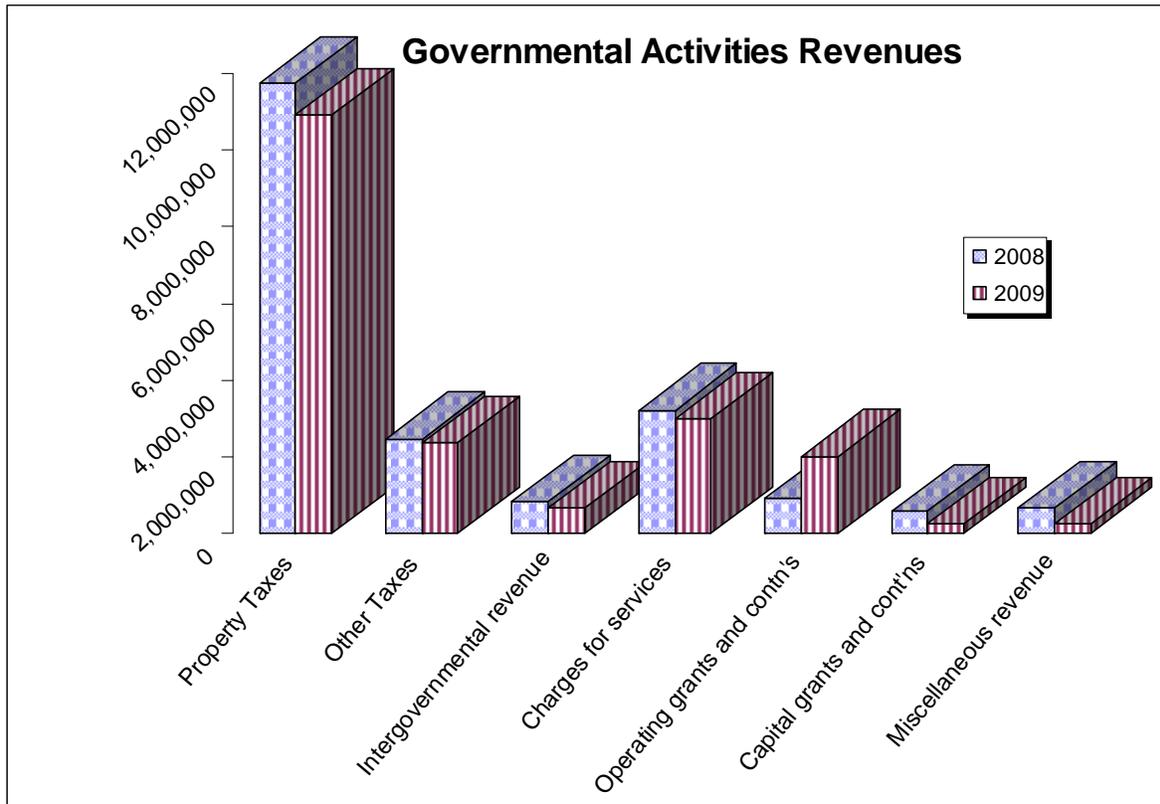
The following graph shows the composition of revenues for the City's governmental activities:



Governmental Activities Revenues

The only revenue that increased over the prior year was operating grants by \$1,111,145 (123%) over 2008 due to reimbursements for 2004 and 2005 hurricane expenses as discussed previously. Ad valorem taxes decreased by \$825,947, or 7.5%, over the prior year due to a drop in taxable value of 5.6% and a budgeted reduction of the millage rate from 2.1966 mills to 2.1561 by City Council.

The chart below compares revenues by source for fiscal years 2008 and 2009.



Business-type activities

Revenues of the City's business-type activities totaled \$11,882,275. Expenses totaled \$9,943,859, which generated an increase in net assets of \$1,938,416. Net assets increased by \$1,289,727 in the sewer system fund and \$648,689 in the beach parking fund.

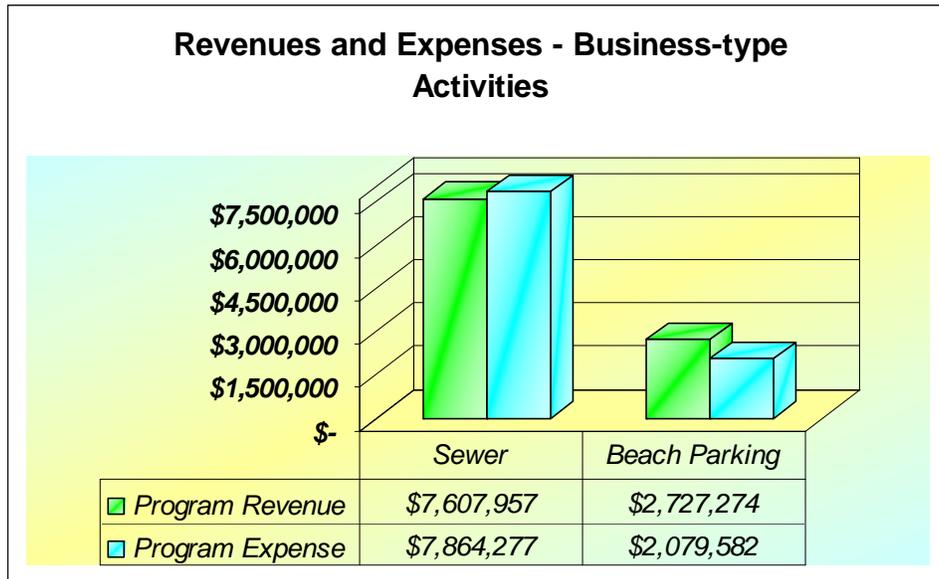
Charges for services program revenues were higher by 5.2% over the prior year. A 3% fee increase generated an additional \$245,189 in service charge revenues for the sewer fund. While beach parking rates remained at \$2.00 per hour collections increased by \$95,119. Capital grants and contributions increased in 2009 mainly due to a \$1,752,211 special assessment for the Sanibel Bayous sewer extension project.

In the beach parking fund, expense decreased by \$90,175. Grant revenue from the Lee County Tourist Development Council decreased by \$116,126 from \$1,463,374 in 2008 to \$1,347,248 in 2009.

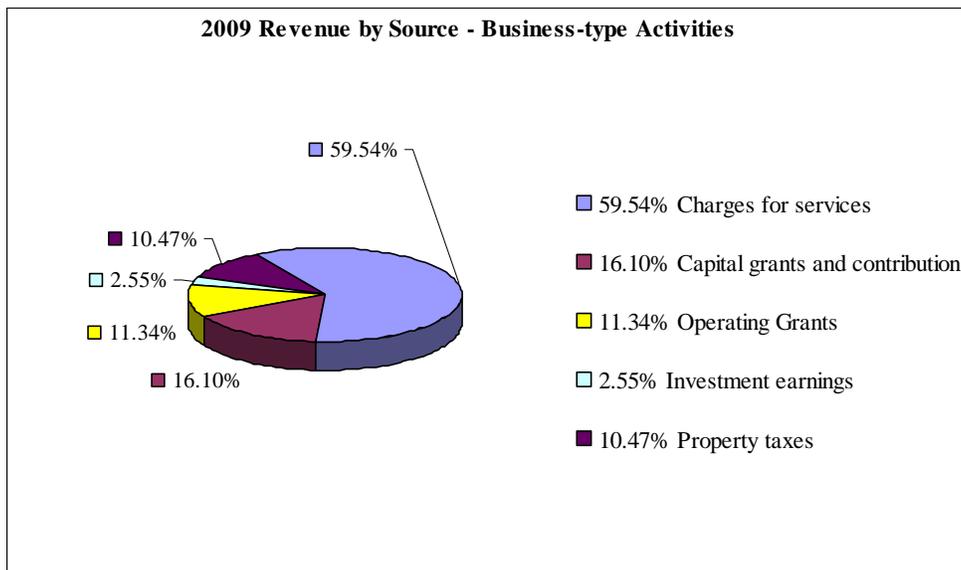
In addition to program revenues, the Sewer fund receives tax revenue from a voter-approved tax levy to pay debt service related to the sewer capital expansion projects. Tax revenue received in 2009 was \$1,244,143 compared to \$1,175,625 in 2008.

Balance of page left blank intentionally

The following chart compares program expenses with program revenues for the City's business-type activities:



The following graph shows the composition of revenues for the City's business-type activities:



Financial Analysis of the City's Funds

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

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

The *General Fund* is the chief operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. At the end of the current fiscal year the unreserved fund balance of the general fund was \$16,137,395, while total fund balance was \$18,243,805. The fund balance of the City's general fund increased \$3,130,744 during 2009. Key factors in this increase are the net effect of the following:

- Revenues decreased by \$433,538. Revenues affected by the economic down-turn included sales taxes, gas taxes, charges for services and investment earnings.
- Operating expenditures across departments decreased by \$1,461,729 from the prior year. Full time employees were reduced from 140 to 128 through attrition. Thirty-two contracts were renegotiated resulting in 5% to 20% reductions in rates and fees.
- Net transfers from the general fund decreased by \$2,574,954, from the previous year. In addition to the completion of the recreation center project in 2008, other capital project and capital outlay expenditures were reassessed and deferred to future years.

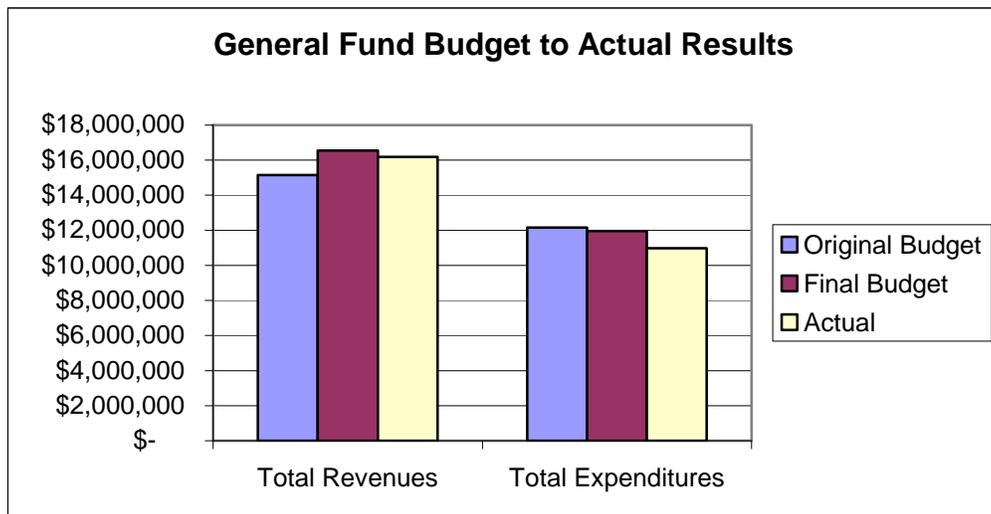
All other governmental funds are accounted for in the column entitled **Other Governmental Funds**. Other governmental funds include special revenue, debt service and capital project funds. Fund balances for this group were \$140,460 lower than in fiscal year 2008.

Special revenue fund balances were higher by \$358,972, primarily due to the recreation center's charges for services revenues of \$490,833. The new recreation center completed its first full year of operation in fiscal year 2009.

Capital project fund balances were lower by \$495,103 as prior year projects were completed. There were no significant changes in the debt service fund balance.

Proprietary funds. The City's proprietary funds are comprised of enterprise funds. An enterprise fund is used to account for activities for which a fee is charged to external users for goods and services. These funds provide the same type of information, but in more detail than that found in the government-wide financial statements. See pages 26-31.

General Fund Budgetary Highlights



During the year, there was a \$1,411,222 (9.3%) increase in budgeted revenue between the original and final amended budget. Following are the main components of the net increase:

- \$230,460 – Gas tax revenue projections were increased on the basis of actual receipts.
- \$1,194,953 – Intergovernmental revenues were higher due to the receipt of \$1,066,951 from FEMA and the State of Florida for reimbursement of 2004 and 2005 Hurricane Charley and Hurricane Wilma expenditures.

Revenue budget-to-actual in the general fund resulted in a \$366,208, or 2.2%, negative revenue variance due primarily to the \$404,272 allowance for the property tax early payment discount program. This is budgeted as reserve for under-collection in the other financing sources (uses) portion of the budget.

Budget-to-actual expenditures show a \$982,305 (8.2%) positive variance (actual less than budget). This decrease was uniform through all departments and reflects the successful continuation of cost containment begun in 2008. Two primary components of the savings were the reduction of twelve positions through attrition and the renegotiation of thirty-two contracts.

The general fund balance was \$9,978,290 higher at year end than the adopted budget projection. This variance is attributed to an additional \$3,251,914 fund balance roll forward from fiscal year 2008 and \$6,306,906 in contingency reserves (for disasters, environmental initiatives and other miscellaneous contingencies) that were not expended.

A more detailed analysis of the general fund budget comparison can be found in the Budgetary Comparison Schedule found in the Required Supplementary Information following the Notes to the Financial Statements on Page 81.

Capital Asset and Debt Administration

Capital assets. The City's capital assets as of September 30, 2009 reflect an investment of \$105,208,465 net of accumulated depreciation.

The following schedule provides a comparative summary of net capital assets by category for both governmental and business-type activities. Additional information on the City's capital assets can be found in Note 9 on pages 58-59 of this report.

City of Sanibel's Capital Assets						
(net of depreciation)						
as of September 30						

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Land	\$ 24,836,462	\$24,841,579	\$ 1,848,477	\$ 1,848,477	\$ 26,684,939	\$ 26,690,056
Buildings	14,071,679	14,400,303	1,045,063	1,050,441	15,116,742	15,450,744
Improvements other than buildings	1,175,251	1,270,843	811,196	601,969	1,986,447	1,872,812
Vehicles and equipment	1,915,747	2,244,867	913,741	883,549	2,829,488	3,128,416
Infrastructure	6,895,255	7,108,927	51,672,064	53,959,541	58,567,319	61,068,468
Construction work in progress	-	44,131	23,530	-	23,530	44,131
Total Capital Assets	<u>\$ 48,894,394</u>	<u>\$49,910,650</u>	<u>\$56,314,071</u>	<u>\$58,343,977</u>	<u>\$105,208,465</u>	<u>\$108,254,627</u>

Significant changes in assets this fiscal year include:

Description	Cost
Dixie Beach Road Improvements	\$194,856
Police Boat Dock	187,000
Crane Truck	74,555

Long-term debt. As of September 30, 2009, the City had \$53,353,346 in bonds, notes and leases. The following schedule provides a comparative summary of the City's outstanding debt:

City of Sanibel's Long-term Debt as of September 30						
	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Bonds:						
General Obligation Bonds	\$ 11,135,000	\$ 11,390,000	\$ -	\$ -	\$ 11,135,000	\$ 11,390,000
Revenue Bonds	1,555,151	1,659,639	3,784,120	4,038,193	5,339,271	5,697,832
Notes	1,306,432	1,659,038	35,492,474	43,522,246	36,798,906	45,181,284
Capital Leases	80,169	88,817	-	-	80,169	88,817
Total	<u>\$ 14,076,752</u>	<u>\$ 14,797,494</u>	<u>\$ 39,276,594</u>	<u>\$ 47,560,439</u>	<u>\$ 53,353,346</u>	<u>\$ 62,357,933</u>

In 2008, the City entered into a five-year capital lease agreement. The present value of future minimum lease payments is \$80,169. Additional information on the capital lease may be found in Note 10 on page 60 of this report.

In 2009 the City utilized \$2,961,286 in accumulated restricted debt service revenues and reserves and unrestricted surplus cash to pay in full a \$5,905,636 sewer loan, thereby reducing future annual debt service payments by \$539,385 and interest costs by approximately \$1.2 million.

Additional information about the City's capital assets and long-term debt can be found beginning on page 58 in Note 9 and 11, respectively, in the Notes to the Financial Statements.

Economic Factors Affecting the City and Next Year's Budget and Rates

Although the City has always enjoyed a healthy economy because of the island's desirability as a tourist destination, the downturn in the housing industry has caused two years of declining property values on Sanibel. Property values remain uncertain in the current year. The City experienced a 5.6% taxable property value decline between the calendar year 2007 and 2008 valuation; and a 7.9% decline between the calendar year 2008 and 2009 valuation.

Council voted to fund the fiscal year 2010 budget at the same 2.1561 mill tax rate as in fiscal year 2009, cutting the general fund's ad valorem revenue by \$834,887, or 7.89%.

Revenue streams that are affected by the current economic decline such as gas taxes, sales taxes, state revenue sharing and building and permitting fees continue to decline.

Population data provided by the Bureau of Economic and Business Research, University of Florida, indicates that the City's population has declined from 6,374 to 6,329, or 0.71%.

According to the U.S. Department of Labor, the unemployment rate for the Cape Coral-Fort Myers Metropolitan Area for December 2009 was 13.8% compared to the December 2008 rate of 9.3%.

In fiscal year 2009 the City continued with efforts that began in fiscal year 2008 to reduce expenditures in anticipation of declining revenues; the City continues to protect accumulated reserves and to match current revenues with current expenditures.

Requests for Information

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

THIS PAGE LEFT BLANK INTENTIONALLY



Basic Financial Statements

CITY OF SANIBEL, FLORIDA
STATEMENT OF NET ASSETS
September 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Community Housing & Resources, Inc.
ASSETS				
Cash and cash equivalents	\$ 22,384,103	\$ 3,894,854	\$ 26,278,957	\$ 162,760
Investments	4,022	-	4,022	78,040
Receivables	269,352	261,544	530,896	8,165
Due from other governments	679,028	705,594	1,384,622	-
Internal balances	2,460,782	(2,460,782)	-	-
Inventories	6,410	-	6,410	-
Prepays	-	-	-	69,784
Net pension asset	303,376	-	303,376	-
Restricted assets:				
Cash and cash equivalents	436,794	1,426,073	1,862,867	8,025
Investments	-	626,684	626,684	-
Taxes receivable	1,070	-	1,070	-
Assessments receivable	-	10,619,529	10,619,529	-
Unamortized bond issue costs	196,970	117,715	314,685	-
Capital assets (net of accumulated depreciation):				
Land	24,836,462	1,848,477	26,684,939	823,913
Buildings	14,071,679	1,045,063	15,116,742	3,865,178
Improvements other than buildings	1,175,251	811,196	1,986,447	-
Vehicles and equipment	1,915,747	913,741	2,829,488	16,692
Infrastructure	6,895,255	51,672,064	58,567,319	-
Construction in progress	-	23,530	23,530	1,992,510
Total assets	<u>75,636,301</u>	<u>71,505,282</u>	<u>147,141,583</u>	<u>7,025,067</u>
LIABILITIES				
Accounts payable and other accrued liabilities	877,676	345,315	1,222,991	86,975
Accrued interest payable	191,753	275,142	466,895	-
Unearned revenue	243,036	-	243,036	-
Long-term liabilities:				
Due within one year	1,114,695	2,545,007	3,659,702	160,697
Due in more than one year	13,499,931	36,819,931	50,319,862	2,154,761
Total liabilities	<u>15,927,091</u>	<u>39,985,395</u>	<u>55,912,486</u>	<u>2,402,433</u>
NET ASSETS				
Invested in capital assets, net of related debt	35,796,393	17,037,477	52,833,870	4,382,835
Restricted for:				
Capital projects	3,511,308	-	3,511,308	-
Debt service	534,083	12,472,286	13,006,369	-
Other purposes	-	200,000	200,000	8,025
Unrestricted	19,867,426	1,810,124	21,677,550	231,774
Total net assets	<u>\$ 59,709,210</u>	<u>\$ 31,519,887</u>	<u>\$ 91,229,097</u>	<u>\$ 4,622,634</u>

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2009

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets			Component Unit Community Housing & Resources, Inc.
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
						Governmental Activities	Business-type Activities		
Primary government:									
Governmental activities:									
General government	\$ 4,155,443	\$ (2,967,518)	\$ 1,482,245	\$ 7,500	\$ -	\$ 301,820		\$ 301,820	
Public safety	4,478,420	996,750	810,180	1,173,483	-	(3,491,507)		(3,491,507)	
Physical environment	1,275,040	5,789	208,295	750,712	-	(321,822)		(321,822)	
Transportation	3,536,552	420,036	6,192	-	164,780	(3,785,616)		(3,785,616)	
Economic environment	296,234	18,405	418	-	43,260	(270,961)		(270,961)	
Human services	1,000	-	-	-	-	(1,000)		(1,000)	
Culture/Recreation	3,340,709	530,874	490,833	84,468	40,415	(3,255,867)		(3,255,867)	
Interest on long-term debt	635,752	-	-	-	-	(635,752)		(635,752)	
Total governmental activities	17,719,150	(995,664)	2,998,163	2,016,163	248,455	(11,460,705)		(11,460,705)	
Business-type activities:									
Sewer	7,346,946	517,331	5,694,967	-	1,912,990	-	\$ (256,320)	(256,320)	
Beach Parking	1,601,249	478,333	1,380,026	1,347,248	-	-	647,692	647,692	
Total business-type activities	8,948,195	995,664	7,074,993	1,347,248	1,912,990	-	391,372	391,372	
Total primary government	\$ 26,667,345	\$ -	\$ 10,073,156	\$ 3,363,411	\$ 2,161,445	(11,460,705)	391,372	(11,069,333)	
Component unit:									
Community Housing & Resources, Inc.	\$ 1,078,147	\$ -	\$ 458,398	\$ 690,374	\$ -				\$ 70,625
General revenues:									
Property taxes, levied for general purpose						10,175,612	-	10,175,612	-
Property taxes, levied for debt service						737,735	1,244,143	1,981,878	-
Gas taxes						1,480,460	-	1,480,460	-
Local business taxes						293,393	-	293,393	-
Communications taxes						529,114	-	529,114	-
Casualty insurance premium tax						57,459	-	57,459	-
Intergovernmental revenues, not restricted to specific programs						676,646	-	676,646	-
Investment earnings (loss)						(15,420)	302,901	287,481	4,974
Miscellaneous						258,107	-	258,107	43,884
Total general revenues						14,193,106	1,547,044	15,740,150	48,858
Change in net assets						2,732,401	1,938,416	4,670,817	119,483
Net assets - beginning of year									
As originally reported						56,976,809	29,581,471	86,558,280	4,635,103
Adjustment						-	-	-	(131,952)
Net assets - beginning of year						56,976,809	29,581,471	86,558,280	4,503,151
Net assets - end of year						\$ 59,709,210	\$ 31,519,887	\$ 91,229,097	\$ 4,622,634

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2009

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 15,681,008	\$ 7,139,889	\$ 22,820,897
Investments	4,022	-	4,022
Accounts receivable	95,494	141,599	237,093
Due from other funds	2,497,590	-	2,497,590
Due from other governments	450,702	228,326	679,028
Inventories	6,410	-	6,410
Total assets	<u>\$ 18,735,226</u>	<u>\$ 7,509,814</u>	<u>\$ 26,245,040</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 149,479	\$ 265,228	\$ 414,707
Retainages payable	-	55,378	55,378
Due to other funds	-	3,479	3,479
Deposits	11,683	400	12,083
Accrued liabilities	327,653	67,855	395,508
Unearned revenue	2,606	456,843	459,449
Total liabilities	<u>491,421</u>	<u>849,183</u>	<u>1,340,604</u>
Fund balances:			
Reserved for:			
Inventories	6,410	-	6,410
Debt service	-	534,083	534,083
Long-term loans to other funds	2,100,000	-	2,100,000
Unreserved, reported in:			
General fund	16,137,395	-	16,137,395
Special revenue funds	-	2,615,240	2,615,240
Capital project funds	-	3,511,308	3,511,308
Total fund balances	<u>18,243,805</u>	<u>6,660,631</u>	<u>24,904,436</u>
Total liabilities and fund balances	<u>\$ 18,735,226</u>	<u>\$ 7,509,814</u>	<u>\$ 26,245,040</u>

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
September 30, 2009

Fund balance totals: \$ 24,904,436

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 48,894,394

Unamortized bond issue costs and underwriter's discounts are not current financial resources and, therefore, are not reported in the funds. 196,970

Net pension asset resulting from over-funding of the general and police pension plans is not reported in the funds. 303,376

Debt interest payable that will not be liquidated with current financial resources, is not reported in the funds. (191,753)

Revenues that are not received by year-end, or within the "availability" period are deferred in the governmental funds balance sheets, but recognized in the statement of activities. 216,413

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	\$ (13,996,583)	
Capital leases payable	(80,169)	
Compensated absences	(537,874)	<u>(14,614,626)</u>

Net assets of governmental activities \$ 59,709,210

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2009

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes			
Property	\$ 10,175,612	\$ 737,735	\$ 10,913,347
Gas	1,480,460	-	1,480,460
Casualty insurance premium	57,459	-	57,459
Local business	-	293,393	293,393
Communications services	529,114	-	529,114
Licenses and permits	11,107	1,652,780	1,663,887
Intergovernmental revenues	2,022,095	809,539	2,831,634
Charges for services	1,716,623	496,768	2,213,391
Fines and forfeitures	69,968	32,658	102,626
Other revenue	125,211	289,887	415,098
Total revenues	<u>16,187,649</u>	<u>4,312,760</u>	<u>20,500,409</u>
EXPENDITURES			
Current			
General government	4,032,820	24,479	4,057,299
Public safety	3,793,268	560,160	4,353,428
Physical environment	484,173	730,797	1,214,970
Transportation	1,880,654	1,114,372	2,995,026
Economic environment	-	296,234	296,234
Human services	-	1,000	1,000
Culture/Recreation	731,456	1,922,975	2,654,431
Debt service			
Principal retirement	-	720,742	720,742
Interest and fiscal charges	-	635,498	635,498
Capital outlay	57,434	524,063	581,497
Total expenditures	<u>10,979,805</u>	<u>6,530,320</u>	<u>17,510,125</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,207,844</u>	<u>(2,217,560)</u>	<u>2,990,284</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	402,993	3,996,075	4,399,068
Transfers out	<u>(2,480,093)</u>	<u>(1,918,975)</u>	<u>(4,399,068)</u>
Total other financing sources (uses)	<u>(2,077,100)</u>	<u>2,077,100</u>	<u>-</u>
Net change in fund balances	3,130,744	(140,460)	2,990,284
Fund balances, beginning of year	<u>15,113,061</u>	<u>6,801,091</u>	<u>21,914,152</u>
Fund balances, end of year	<u>\$ 18,243,805</u>	<u>\$ 6,660,631</u>	<u>\$ 24,904,436</u>

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2009

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

Net change in fund balances - total governmental funds	\$	2,990,284
<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 depreciation exceeded capital outlay in the current period.</p>		
Capital Outlay	\$	581,497
Depreciation		(966,993)
		(1,548,490)
<p>Net effect of various miscellaneous transactions involving capital assets (i.e. disposals, transfers, donations) which decrease net assets</p>		
		(49,263)
<p>Issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.</p>		
Principal debt payments		720,742
<p>Bond issuance costs are reported in the governmental funds as expenditures. However, in the Statement of Activities, these costs are allocated over the life of the debt as amortization expense.</p>		
		(8,332)
<p>In the statement of activities, certain operating expenses-compensated absences (sick pay and vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount represents the increase in the accrual of compensated absences from 9/30/08 to 9/30/09.</p>		
		(32,116)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but are instead deferred. This item represents the change caused by the "available" revenue recognition criteria.</p>		
		(41,227)
<p>Pension contributions were more than annual pension cost and therefore increased the net pension asset on the statement of net assets.</p>		
		111,225
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The decrease in interest reported in the statement of activities is the result of accruing less interest at 9/30/09 than at 9/30/08.</p>		
		8,081
		8,081
Change in net assets of governmental activities	\$	2,732,401

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2009

	<u>Business-type activities - Enterprise Funds</u>		
	<u>Sanibel Sewer System</u>	<u>Beach Parking</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 3,887,189	\$ 7,665	\$ 3,894,854
Receivables	258,366	3,178	261,544
Restricted assessments receivable	907,866	-	907,866
Due from other governments	-	705,594	705,594
Total current assets	<u>5,053,421</u>	<u>716,437</u>	<u>5,769,858</u>
Noncurrent assets			
Restricted assets:			
Cash and cash equivalents	1,426,073	-	1,426,073
Investments	626,684	-	626,684
Assessments receivable	9,711,663	-	9,711,663
Total noncurrent restricted assets	<u>11,764,420</u>	<u>-</u>	<u>11,764,420</u>
Unamortized bond issue costs	<u>117,715</u>	<u>-</u>	<u>117,715</u>
Capital assets			
Land	1,459,259	389,218	1,848,477
Buildings	1,420,934	301,925	1,722,859
Improvements other than buildings	-	1,242,669	1,242,669
Vehicles and equipment	1,987,136	642,052	2,629,188
Infrastructure	68,609,363	-	68,609,363
Construction in progress	-	23,530	23,530
Less accumulated depreciation	<u>(18,980,182)</u>	<u>(781,833)</u>	<u>(19,762,015)</u>
Total capital assets, net	<u>54,496,510</u>	<u>1,817,561</u>	<u>56,314,071</u>
Total noncurrent assets	<u>66,378,645</u>	<u>1,817,561</u>	<u>68,196,206</u>
Total assets	<u>\$ 71,432,066</u>	<u>\$ 2,533,998</u>	<u>\$ 73,966,064</u>

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2009

	<u>Business-type activities - Enterprise Funds</u>		
	<u>Sanibel Sewer System</u>	<u>Beach Parking</u>	<u>Total</u>
LIABILITIES			
Current liabilities			
Account payable and other current liabilities	\$ 166,072	\$ 75,575	\$ 241,647
Accrued payroll	57,468	43,193	100,661
Retainages payable	3,007	-	3,007
Due to other funds	350,000	10,782	360,782
Compensated absences	62,940	25,404	88,344
Accrued interest payable	275,142	-	275,142
Debt:			
Revenue bonds	264,073	-	264,073
Notes	2,192,590	-	2,192,590
Total debt	<u>2,456,663</u>	<u>-</u>	<u>2,456,663</u>
Total current liabilities	<u>3,371,292</u>	<u>154,954</u>	<u>3,526,246</u>
Noncurrent liabilities			
Due to other funds	2,100,000	-	2,100,000
Debt:			
Revenue bonds	3,520,047	-	3,520,047
Notes	33,299,884	-	33,299,884
Total debt	<u>36,819,931</u>	<u>-</u>	<u>36,819,931</u>
Total noncurrent liabilities	<u>38,919,931</u>	<u>-</u>	<u>38,919,931</u>
Total liabilities	<u>42,291,223</u>	<u>154,954</u>	<u>42,446,177</u>
NET ASSETS			
Invested in capital assets, net of related debt	15,219,916	1,817,561	17,037,477
Restricted for:			
Debt service	12,472,286	-	12,472,286
Renewal and replacement	200,000	-	200,000
Unrestricted	1,248,641	561,483	1,810,124
Total net assets	<u>\$ 29,140,843</u>	<u>\$ 2,379,044</u>	<u>\$ 31,519,887</u>

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2009

	<u>Business-type activities - Enterprise Funds</u>		
	<u>Sanibel Sewer System</u>	<u>Beach Parking</u>	<u>Total</u>
OPERATING REVENUE			
Licenses and permits	\$ -	\$ 92,763	\$ 92,763
Charges for services	5,620,158	1,176,435	6,796,593
Fines and forfeitures	24,168	110,828	134,996
Miscellaneous	50,641	-	50,641
Total operating revenue	<u>5,694,967</u>	<u>1,380,026</u>	<u>7,074,993</u>
OPERATING EXPENSES			
Personal services	1,332,452	891,777	2,224,229
Contractual services, materials & supplies	699,190	358,683	1,057,873
Utilities	344,860	43,753	388,613
Depreciation	2,473,776	127,739	2,601,515
Insurance	8,785	21,270	30,055
Administrative charges	648,622	526,167	1,174,789
Repairs and maintenance	863,717	110,193	973,910
Total operating expenses	<u>6,371,402</u>	<u>2,079,582</u>	<u>8,450,984</u>
Operating loss	<u>(676,435)</u>	<u>(699,556)</u>	<u>(1,375,991)</u>
NON-OPERATING REVENUE (EXPENSE)			
Taxes	1,244,143	-	1,244,143
Investment earnings (loss)	(43,772)	997	(42,775)
Special assessment interest income	345,676	-	345,676
Intergovernmental	-	1,347,248	1,347,248
Interest expense and fiscal charges	(1,492,875)	-	(1,492,875)
Total non-operating revenue (expenses)	<u>53,172</u>	<u>1,348,245</u>	<u>1,401,417</u>
Increase (Decrease) in net assets before contributions and transfers	(623,263)	648,689	25,426
CAPITAL CONTRIBUTIONS	1,912,990	-	1,912,990
Change in net assets	<u>1,289,727</u>	<u>648,689</u>	<u>1,938,416</u>
Total net assets, beginning of year	<u>27,851,116</u>	<u>1,730,355</u>	<u>29,581,471</u>
Total net assets, end of year	<u>\$ 29,140,843</u>	<u>\$ 2,379,044</u>	<u>\$ 31,519,887</u>

See Accompanying Notes.

THIS PAGE LEFT BLANK INTENTIONALLY



CITY OF SANIBEL, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2009

	Sanibel Sewer System	Beach Parking	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 5,682,898	\$ 1,380,026	\$ 7,062,924
Cash payments to suppliers for goods and services	(2,589,654)	(1,069,230)	(3,658,884)
Cash payments to employees for services	<u>(1,304,546)</u>	<u>(895,307)</u>	<u>(2,199,853)</u>
Net cash provided (used) by operating activities	<u>1,788,698</u>	<u>(584,511)</u>	<u>1,204,187</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from/to other funds, net	(350,000)	(289,685)	(639,685)
Subsidy from intergovernmental grants	<u>-</u>	<u>1,331,592</u>	<u>1,331,592</u>
Net cash provided (used) by noncapital financing activities	<u>(350,000)</u>	<u>1,041,907</u>	<u>691,907</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Collection of taxes for bond debt service	1,244,143	-	1,244,143
Capital contributions	470,333	-	470,333
Collection of special assessments	870,474	-	870,474
Acquisition/construction of capital assets	(148,539)	(452,267)	(600,806)
Principal paid on capital debt	(8,304,772)	-	(8,304,772)
Interest paid on capital debt	<u>(1,562,339)</u>	<u>-</u>	<u>(1,562,339)</u>
Net cash used by capital and related financing activities	<u>(7,430,700)</u>	<u>(452,267)</u>	<u>(7,882,967)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments purchased	(563,565)	-	(563,565)
Proceeds from maturity of investments	5,122,402	-	5,122,402
Interest and investment earnings	<u>361,722</u>	<u>997</u>	<u>362,719</u>
Net cash provided by investing activities	<u>4,920,559</u>	<u>997</u>	<u>4,921,556</u>
Net increase (decrease) in cash and cash equivalents	(1,071,443)	6,126	(1,065,317)
Cash and equivalents, beginning of year	<u>6,384,705</u>	<u>1,539</u>	<u>6,386,244</u>
Cash and equivalents, end of year	<u>\$ 5,313,262</u>	<u>\$ 7,665</u>	<u>\$ 5,320,927</u>

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF CASH FLOWS *(Continued)*
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2009

	Sanibel Sewer System	Beach Parking	Total
Reconciliation of operating loss to net cash provided (used) by operating activities			
Operating loss	\$ (676,435)	\$ (699,556)	\$ (1,375,991)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities			
Depreciation	2,473,776	127,739	2,601,515
Net (increase) decrease in assets:			
Accounts receivables	(12,069)	-	(12,069)
Net increase (decrease) in liabilities:			
Accounts payable	(24,480)	(9,164)	(33,644)
Accrued payroll and compensated absences	27,906	(3,530)	24,376
Net cash provided (used) by operating activities	<u>\$ 1,788,698</u>	<u>\$ (584,511)</u>	<u>\$ 1,204,187</u>
 Noncash investing, capital, and financing activities:			
Amortization of bond issuance costs, discount, and accounting loss	\$ 30,944		
Decrease in fair value of investments	(59,818)		

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
September 30, 2009

	Other Post- Employment Benefits Trust	Pension Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents	<u>\$ 142,407</u>	<u>\$ 482,852</u>	<u>\$ 26,246</u>
Investments, at market value			
Corporate stocks	-	5,164,113	-
Corporate bonds & government obligations	-	3,741,082	-
Mutual funds:			
Equity and equity index	-	1,951,621	-
Pooled/Common/Commingled Funds:			
Equity	-	2,837,370	-
Fixed Income	-	2,662,441	-
Real Estate	-	<u>722,029</u>	-
Total investments at fair value	<u>-</u>	<u>17,078,656</u>	<u>-</u>
Receivables - interest and dividends	<u>-</u>	<u>49,625</u>	<u>-</u>
Prepays	<u>-</u>	<u>467</u>	<u>-</u>
Total assets	<u>142,407</u>	<u>17,611,600</u>	<u>26,246</u>
LIABILITIES			
Accrued benefits and other liabilities	-	329,083	-
Due to other funds	33,328	-	-
Due to other governments	<u>-</u>	<u>-</u>	<u>26,246</u>
Total liabilities	<u>33,328</u>	<u>329,083</u>	<u>\$ 26,246</u>
NET ASSETS			
Held in trust for OPEB and pension benefits	<u>\$ 109,079</u>	<u>\$ 17,282,517</u>	

See Accompanying Notes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Fiscal Year Ended September 30, 2009

	<u>Other Post- Employment Benefits Trust</u>	<u>Pension Trust Funds</u>
ADDITIONS		
Contributions		
Employer	\$ 70,235	\$ 1,479,248
State of Florida	-	57,459
Plan members	-	376,444
	<u>70,235</u>	<u>1,913,151</u>
 Total contributions	 <u>70,235</u>	 <u>1,913,151</u>
 Investment income		
Net depreciation in fair value of investments	-	(756,298)
Interest and dividends	7	375,727
Total investment earnings (losses)	<u>7</u>	<u>(380,571)</u>
 Less investment expense	 <u>-</u>	 <u>(133,322)</u>
 Net investment earnings (loss)	 <u>7</u>	 <u>(513,893)</u>
 Total additions	 <u>70,242</u>	 <u>1,399,258</u>
DEDUCTIONS		
Benefits paid	33,328	1,291,131
Refunds of contributions	-	54,081
Administrative expenses	8,295	74,729
	<u>41,623</u>	<u>1,419,941</u>
 Total deductions	 <u>41,623</u>	 <u>1,419,941</u>
 Change in net assets	 28,619	 (20,683)
 Net assets held in trust for OPEB and pension benefits		
Net assets - beginning of year	<u>80,460</u>	<u>17,303,200</u>
Net assets - end of year	<u>\$ 109,079</u>	<u>\$ 17,282,517</u>

See Accompanying Notes.

THIS PAGE LEFT BLANK INTENTIONALLY



CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

	<u>Page</u>
Note 1. Summary of Significant Accounting Polices.....	36
Note 2. Stewardship, Compliance and Accountability.....	45
Note 3. Deposits and Investments.....	47
Note 4. Accounts Receivable.....	53
Note 5. Deferred Revenues.....	54
Note 6. Accounts Payable and Other Accrued Liabilities.....	55
Note 7. Interfund Receivables, Payables and Transfers.....	55
Note 8. Intergovernmental Revenues.....	57
Note 9. Capital Assets.....	58
Note 10. Capital Lease.....	60
Note 11. Long-term Debt.....	61
Note 12. Risk Management.....	65
Note 13. Restricted Assets.....	65
Note 14. Defined Benefit Pension Plans and Other Post Employment Benefits.....	66
Note 15. Miscellaneous Revenues.....	78
Note 16. Prior Period Adjustment.....	78
Note 17. Commitments and Contingencies.....	78

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

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

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

▪ **Discretely-Presented Component Unit**

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

Community Housing and Resources, Inc. (CHR) is a legally separate organization with its own board that is not selected by the City Council. CHR provides services almost entirely to the citizens of the City of Sanibel. CHR is fiscally dependent upon the City in that there is a

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 1. Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Concluded)

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

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. CHR has issued separate financial statements for the year ended September 30, 2009, which may be obtained at the entity's administrative offices located at 2401 Library Way, Sanibel, Florida, 33957.

B. Government-Wide and Fund Financial Statements

The City has adopted the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. The basic financial statements consist of the government-wide financial statements and fund financial statements. The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements so as not to distort financial results. Fiduciary funds are excluded from the government-wide financial statements since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Separate financial statements (fund financial statements) are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The City's fiduciary funds are presented in the fund financial statements by type (pension/OPEB trust and agency funds) but as noted above are not included in the government-wide statements.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 1. Summary of Significant Accounting Policies (Continued)

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

The City reports the following major funds:

▪ **Governmental Funds**

- **General Fund** – the General Fund is the City’s primary operating fund, and is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The majority of current operating expenditures of the City, other than proprietary fund activities, are financed through revenues received by the general fund.

▪ **Proprietary Funds**

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

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

- **Special Revenue Funds** – to account for 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 major repairs, capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those accounted for in the proprietary funds.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

- **Pension Trust Funds** – to account for resources used to finance the City’s retirement programs. These funds are accounted for in the same manner as proprietary fund types. The City has two pension trust funds which accumulate resources to provide retirement benefits to City employees. The two pension trust funds are the Municipal Police Officers’ Pension Trust Fund and the General Employees’ Pension Trust Fund.
- **Other Post Employment Benefits Trust Fund** – to account for the future liability of implicit rate subsidy costs for medical/prescription/dental coverage available to retirees and their dependents. For additional information please see Note 14.C.
- **Agency Funds** – to account for fees collected and held by the City as an agent for individuals, private organizations and other governmental agencies (state, county, school board, and other local agencies).

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

The City has elected not to apply all Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, as permitted by GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Fund and Other Governmental Entities That Use Proprietary Fund Accounting*.

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

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

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 1. Summary of Significant Accounting Policies (Continued)

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

capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Cash and Cash Equivalents and Investments.

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

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

Investments are primarily in the Florida State Board Administration's (SBA) Fund B Surplus Funds Trust Fund with a maturity greater than three months and are carried at fair value. In addition, investments in the City's pension funds include U.S. Government securities, corporate bonds, equity securities, comingled real estate fund and mutual funds. All investments are reported at fair value using quoted market prices or the best estimate available. The difference between cost and fair value of investments held is recorded as net unrealized gains or losses and is included in net investment earnings.

E. Interfund Receivables and Payables

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

F. Inventories

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 1. Summary of Significant Accounting Policies (Continued)

G. Prepaid Items

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

H. Restricted Assets

Certain proceeds of the City's bonds and notes (both governmental and proprietary funds), as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets 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. The renewal and replacement funds are used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. The City would typically use restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use thereof to a future project or replacement equipment acquisition. .

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, bike paths, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at an estimated fair market value at the date of donation.

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

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

<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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 1. Summary of Significant Accounting Policies (Continued)

J. Compensated Absences

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

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

K. Long-Term Obligations

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

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

L. Unamortized Losses

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

M. Utility Connection (Impact) Fees

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 1. Summary of Significant Accounting Policies (Concluded)

N. Special Assessments

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

O. Deferred Revenue

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

P. Intragovernmental Allocation of Administrative Expenses

The General Fund incurs certain administrative expenses for other funds, including accounting, legal, data processing, personnel administration, and other services. The governmental activities that received these services were charged \$1,971,854 and the enterprise funds that received these services were charged \$995,664. Fiscal year 2009 administrative expenses not directly charged to a fund are allocated as indirect expenses on the Statement of Activities.

Q. Fund Equity

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

R. Net Assets

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

Balance of page left blank intentionally

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 2. Stewardship, Compliance and Accountability

A. Budgets - Legal Compliance

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

<u>FUND TYPE and NAME</u>	<u>REASON</u>
<i>Special Revenue Fund</i>	
Flexible Spending Account	No expenditures were planned for the year
Vehicle Weight Permits	No expenditures were planned for the year
Historical Committee	No expenditures were planned for the year
Tropical Storm Fay	No expenditures were planned for the year
Federal Forfeiture Fund	No expenditures were planned for the year
<i>Capital Project Funds</i>	
Beach Road Repaving	No expenditures were planned for the year
Shell Harbor Canal Dredging	No expenditures were planned for the year

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

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

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

The level of control whereby expenditures cannot exceed appropriations is at the fund level. During the fiscal year ended September 30, 2009, various supplemental appropriations were approved by City Council in accordance with this policy.

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2009

Note 2. Stewardship, Compliance and Accountability (Concluded)

B. Excess of Expenditures over Appropriations

For the year ended September 30, 2009, expenditures exceeded fund appropriations (the legal level of budgetary control) in the following funds:

Governmental activities:

Below Market Rate Housing	\$ (858)
Recreation Center Capital Project	(4)

Over-budget expenditures in the Below Market Rate Housing and Recreation Center Capital Project funds were funded by available 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. Key dates in the property tax cycle (latest date, where appropriate) are as follows:

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

The City is, in general, permitted by the State to levy property taxes up to \$10 per \$1,000 of assessed valuation for general governmental services. The tax rates for the year ended September 30, 2009 for the general governmental operations and voted debt service for the sewer expansion project, the 2002 Series General Obligation Bond used to purchase environmentally sensitive land, and the 2006 Series General Obligation Bond used to construct a recreational facility were 2.1561, 0.2636, 0.0483, and .01080, respectively, per \$1,000 of assessed property valuation.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 3. Deposits and Investments

A. Deposits

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

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

At September 30, 2009, the carrying amount of cash on hand and on deposit with banks, including interest-bearing deposits, was \$23,221,964.

B. Investments

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

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.

Balance of page left blank intentionally

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 3. Deposits and Investments (Continued)

B. Investments (Continued)

Following is a summary of the City's investments at September 30, 2009 excluding investments in the City's pension funds:

Investment Type	Percent of Portfolio	Fair Value	Investment Maturities			
			Less Than 6 Months	6-12 Months	1-3 Years	Over 3 Years
GNMA	0.07%	4,022	-	-	-	4,022
*FHLMC	0.20%	11,335	-	-	11,335	-
SBA Florida PRIME	89.01%	5,106,660	5,106,660	-	-	-
SBA Fund B	10.72%	615,349	-	-	-	615,349
		<u>\$ 5,737,366</u>	<u>\$ 5,106,660</u>	<u>\$ -</u>	<u>\$ 11,335</u>	<u>\$ 619,371</u>

*The FHLMC investment has a "no rating" (NR) by Standard's & Poor and Moody's. Original investment of \$595,000 was made in 1993. Balance remaining to be redeemed as of September 30, 2009 is \$11,335.

The Florida State Board of Administration's (SBA) Florida PRIME formerly known as the Local Government Surplus Funds Trust Fund Investment Pool (SBA LGIP) meets the criteria of a Rule 2a-7 like pool and the investments are valued using the account balance which is stated at amortized cost. Rule 2a-7 is the rule that permits money market funds to use amortized cost to maintain a constant net asset value (NAV) of \$1.00 per share. The weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2009, was 33 days.

The SBA Fund B is accounted for as a fluctuating net asset value (NAV) pool. The fair value factor for Fund B for September 30, 2009 was .54915069. The weighted average life (WAL) of Fund B at September 30, 2009 was 6.69 years. However, because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding the weighted average life. Fund B has not participated in a securities lending program in the fiscal year ending September 30, 2009.

The Local Government Surplus Funds Trust Fund Investment Pools are administered by the State Board of Administration under the regulatory oversight of the State of Florida, Chapter 19-7 of the Florida Administrative Code.

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

Credit Risk. The City's policy requires limiting investments to the safest types of securities and diversifying the investment portfolio so that potential losses on individual securities will be minimized. The City's investment in the SBA Florida PRIME investment pool was rated AAAM by Standard and Poor's as of September 30, 2009. SBA Fund B is not rated by any nationally recognized statistical rating agency.

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 3. Deposits and Investments (Continued)

B. Investments (Concluded)

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

As of September 30, 2009, the City's investment portfolio was held with a third-party custodian as required by the City's investment policy.

C. Pension Trust Funds' Deposits and Investments

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

a. Cash and Cash Equivalents

At September 30, 2009, the carrying amount of the Pension Funds' cash and cash equivalents was \$482,852. Cash consists of \$18,147 deposited in the City's pool cash account which is maintained in a qualified public depository in accordance with Chapter 280 of the Florida Statutes. Cash equivalents consist of \$212,154 placed with Federated Prime Value Obligations, a "AAA" rated money market fund; \$62,513 placed with Federated Treasury Obligations, a "AAA" rated money market fund, and \$190,038 placed with SunTrust Money Market Fund, an unrated fund.

b. Investment Portfolio

Each Board of Trustees of the City's Pension Funds adopted a comprehensive investment policy, pursuant to Florida Statutes Section 112.661, that established permitted investments, asset allocation limits, issuer limits, credit rating requirements, and maturity limits to protect the Pension Funds' cash and investment assets. As of September 30, 2009, the City's Pension Funds had the following investment types:

General Employees' Pension Deposits and Investments			Maturities		
Type	Percent of Portfolio	Fair Value	Less Than 1 Year	1-5 Years	Over 5 Years
Cash Equivalents:					
Money Market Funds	2.77%	\$ 274,667	\$ 274,667	\$ -	\$ -
Investments:					
Equities	52.16%	5,164,113	5,164,113	-	-
Government Obligations	11.72%	1,160,436	46,378	901,424	212,634
Corporate Bonds	26.06%	2,580,646	79,891	1,323,258	1,177,497
Real Estate Core Fund	7.29%	722,029	-	722,029	-
		<u>\$ 9,901,891</u>	<u>\$ 5,565,049</u>	<u>\$ 2,946,711</u>	<u>\$ 1,390,131</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 3. Deposits and Investments (Continued)

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

Municipal Police Officers' Pension Deposits and Investments			Maturities		
Type	Percent of Portfolio	Fair Value	Less Than 6 Months	6-12 Months	Over 3 Years
Cash Equivalents:					
Money Market Funds	2.49%	\$ 190,038	\$ 190,038	\$ -	\$ -
Investments:					
Equity and Equity Index Funds	25.54%	1,951,621	1,951,621	-	-
Equity Mutual Funds	37.13%	2,837,370	2,837,370	-	-
Fixed Income Funds	34.84%	2,662,441	2,662,441	-	-
		<u>\$ 7,641,470</u>	<u>\$ 7,641,470</u>	<u>\$ -</u>	<u>\$ -</u>

c. Credit Risk

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

Equity Securities

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

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

Fixed Income Securities

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

The General Employees' Pension Trust corporate bond holdings of \$2,580,646 in Richmond Capital were rated AAA to BAA by Barclay with an average quality rating of AA.

d. Custodial Credit Risk

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

As of September 30, 2009, the General Employees' Pension Trust Fund equity investments were held with a third-party custodian as required by Florida Statutes. Its investments in the external investment pools and in mutual funds are not exposed to custodial credit risks because their existence is not evidenced by securities that exist in physical or book entry form.

As of September 30, 2009, the Municipal Police Officers' Pension Trust Fund investments in mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. Its investments in equity and equity index funds, equity mutual funds and fixed income funds securities are uninsured, are not registered in the name of the government, and are held by the counterparty.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 3. Deposits and Investments (Continued)

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

e. Concentration of Credit Risk

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

Equity Securities

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

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

Fixed Income Securities

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

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

See Note 14 for details of the Pension Funds concentration of investments at September 30, 2009.

f. Foreign Currency Risk

As of September 30, 2009, \$529,970 of the Police Officers' Pension Fund's \$1,951,621 Equity and Equity Index Fund was invested in the Ridgeworth International Equity Index Fund.

Balance of page left blank intentionally

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 3. Deposits and Investments (Continued)

D. Additional Information

As of September 30, 2009 the City had the following deposits and investments:

CASH AND CASH EQUIVALENTS AND INVESTMENTS	
Type	Fair Value
US Govt Agency Securities	\$ 15,357
Pension Investments	17,078,656
SBA Fund B	615,349
Total Investments	17,709,362
PLUS Deposits:	
Checking Accounts	23,220,779
SBA Florida PRIME	5,106,660
Pension Money Market Funds	464,705
Total Deposits	28,792,144
TOTAL Deposits and Investments	46,501,506
Plus: Cash on Hand	1,185
TOTAL: Cash and Cash Equivalents and Investments	\$ 46,502,691

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

	Current		Restricted		TOTAL
	Cash & Equivalents	Investments	Cash & Equivalents	Investments	Cash & Investments
GOVERNMENTAL ACTIVITIES					
General	\$ 15,244,214	\$ 4,022	\$ 436,794	\$ -	\$ 15,685,030
Other Gov't Funds	7,139,889	-	-	-	7,139,889
Total Governmental	22,384,103	4,022	436,794	-	22,824,919
BUSINESS-TYPE ACTIVITIES					
Sewer System	3,887,189	-	1,426,073	626,684	5,939,946
Beach Parking	7,665	-	-	-	7,665
Total Business-type	3,894,854	-	1,426,073	626,684	5,947,611
FIDUCIARY FUNDS					
OPEB Trust Fund	-	-	142,407	-	142,407
Pension Trust Funds	-	-	482,852	17,078,656	17,561,508
Agency Funds	-	-	26,246	-	26,246
Total Fiduciary	-	-	651,505	17,078,656	17,730,161
TOTAL	\$ 26,278,957	\$ 4,022	\$ 2,514,372	\$ 17,705,340	\$ 46,502,691

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 3. Deposits and Investments (Concluded)

E. Restricted Cash and Investments

Restricted cash and investments represent resources to be restricted for debt service (debt service, debt reserves and rate stabilization) and renewal and replacement as follows:

	Governmental Restricted		Business-Type Restricted	
	Cash &		Cash &	
	Equivalents	Investments	Equivalents	Investments
Debt service	\$ 418,046	\$ -	\$ 926,000	\$ -
Debt reserves	18,748	-	220,073	626,684
Rate stabilization	-	-	80,000	-
Renewal and replacement	-	-	200,000	-
	<u>\$ 436,794</u>	<u>\$ -</u>	<u>\$ 1,426,073</u>	<u>\$ 626,684</u>

Note 4. Accounts Receivable

Accounts receivable reported in the general fund represent miscellaneous receivables for insurance, public works services, restitution, code enforcement violations, false alarm fees and special event services provided by the City. Accounts receivable in the other governmental funds represent uncollected franchise fees, rental income and other miscellaneous receivables. No allowance for uncollectible was needed. Accounts receivable reported in the enterprise funds represent fees for sewer services provided by the City (billed and unbilled). The accounts receivable are net of a \$4,248 allowance for uncollectible accounts.

	Other Governmental		
	General	Funds	Total
GOVERNMENTAL ACTIVITIES			
Accounts receivable	\$ 95,494	\$ 141,599	\$ 237,093
Due from other funds	2,497,590	-	2,497,590
Due from other governments	450,702	228,326	679,028
Total receivables	<u>\$ 3,043,786</u>	<u>\$ 369,925</u>	<u>\$ 3,413,711</u>
	Sanibel Sewer System	Beach Parking Fund	Total
BUSINESS-TYPE ACTIVITIES			
Unrestricted			
Accounts receivable	\$ 258,366	\$ 3,178	\$ 261,544
Due from other governments	-	705,594	705,594
Total unrestricted	<u>258,366</u>	<u>708,772</u>	<u>967,138</u>
Restricted			
Assessments receivable	10,619,529	-	10,619,529
Total net receivables	<u>\$ 10,877,895</u>	<u>\$ 708,772</u>	<u>\$ 11,586,667</u>

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2009

Note 4. Accounts Receivable (Concluded)

\$2,464,262 of the due from other funds receivable in the General Fund was eliminated in the conversion from the governmental funds balance sheet to the government-wide statement of net assets. The receivable due from the OPEB Fiduciary Fund in the amount of \$33,328 is part of the accounts receivable on the governmental activities statement of net assets. Fiduciary funds are not included in the government-wide statements.

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

Note 5. Deferred Revenues

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds and business-type funds also defer revenue recognition in connection with resources that have been received, but not yet earned (unearned). As of September 30, 2009, the business-type funds did not have any deferred revenues; the various components of deferred revenue reported in the governmental funds were as follows:

Deferred Revenue		
<u>Governmental Funds:</u>	<u>Unavailable</u>	<u>Unearned</u>
Receivables earned but not available:		
Grant reimbursement for Algae Research expenditures	\$ 60,378	\$ -
Interlocal expense share reimbursement	142,112	-
Paving assessments	6,192	-
Franchise Fees	7,731	-
Unearned revenues:		
Prepaid weight permits	-	2,606
Prepaid business tax receipts	-	215,454
Prepaid contractor license renewals	-	4,730
Donations for FY2010 after school financial assistance program	-	20,246
Total deferred revenue for governmental funds	\$ 216,413	\$ 243,036

Balance of page left blank intentionally

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 6. Accounts Payable and Other Accrued Liabilities

	Other Governmental		Total
	General	Funds	
GOVERNMENTAL ACTIVITIES			
Accounts and retainages payable	\$ 149,479	\$ 320,606	\$ 470,085
Due to other funds	-	3,479	3,479
Deposits	11,683	400	12,083
Accrued liabilities	<u>327,653</u>	<u>67,855</u>	<u>395,508</u>
Total	<u>\$ 488,815</u>	<u>\$ 392,340</u>	<u>\$ 881,155</u>
Sanibel			
	Sewer System	Beach Parking	Total
BUSINESS-TYPE ACTIVITIES			
Accounts and retainages payable	\$ 169,079	\$ 75,575	\$ 244,654
Accrued liabilities	57,468	43,193	100,661
Due to other funds	<u>2,450,000</u>	<u>10,782</u>	<u>2,460,782</u>
Total	<u>\$ 2,676,547</u>	<u>\$ 129,550</u>	<u>\$ 2,806,097</u>

The due to other funds of \$3,479 in the Other Governmental Funds and \$2,460,782 in the Business-Type Activities were eliminated in the conversion from governmental funds balance sheet and proprietary funds statement of net assets to the government-wide statement of net assets.

Note 7. Interfund Receivables, Payables and Transfers

The following schedule as of September 30, 2009, represents interfund receivables and payables in the fund financial statements:

Receivable Fund	Payable Fund	Purpose for Balance	Amount
General	Vehicle Weigh Station	Awaiting collection of receivables	\$ 2,859
General	Beach Road Paving Special Assessment	Awaiting final assessment payment	620
General	Sanibel Sewer System	City's support of the sewer system primarily related to effluent disposal/reuse as required by regulatory agencies. Funds are not anticipated to be collected within the the next fiscal year.	2,450,000
General	Beach Parking Fund	Awaiting collection of receivables	10,782
General	OPEB Trust Fund	Amount due to City for FY 2009 implicit rate subsidy	<u>33,328</u>
TOTAL			<u>\$ 2,497,590</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

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

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

Interfund transfers	Transfers In				
	Governmental Funds			Proprietary Funds	Total
	General	Nonmajor Governmental	Total Governmental Funds	Sewer System	Total
General	\$ -	\$ 2,480,093	\$ 2,480,093	\$ -	\$ 2,480,093
Nonmajor Governmental	402,993	1,515,982	1,918,975	-	1,918,975
Total	\$ 402,993	\$ 3,996,075	\$ 4,399,068	\$ -	\$ 4,399,068

Source	Transfer to	Amount	Purpose
General Fund	Special Revenue Fund	\$ 1,524,870	Budgeted Operating Transfer
General Fund	Special Revenue Fund	210,859	Budgeted Operating Transfer
General Fund	Special Revenue Fund	240,000	Budgeted Operating Transfer
General Fund	Debt Service Fund	11,412	Debt Subsidy
General Fund	Capital Projects Fund	8,980	Budgeted Operating Transfer
General Fund	Capital Projects Fund	375,303	Budgeted Operating Transfer
General Fund	Capital Projects Fund	91,178	Budgeted Operating Transfer
General Fund	Capital Projects Fund	12,491	Budgeted Operating Transfer
General Fund	Capital Projects Fund	5,000	Specific Project Funding
Road Impact Fee Fund	Capital Projects Fund	50,000	Road Projects
SEMP Communication Van Fund	General Fund	1,307	Budgeted Operating Transfer
Franchise & Occupational Tax Fund	General Fund	123,000	Budgeted Operating Transfer
Franchise & Occupational Tax Fund	Debt Service Fund	120,000	Debt Subsidy
Franchise & Occupational Tax Fund	Debt Service Fund	182,000	Debt Subsidy
Franchise & Occupational Tax Fund	Debt Service Fund	250,000	Debt Subsidy
Franchise & Occupational Tax Fund	Capital Projects Fund	317,291	Budgeted Operating Transfer
Franchise & Occupational Tax Fund	Capital Projects Fund	543,000	Budgeted Operating Transfer
Franchise & Occupational Tax Fund	Capital Projects Fund	24,894	Budgeted Operating Transfer
Recreation Center Operating Fund	General Fund	4,000	Budgeted Operating Transfer
Capital Project Fund	General Fund	69,756	Budgeted Operating Transfer
Capital Project Fund	General Fund	70,000	Budgeted Operating Transfer
Capital Project Fund	General Fund	17,292	Budgeted Operating Transfer
Capital Project Fund	General Fund	102,301	Budgeted Operating Transfer
Capital Project Fund	General Fund	3,505	Budgeted Operating Transfer
Capital Project Fund	General Fund	11,832	Budgeted Operating Transfer
Capital Project Fund	Special Revenue Fund	28,797	Budgeted Operating Transfer
TOTAL		\$ 4,399,068	

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 8. Intergovernmental Revenues

The following schedule as of September 30, 2009, represents intergovernmental revenues in the government-wide statement of activities:

	General	Other Governmental Funds	Total																												
<u>Governmental activities</u>																															
Operating Grants & Contributions																															
General Government	\$ 7,500	\$ -	\$ 7,500																												
Public Safety	1,173,483	-	1,173,483																												
Physical Environment	124,051	626,661	750,712																												
Culture/Recreation	-	84,468	84,468																												
Capital Grants & Contributions																															
Economic Environment	-	43,260	43,260																												
Transportation	-	164,780	164,780																												
Culture/Recreation	40,415	-	40,415																												
Other Interlocal Agreements	676,646	-	676,646																												
Total	\$ 2,022,095	\$ 919,169	\$ 2,941,264																												
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 45%;"></th> <th style="width: 15%; text-align: center; border-bottom: 1px solid black;">Sanibel Sewer System</th> <th style="width: 15%; text-align: center; border-bottom: 1px solid black;">Beach Parking Fund</th> <th style="width: 25%; text-align: center; border-bottom: 1px solid black;">Total</th> </tr> </thead> <tbody> <tr> <td colspan="4"><u>Business-type activities</u></td> </tr> <tr> <td colspan="4">Operating Grants & Shared Revenues</td> </tr> <tr> <td>Transportation</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ 1,347,248</td> <td style="text-align: right;">\$ 1,347,248</td> </tr> <tr> <td colspan="4">Capital Grants & Contributions</td> </tr> <tr> <td>Physical Environment</td> <td style="text-align: right;">1,912,990</td> <td style="text-align: right;">-</td> <td style="text-align: right;">1,912,990</td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$ 1,912,990</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$ 1,347,248</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$ 3,260,238</td> </tr> </tbody> </table>					Sanibel Sewer System	Beach Parking Fund	Total	<u>Business-type activities</u>				Operating Grants & Shared Revenues				Transportation	\$ -	\$ 1,347,248	\$ 1,347,248	Capital Grants & Contributions				Physical Environment	1,912,990	-	1,912,990	Total	\$ 1,912,990	\$ 1,347,248	\$ 3,260,238
	Sanibel Sewer System	Beach Parking Fund	Total																												
<u>Business-type activities</u>																															
Operating Grants & Shared Revenues																															
Transportation	\$ -	\$ 1,347,248	\$ 1,347,248																												
Capital Grants & Contributions																															
Physical Environment	1,912,990	-	1,912,990																												
Total	\$ 1,912,990	\$ 1,347,248	\$ 3,260,238																												

The intergovernmental revenues of \$809,539 in the Other Governmental Funds statement of revenues, expenditures and changes in fund balance were increased by \$164,780 for impact fees received from other governmental agencies which are reported as other revenues in the governmental fund financial statements and were decreased by \$55,150 for the net change in deferred revenues that did not meet the criteria for revenue availability under the *current financial resources measurement focus* for financial reporting in the governmental fund financial statements.

Balance of page left blank intentionally

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 9. Capital Assets

Capital asset activity for the year ended September 30, 2009 was as follows:

<u>Governmental activities</u>	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 24,841,579	\$ 25,000	\$ (30,117)	\$ 24,836,462
Construction in progress	44,131	-	(44,131)	-
Total capital assets, not being depreciated	<u>24,885,710</u>	<u>25,000</u>	<u>(74,248)</u>	<u>24,836,462</u>
Capital assets, being depreciated:				
Buildings	16,969,066	269,870	-	17,238,936
Improvements other than buildings	4,542,148	11,462	-	4,553,610
Infrastructure	11,527,463	215,462	-	11,742,925
Vehicles and equipment	4,664,331	103,834	(163,124)	4,605,041
Total capital assets, being depreciated	<u>37,703,008</u>	<u>600,628</u>	<u>(163,124)</u>	<u>38,140,512</u>
Less accumulated depreciation for:				
Buildings	(2,568,763)	(598,494)	-	(3,167,257)
Improvements other than buildings	(3,271,305)	(107,054)	-	(3,378,359)
Infrastructure	(4,418,536)	(430,023)	889	(4,847,670)
Vehicles and equipment	(2,419,464)	(412,919)	143,089	(2,689,294)
Total accumulated depreciation	<u>(12,678,068)</u>	<u>(1,548,490)</u>	<u>143,978</u>	<u>(14,082,580)</u>
Total capital assets, being depreciated, net	<u>25,024,940</u>	<u>(947,862)</u>	<u>(19,146)</u>	<u>24,057,932</u>
Governmental activities capital assets, net	<u>\$ 49,910,650</u>	<u>\$ (922,862)</u>	<u>\$ (93,394)</u>	<u>\$ 48,894,394</u>

Noncash transaction:

Exchange of conservation land with the Sanibel-Captiva Conservation Foundation (SCCF)	
Land received	\$25,000
Land traded	(30,117)

Balance of page left blank intentionally

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 9. Capital Assets (Concluded)

<u>Business-type activities</u>	Beginning Balances	Increases	Decreases & Adjustments	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 1,848,477	\$ -	\$ -	\$ 1,848,477
Construction in progress	-	23,530	-	23,530
Total capital assets, not being depreciated	<u>1,848,477</u>	<u>23,530</u>	<u>-</u>	<u>1,872,007</u>
Capital assets, being depreciated:				
Buildings	1,643,103	79,756	-	1,722,859
Improvements other than buildings	974,177	268,492	-	1,242,669
Infrastructure	68,592,269	17,094	-	68,609,363
Vehicles and equipment	2,450,284	182,737	(3,833)	2,629,188
Total capital assets, being depreciated	<u>73,659,833</u>	<u>548,079</u>	<u>(3,833)</u>	<u>74,204,079</u>
Less accumulated depreciation for:				
Buildings	(592,662)	(85,134)	-	(677,796)
Improvements other than buildings	(372,208)	(59,265)	-	(431,473)
Infrastructure	(14,632,728)	(2,304,571)	-	(16,937,299)
Vehicles and equipment	(1,566,735)	(152,545)	3,833	(1,715,447)
Total accumulated depreciation	<u>(17,164,333)</u>	<u>(2,601,515)</u>	<u>3,833</u>	<u>(19,762,015)</u>
Total capital assets, being depreciated, net	<u>56,495,500</u>	<u>(2,053,436)</u>	<u>-</u>	<u>54,442,064</u>
Business-type activities capital assets, net	<u>\$ 58,343,977</u>	<u>\$ (2,029,906)</u>	<u>\$ -</u>	<u>\$ 56,314,071</u>

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

Governmental activities:

General government	\$ 135,624
Public safety	124,992
Physical environment	60,070
Transportation	541,526
Culture/recreation	686,278
Total depreciation expense-governmental activities	<u>\$ 1,548,490</u>

Business-type activities:

Sanibel Sewer System	\$ 2,473,776
Beach Parking	127,739
Total depreciation expense-business-type activities	<u>\$ 2,601,515</u>

Balance of page left blank intentionally

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 10. Capital Lease

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

	Governmental Activities
Asset:	
Machinery and equipment	\$ 88,817
Less: Accumulated depreciation	(13,323)
Total	\$ 75,494

The future minimum lease obligation and the net present value of the minimum lease payments as of September 30, 2009 are as follows:

<u>Total Minimum Lease Payment Year Ending</u>	Governmental Activities
September 30, 2010	\$ 11,365
September 30, 2011	11,365
September 30, 2012	11,365
September 30, 2013	11,365
September 30, 2014	11,365
September 30, 2015 - 2018	45,460
Less: amount representing interest	(22,116)
Present value of minimum lease payments	\$ 80,169

Balance of page left blank intentionally

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 11. Long-term Debt

Governmental activities long-term debt at September 30, 2009, is comprised of the following:

General Obligation Bonds

\$3,825,000 General Obligation Bonds, Series 2002, issued to purchase environmentally sensitive land, have interest payable varying from 2.0% to 4.750% due semiannually on August 1 and February 1, principal payments are due annually on August 1, collateralized with Voted Debt Service Ad Valorem Taxes, final payment is due December 2031. \$ 3,260,000

\$8,350,000 General Obligation Bonds, Series 2006, issued to construct a recreation facility, have interest payable varying from 4.0% to 4.35% due semiannually on August 1 and February 1, principal payments are due annually on August 1, collateralized with Voted Debt Service Ad Valorem Taxes, final payment is due February 2036. 7,875,000

11,135,000

Revenue Bonds Payable

\$3,190,000 - Revenue bonds, Series 1979, issued to purchase park land, collateralized by franchise fees and occupational licenses, annual payments of \$187,477 including interest payable at 5%, final payment is due December 17, 2020. 1,555,151

Notes Payable

\$1,250,000 Promissory Note dated September 1997, issued to purchase park and environmentally sensitive land, collateralized by any legally available non-ad valorem revenue, annual payments of \$120,260 including interest payable at 4.9794%, due September 2012. 327,681

\$1,082,000 note payable to a financial institution, issued to finance construction of below market rate housing units, collateralized by any legally available non-ad valorem revenue, accrued interest payable at 3.348%, due February 2019. 721,334

\$650,000 note payable to a financial institution, issued to finance construction of below market rate housing units, collateralized by any legally available non-ad valorem revenue, monthly payments of \$5,006 including interest payable at 4.21%, due July 2014. 257,417

1,306,432

Capital Leases Payable

\$88,817 capital lease payable to Key Government Finance for a backhoe. The lease is collateralized by the related equipment that was capitalized in the amount of the lease and included as part of the capital assets of the City. The lease requires annual debt service payment of \$11,365 including principal and interest accruing at 5.17% through October 2018. 80,169

Compensated absences payable

537,874

Total Governmental Activities \$ 14,614,626

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 11. Long-term Debt (Continued)

Business-type activities long-term debt at September 30, 2009, is comprised of the following:

Revenue Bonds Payable

\$5,620,000 Sanibel Sewer Utility Revenue Refunding Bonds, Series 2003, issued to realize interest savings and reduce coverage requirements from the 1993 bonds, collateralized by the net revenues of the sewer system, which are serial bonds with interest from 2.0% to 3.9% payable semi-annually, principal payable from 2004 through 2021. \$ 4,030,000

Less:

Unamortized issuance discounts (14,880)
Deferred refunding loss (231,000)
3,784,120

Notes Payable

Disbursements, service fees and capitalized interest for a \$5,886,759 State of Florida revolving loan #83504P, issued to finance the Phase 1 collection system expansion, collateralized by special assessments, ad valorem taxes and the net revenues of the sewer system, accrued interest payable at 3.18%; due February, 2020. 3,548,334

Disbursements, service fees and capitalized interest on the \$14,429,365 State of Florida revolving loan #835080, issued to finance the Phase 2 Plant capacity expansion, collateralized by the net revenues of the sewer system, accrued interest payable at 3.52%; due August, 2022. 10,798,739

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. 3,778,884

Disbursements, service fees and capitalized interest for a \$8,501,591 State of Florida revolving loans #WWG83510 A & L, issued to finance Phase 2C collection system expansion, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 3.11%; due June, 2023. 6,294,021

Disbursements, service fees and capitalized interest for a \$6,274,127 State of Florida revolving loans # WW835511 A & L, issued to finance Phase 3A collection system expansion, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 2.67%, due August, 2023. 4,750,345

Disbursements, service fees and capitalized interest for a \$5,353,820 State of Florida revolving loan # WW83512S, issued to finance Phase 3B collection system expansion, collateralized by voted debt service ad valorem taxes, special assessments and net revenues of the sewer system, accrued interest payable at 3.40% due December, 2026. 6,322,151

35,492,474

Compensated absences payable

Total Business-Type Activities 88,344

\$ 39,364,938

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 11. Long-term Debt (Continued)

Changes in long-term debt for the year ended September 30, 2009, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities</u>					
General Obligation Bonds	\$ 11,390,000	\$ -	\$ (255,000)	\$ 11,135,000	\$ 265,000
Revenue Bonds	<u>1,659,639</u>	<u>-</u>	<u>(104,488)</u>	<u>1,555,151</u>	<u>109,673</u>
Net bonds payable	13,049,639	-	(359,488)	12,690,151	374,673
Notes Payable	1,659,038	-	(352,606)	1,306,432	225,080
Capital Leases Payable	88,817	-	(8,648)	80,169	7,220
Compensated absences	<u>505,758</u>	<u>391,329</u>	<u>(359,213)</u>	<u>537,874</u>	<u>484,930</u>
Governmental-Type Totals	<u>\$ 15,303,252</u>	<u>\$ 391,329</u>	<u>\$ (1,079,955)</u>	<u>\$ 14,614,626</u>	<u>\$ 1,091,903</u>
<u>Business-type Activities</u>					
Revenue Bonds	\$ 4,305,000	\$ -	\$ (275,000)	\$ 4,030,000	\$ 285,000
Less:					
Issuance discounts	(16,147)	-	1,267	(14,880)	(1,267)
Loss on refunding	<u>(250,660)</u>	<u>-</u>	<u>19,660</u>	<u>(231,000)</u>	<u>(19,660)</u>
Net bonds payable	4,038,193	-	(254,073)	3,784,120	264,073
Notes Payable	43,522,246	-	(8,029,772)	35,492,474	2,192,590
Compensated absences	<u>87,859</u>	<u>66,053</u>	<u>(65,568)</u>	<u>88,344</u>	<u>88,344</u>
Total Business-type activities	<u>\$ 47,648,298</u>	<u>\$ 66,053</u>	<u>\$ (8,349,413)</u>	<u>\$ 39,364,938</u>	<u>\$ 2,545,007</u>

Balance of page left blank intentionally

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 11. Long-term Debt (Continued)

Annual debt service requirements for bonds and notes to maturity are as follows:

Year ending September 30,	Governmental Activities					
	General Obligation Bonds		Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 265,000	\$ 478,625	\$ 109,673	\$ 77,804	\$ 225,080	\$ 50,497
2011	275,000	468,738	115,157	72,320	232,388	40,773
2012	285,000	458,308	120,915	66,562	240,088	30,732
2013	300,000	447,408	126,961	60,516	127,813	20,303
2014	310,000	435,287	133,309	54,168	120,395	15,437
2015-2019	1,750,000	1,972,562	773,447	163,938	360,668	36,226
2020-2024	2,165,000	1,567,524	175,689	8,830	-	-
2025-2029	2,690,000	1,052,630	-	-	-	-
2030-2034	2,610,000	427,714	-	-	-	-
2035-2036	485,000	26,427	-	-	-	-
Total	\$ 11,135,000	\$ 7,335,223	\$ 1,555,151	\$ 504,138	\$ 1,306,432	\$ 193,968

Year ending September 30,	Governmental Activities (concluded)			
	Capital Lease		Total	
	Principal	Interest	Principal	Interest
2010	\$ 7,220	\$ 4,145	\$ 606,973	\$ 611,071
2011	7,593	3,771	630,138	585,602
2012	7,986	3,379	653,989	558,981
2013	8,398	2,966	563,172	531,193
2014	8,833	2,532	572,537	507,424
2015-2019	40,139	5,319	2,924,254	2,178,045
2020-2024	-	-	2,340,689	1,576,354
2025-2029	-	-	2,690,000	1,052,630
2030-2034	-	-	2,610,000	427,714
2035-2036	-	-	485,000	26,427
Total	\$ 80,169	\$ 22,112	\$ 14,076,752	\$ 8,055,441

Year ending September 30,	Business-type Activities					
	Revenue Bonds		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 285,000	\$ 134,651	\$ 2,192,590	\$ 1,122,714	\$ 2,477,590	\$ 1,257,365
2011	290,000	127,241	2,263,266	1,052,036	2,553,266	1,179,277
2012	300,000	119,266	2,336,240	979,062	2,636,240	1,098,328
2013	305,000	110,266	2,411,584	903,720	2,716,584	1,013,986
2014	315,000	101,116	2,431,677	826,373	2,746,677	927,489
2015-2019	1,745,000	342,483	13,031,163	2,885,441	14,776,163	3,227,924
2020-2024	790,000	46,020	9,920,584	867,497	10,710,584	913,517
2025-2026	-	-	905,370	40,500	905,370	40,500
Total	\$ 4,030,000	\$ 981,043	\$ 35,492,474	\$ 8,677,343	\$ 39,522,474	\$ 9,658,386

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2009

Note 11. Long-term Debt (Concluded)

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

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

Note 12. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in a public entity risk pool administered by Florida League of Cities, Inc. with insurance programs for general/professional liability, automobile, property and workers compensation. The City pays an annual premium to Florida League of Cities, Inc. for these insurance programs. 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, 2009, can be obtained from Florida League of Cities, Inc., Public Risk Service, 135 East Colonial Drive, Orlando, Florida 32853-0065.

Note 13. Restricted Assets

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

	<u>Governmental</u>	<u>Business-Type</u>
Debt service	\$ 419,116	\$ 11,545,529
Debt reserves	18,748	846,757
Rate stabilization	-	80,000
Renewal and replacement	-	200,000
Totals	<u>\$ 437,864</u>	<u>\$ 12,672,286</u>

Balance of page left blank intentionally

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 14. Defined Benefit Pension Plans and Other Post Employment Benefits

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

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

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

STATEMENT OF FIDUCIARY NET ASSETS

	Pension Trust Funds		Total
	General Employees'	Municipal Police Officers'	Pension Trust Funds
ASSETS			
Cash and cash equivalents	\$ 292,814	\$ 190,038	\$ 482,852
Investments, at market value			
Corporate stocks	5,164,113	-	5,164,113
Corporate bonds & government obligations	3,741,082	-	3,741,082
Mutual funds:			
Equity and equity index	-	1,951,621	1,951,621
Pooled/Common/Commingled Funds:			
Equity	-	2,837,370	2,837,370
Fixed Income	-	2,662,441	2,662,441
Real Estate	722,029	-	722,029
Total investments at fair value	9,627,224	7,451,432	17,078,656
Receivables - interest & dividends	49,625	-	49,625
Prepays	467	-	467
Total assets	9,970,130	7,641,470	17,611,600
LIABILITIES			
Accrued benefits and other liabilities	154,302	174,781	329,083
NET ASSETS			
Held in trust for pension benefits	\$ 9,815,828	\$ 7,466,689	\$ 17,282,517

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 14. Defined Benefit Pension Plans and Other Post Employment Benefits (Continued)

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

	Pension Trust Funds		Total Trust Funds
	General Employees'	Municipal Police Officers'	
ADDITIONS			
Contributions			
Employer	\$ 975,816	\$ 503,432	\$ 1,479,248
State of Florida	-	57,459	57,459
Plan members	235,805	140,639	376,444
Total contributions	1,211,621	701,530	1,913,151
Investment income			
Net appreciation (depreciation) in fair value of investments	(927,130)	170,832	(756,298)
Interest and dividends	321,272	54,455	375,727
Total investment earnings	(605,858)	225,287	(380,571)
Less investment expense	(70,491)	(62,831)	(133,322)
Net investment earnings	(676,349)	162,456	(513,893)
Total additions	535,272	863,986	1,399,258
DEDUCTIONS			
Benefits paid	826,804	464,327	1,291,131
Refunds of contributions	34,469	19,612	54,081
Administrative expenses	47,213	27,516	74,729
Total deductions	908,486	511,455	1,419,941
Change in net assets	(373,214)	352,531	(20,683)
Net assets held in trust for pension benefits			
Net assets - beginning of year	10,189,042	7,114,158	17,303,200
Net assets - end of year	\$ 9,815,828	\$ 7,466,689	\$ 17,282,517

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 14. Defined Benefit Pension Plans and Other Post Employment Benefits (Continued)

A. General Employees' Pension Plan

Current membership is comprised of the following:

Active employees	92
Retirees and beneficiaries of deceased retirees currently receiving benefits:	44
Deferred Retirement Option Plan (DROP) retirees	6
Terminated employees entitled to benefits but not yet receiving them	<u>31</u>
Total	<u>173</u>

Plan Description

All full-time employees who are non-sworn police officers, and who have attained age 18 but not attained age 65, are required to participate in one of the City's two (2) General Employees' Pension Plans. The General Employees' Pension Plan is broken down into two sub-plans, Plan A and Plan B. Both defined benefit plans provide retirement and pre-retirement death benefits to plan members and beneficiaries and provide 5-year cliff vesting. Both plans calculate the normal retirement benefit by multiplying a factor of 3% of Average Compensation by the number of years of service (maximum 30 years). However, Average Compensation is calculated differently for each Plan. Plan A, which is mandatory for all new hires beginning January 1, 2005 calculates Average Compensation as the highest five (5) years of compensation. Plan B, which was closed on January 1, 2005 to new participants, calculates Average Compensation over all years of service. Cost-of-living adjustments were provided to all normal and early retirees after October 17, 2006 at the rate of 2.75% per year beginning the 3rd year after retirement and for twenty-five (25) years thereafter.

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

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

Funding Policy

Active members of Plan A are required to contribute 5% of base wages to the Plan. Active members of Plan B are not required to contribute to the Plan. The City contributes the balance of the actuarially determined amount designated to accumulate sufficient assets to pay benefits when due. The City contribution rate as of September 30, 2009 was 15.4% of annual covered payroll.

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2009

Note 14. Defined Benefit Pension Plans and Other Post Employment Benefits (Continued)

A. General Employees' Pension Plan (Continued)

Annual Pension Cost and Net Pension Obligation

The City has no net pension obligation (calculated in accordance with GASB No. 27, *Accounting for Pensions by State and Local Governmental Employers*) as all actuarially determined amounts are contributed each year. The annual required contribution for the current year was determined as part of the October 1, 2007 actuarial valuation using the Entry Age Normal Actuarial Cost method. The actuarial assumptions included: (a) 7.5% investment rate of return, and (b) projected salary increases per the following schedule:

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

The projected salary increases also include an inflationary factor of 3.0%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments. The Plan is valued under the entry age normal cost method. The amortization method is the level percentage of pay, closed and the remaining amortization period is 27 years. The City's annual pension cost (APC) for the fiscal year ended September 30, 2009 was \$858,029. The City contributed \$975,816. The three year trend information follows:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
September 30, 2009	\$ 858,029	114%	\$ (221,927)
September 30, 2008	824,863	100%	(114,318)
September 30, 2007	635,605	100%	(116,175)

Balance of page left blank intentionally

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 14. Defined Benefit Pension Plans and Other Post Employment Benefits (Continued)

A. General Employees' Pension Plan (Continued)

Development of Net Pension Obligation (NPO)

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

The Net Pension Obligation (NPO) to date is as follows:

General Pension Plan Annual Pension Cost and Net Pension Obligation			
	9/30/07	9/30/08	9/30/09
Actuarially Required Contribution (ARC)	\$ 635,605	\$ 824,863	\$ 858,029
Interest on Net Pension Obligation (NPO)	(8,855)	(8,713)	(8,574)
Adjustment to ARC	10,741	10,570	18,752
Annual Pension Cost (APC)	637,491	826,720	868,207
Contributions Made	635,605	824,863	975,816
Increase (decrease) in NPO	1,886	1,857	(107,609)
NPO-Beginning of Year	(118,061)	(116,175)	(114,318)
NPO-Ending of Year	\$ (116,175)	\$ (114,318)	\$ (221,927)

(A schedule of funding progress is presented in the Required Supplemental Information)

General Employees' Pension Plan's Funded Status and Funding Progress

The funded status of the Plan as of September 30, 2009 was as follows:

Year Ended September 30	Annual Required Contribution	City Contribution	Percentage Contributed
2009	\$ 858,029	\$ 975,816	113.73%
2008	824,863	824,863	100.00%
2007	635,605	635,605	100.00%

The funding progress of the Plan as of September 30, 2009 was a follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of covered Payroll ((b-a)/c)
10/1/2009	\$ 11,708,363	\$ 23,478,995	\$ 11,770,632	49.87%	\$ 4,927,259	238.89%
10/1/2008	11,596,243	21,420,310	9,824,067	54.14%	5,448,952	180.29%
10/1/2007	11,333,284	18,698,244	7,364,960	60.61%	5,190,903	141.88%

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2009

Note 14. Defined Benefit Pension Plans and Other Post Employment Benefits (Continued)

A. General Employees' Pension Plan (Concluded)

Concentration of Investments

At September 30, 2009, the following are investments (other than U.S. Government and U.S. Government guaranteed obligations), in any one organization that represents five percent or more of net assets available for benefits:

American Core Realty Fund LLC	\$722,029	7.36%
-------------------------------	-----------	-------

B. Municipal Police Officers' Pension Plan

Current membership is comprised of the following:

Active employees	24
Retirees and beneficiaries of deceased retirees currently receiving benefits:	16
Deferred Retirement Option Plan (DROP) retirees	1
Terminated employees entitled to benefits but not yet receiving them	<u>6</u>
Total	<u>47</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, disability and pre-retirement benefits to plan members and beneficiaries. There is a 5-year cliff vesting in the Plan. The Normal Retirement Benefit of the Plan is 3% of Average Final Compensation multiplied by the number of years of service (maximum 30 years). Average compensation is calculated by taking the average of the total compensation paid during the 5 highest years of service. Annual cost-of-living adjustments are provided at the rate of three (3.0%) percent per year beginning October 1st following retirement.

During fiscal year 2007, the Plan was amended to provide a Deferred Retirement Option Plan (DROP) for participants having attained normal retirement requirements. DROP is a program that provides an alternative method for payment of retirement benefits wherein an employee may retire and have their benefits accumulate, at 4% interest credited quarterly, while continuing to work for the City. Participation in the DROP does not change conditions of employment. When the DROP period ends, maximum of 60 months, employment must be terminated. At the time of termination of employment, the employee will receive payment of the accumulated DROP benefits and begin receiving their monthly retirement benefit in the same amount determined at retirement, plus annual cost-of-living increases.

This plan and any amendments were adopted by Ordinance of the City Council of the City of Sanibel. This plan is self-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.

CITY OF SANIBEL, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2009

Note 14. Defined Benefit Pension Plans and Other Post Employment Benefits (Continued)

B. Municipal Police Officers' Pension Plan (Continued)

Funding Policy

Active members are required to contribute 8% of their compensation to this Plan until Normal Retirement Age and 4% thereafter. The State of Florida makes contributions from taxes on casualty insurance premiums. The State of Florida's contribution to the Municipal Police Officer's Plan for the year ended September 30, 2009, was \$57,459. 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 actuarially determined amount designated to accumulate sufficient assets to pay benefits when due. The City contribution rate as of September 30, 2009 was 22.7% of annual covered payroll.

Annual Pension Cost and Net Pension Obligation

The City has no net pension obligation (calculated in accordance with GASB No. 27, *Accounting for Pensions by State and Local Governmental Employers*) as all actuarially determined amounts are contributed each year. The annual required contribution for the current year was determined as part of the October 1, 2007 actuarial valuation using the entry age normal actuarial cost method.

The actuarial assumptions included: (a) 8% investment rate of return, and (b) projected salary increases of 7%, which include an inflation component of 3.0%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of payroll on a closed basis. The remaining period as of September 30, 2009 was 26 years. The City's Annual Pension Cost (APC) for the fiscal year ended September 30, 2009 was \$496,699. The City contributed \$503,432. The three year trend information follows:

<u>Fiscal Year Ending</u>	<u>Actuarially Determined Contribution</u>	<u>Percentage of APC to Actuarially Determined Contribution</u>	<u>Net Pension Obligation</u>
September 30, 2009	\$ 496,699	101%	\$ (81,449)
September 30, 2008	385,273	101%	(77,833)
September 30, 2007	350,569	100%	(72,574)

Development of Net Pension Obligation (NPO)

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

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 14. Defined Benefit Pension Plans and Other Post Employment Benefits (Continued)

B. Municipal Police Officers' Pension Plan (Continued)

The Net Pension Obligation (NPO) to date is as follows:

Municipal Police Officers' Pension Plan
Annual Pension Cost and Net Pension Obligation

	9/30/07	9/30/08	9/30/09
Actuarially Required Contribution (ARC)	\$ 350,569	\$ 385,273	\$ 496,699
Interest on Net Pension Obligation (NPO)	(5,512)	(5,806)	(6,227)
Adjustment to ARC	3,355	3,534	9,344
Annual Pension Cost (APC)	348,412	383,001	499,816
Contributions Made	352,088	388,259	503,432
Increase (decrease) in NPO	(3,676)	(5,259)	(3,616)
NPO-beginning of year	(68,898)	(72,574)	(77,833)
NPO-end of year	<u>\$ (72,574)</u>	<u>\$ (77,833)</u>	<u>\$ (81,449)</u>

(A schedule of funding progress is presented in the Required Supplemental Information)

Municipal Police Officers' Pension Plan's Funded Status and Funding Progress

The funded status of the Plan as of September 30, 2009 was as follows:

Year Ended September 30	Annual Required Contribution	City Contribution	State Contribution	Percentage Contributed
2009	\$ 554,158	\$ 503,432	\$ 57,459	101.21%
2008	438,927	388,259	53,654	100.68%
2007	401,295	352,088	50,726	100.38%

The funding progress of the Plan as of September 30, 2009 was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of covered Payroll ((b-a)/c)
10/1/2009	\$ 8,488,652	\$ 13,588,596	\$ 5,099,944	62.47%	\$ 1,727,615	295.20%
10/1/2008	8,049,862	13,735,278	5,685,416	58.61%	2,089,004	272.16%
10/1/2007	7,812,757	12,596,035	4,783,278	62.03%	2,047,406	233.63%

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 14. Defined Benefit Pension Plans and Other Post Employment Benefits (Continued)

B. Municipal Police Officers' Pension Plan (Concluded)

Concentration of Investments

At September 30, 2009, the following are investments at market value (other than U.S. Government and U.S. Government guaranteed obligations), in any one organization, that represents five percent or more of net assets available for benefits:

Suntrust Retirement Investment Grade Bond Fund	\$ 2,662,441	35.66%
Suntrust Retirement Large Cap Value Equity Fund	1,273,440	17.05%
Suntrust Retirement Select Large Cap Growth Fund	1,563,930	20.95%
Ridgeworth International Equity Index Fund	529,970	7.10%
Ridgeworth Small Cap Value Equity I Shares Fund	573,794	7.68%
SsgA S&P 400 Mid Cap	613,902	8.22%

C. Other Post Employment Benefits

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

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

STATEMENT OF FIDUCIARY NET ASSETS

	<u>OPEB</u>
ASSETS	
Cash and cash equivalents	\$ 142,407
LIABILITIES	
Accrued benefits and other liabilities	<u>33,328</u>
NET ASSETS	
Held in trust for pension and OPEB benefits	<u>\$ 109,079</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 14. Defined Benefit Pension Plans and Other Post Employment Benefits (Continued)

C. Other Post Employment Benefits (Continued)

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

	OPEB
ADDITIONS	
Contributions	
Employer	\$ 70,235
Investment income	
Interest and dividends	7
Total additions	70,242
DEDUCTIONS	
Benefits paid	33,328
Administrative expenses	8,295
Total deductions	41,623
Change in net assets	28,619
Net assets held in trust for pension and OPEB benefits	
Net assets - beginning of year	80,460
Net assets - end of year	\$ 109,079

Current membership is comprised of the following:

Active employees	123
Retirees and covered spouses currently receiving benefits:	
Pre-Medicare	10
Post-Medicare	0
Total Retirees and covered spouses currently receiving benefits	10

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.

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 14. Defined Benefit Pension Plans and Other Post Employment Benefits (Continued)

C. Other Post Employment Benefits (Continued)

Funding Policy

The City annually contributes the actuarially determined amount designated to accumulate sufficient assets to pay the implicit rate subsidy to the City when due. For the fiscal year ended September 30, 2009, the City contributed \$70,235.

Annual Cost and Net OPEB Obligation

The City has no net OPEB obligation since all actuarially determined amounts are contributed each year. The annual required contribution for the current year was determined as part of the October 1, 2008 actuarial valuation using the Entry Age Normal Actuarial Cost method. Select Actuarial Assumptions are listed in the table below:

Valuation date	October 1, 2008
Actuarial cost method	Entry Age Normal
Amortization method (funding method)	Level percentage of payroll, closed
Remaining amortization period	30 Years
Asset valuation method	Market value
Actuarial assumptions:	
Interest rate	8.0% per year, compounded annually
Health care inflation	Pre-Medicare: 9.0% (grading down to 5.0% in 2013); Post-Medicare: 9.0% (grading down to 5.0% in 2013)
Vision care inflation	4.0% (grading down to 3.0% in 2010)
Payroll growth/inflation	4.0%

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
September 30, 2009

Note 14. Defined Benefit Pension Plans and Other Post Employment Benefits (Concluded)

C. Other Post Employment Benefits (Concluded)

The three year funding trend follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
September 30, 2009	\$ 70,235	\$ 70,235	100.0%	\$ -
September 30, 2008	86,071	86,071	100.0%	-
September 30, 2007	54,339	54,339	100.0%	-

Funded Status and Funding Progress

The funded status of the Plan as of September 30, 2009 was as follows:

<u>Funded Status as of</u>	<u>10/1/2007</u>	<u>10/1/2008</u>	<u>10/1/2009</u>
Actuarial Accrued Liability (AAL)	\$ 479,981	\$ 426,115	\$ 326,631
Actuarial Value of Assets (AVA)	(26,579)	(80,460)	(109,079)
Unfunded Actuarial Accrued Liability (UAAL)	\$ 453,402	\$ 345,655	\$ 217,552
Funded Ratio (actuarial value of plan assets/AAL)	5.5%	18.9%	33.4%
Covered Payroll	\$6,479,008	\$6,443,331	\$6,778,234
Ratio of UAAL to Covered Payroll	7.0%	5.4%	3.2%

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:

<u>Valuation date</u>	<u>10/01/07</u>	<u>10/01/08</u>
Applicable for Fiscal Year Ending	<u>9/30/08</u>	<u>9/30/09</u>
Actuarially Required Contribution (ARC)	\$ 86,071	\$ 70,235
Interest on Net OPEB Obligation	-	-
Adjustment to ARC	-	-
Annual OPEB Cost	86,071	70,235
Contributions Made	86,071	70,235
Increase (decrease) in Net OPEB Obligation	-	-
Net OPEB Obligation - beginning of year	-	-
Net OPEB Obligation - end of year	<u>\$ -</u>	<u>\$ -</u>

CITY OF SANIBEL, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 15. Miscellaneous Revenues

Other revenue in the Government Fund types at September 30, 2009 is as follows:

	General Fund	Other Governmental Funds	Total
Investment earnings (loss)	\$ (3,618)	\$ (11,802)	\$ (15,420)
Rents	22,378	51,271	73,649
Impact fees	-	164,780	164,780
Sale of surplus equipment	7,631	-	7,631
Insurance proceeds for loss	627	-	627
Contributions and donations	15,325	15,159	30,484
OPEB implicit rate subsidy payment	33,328	-	33,328
Refund of prior year expenditures	30,682	-	30,682
Other	18,858	70,479	89,337
Total Miscellaneous Revenue	<u>\$ 125,211</u>	<u>\$ 289,887</u>	<u>\$ 415,098</u>

Note 16. Prior Period Adjustment

In June 2009, the City's discretely presented component unit, Community Housing & Resources, Inc. (CHR), issued a revised audit report for the fiscal year ending September 30, 2008. The component unit's auditors discovered that a compensated absence accrual had been booked twice thereby overstating expenses by \$24,548. The City did not issue a revised audit report for this discovery. CHR's management properly informed users of their financial statements of the change.

During the fiscal year ending September 30, 2004, CHR was required to convey the Woodhaven project land to the City of Sanibel as a requirement of a grant for development. During the current fiscal year, it was discovered that a portion of land included in the transfer to the City was erroneously being reported as land on CHR's financial statements; consequently overstating assets and net assets by \$156,500. CHR has corrected this error through a decrease to beginning of the year net assets and a decrease to land in the amount of \$156,500.

Due to these findings, restatement of the component unit's net assets was necessary.

	<u>Community Housing & Resources, Inc.</u>
Net Assets, September 30, 2008, as previously stated in original audit report	\$ 4,635,103
Net adjustment:	
Adjustment to expenses related to prior period	24,548
Adjustment to land assets related to prior period	<u>(156,500)</u>
Restated as of September 30, 2008	<u>\$ 4,503,151</u>

Note 17. Commitments and Contingencies

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

Required Supplementary Information Other
Than Management's Discussion & Analysis

THIS PAGE LEFT BLANK INTENTIONALLY



CITY OF SANIBEL, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For the Fiscal Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 10,579,884	\$ 10,579,884	\$ 10,175,612	\$ (404,272)
Gas taxes	1,250,000	1,480,460	1,480,460	-
Casualty insurance premium tax	50,726	57,460	57,459	(1)
Communications services tax	500,000	530,565	529,114	(1,451)
Licenses and permits	7,600	10,860	11,107	247
Intergovernmental revenues	830,140	2,025,093	2,022,095	(2,998)
Charges for services	1,556,700	1,702,028	1,716,623	14,595
Fines and forfeitures	50,200	60,009	69,968	9,959
Miscellaneous	317,385	107,498	125,211	17,713
Total revenues	<u>15,142,635</u>	<u>16,553,857</u>	<u>16,187,649</u>	<u>(366,208)</u>
Expenditures				
Current				
General government				
Legislative	296,800	284,673	227,641	57,032
Administrative	766,541	744,001	738,027	5,974
Management information systems	728,206	718,118	614,722	103,396
Finance	846,595	872,457	870,383	2,074
Legal	649,260	600,429	435,039	165,390
Planning	842,458	817,190	726,557	90,633
Insurance	402,671	432,713	420,451	12,262
General government	<u>4,532,531</u>	<u>4,469,581</u>	<u>4,032,820</u>	<u>436,761</u>
Public safety				
Police	4,152,562	4,016,267	3,776,304	239,963
SEMP	25,100	29,907	16,964	12,943
Public safety	<u>4,177,662</u>	<u>4,046,174</u>	<u>3,793,268</u>	<u>252,906</u>
Physical Environment				
Garbage recycling	92,320	57,320	38,242	19,078
Natural resources management	409,124	463,812	445,931	17,881
Physical Environment	<u>501,444</u>	<u>521,132</u>	<u>484,173</u>	<u>36,959</u>
Transportation-Public works	<u>2,087,864</u>	<u>2,062,921</u>	<u>1,880,654</u>	<u>182,267</u>
Culture/Recreation				
Museum	139,437	139,937	121,194	18,743
Public facilities	507,250	503,772	481,801	21,971
Seniors program	127,219	129,962	126,373	3,589
Performing arts facility	11,000	11,000	2,088	8,912
Culture/Recreation	<u>784,906</u>	<u>784,671</u>	<u>731,456</u>	<u>53,215</u>
Capital Outlay	<u>80,715</u>	<u>77,631</u>	<u>57,434</u>	<u>20,197</u>
Total expenditures	<u>12,165,122</u>	<u>11,962,110</u>	<u>10,979,805</u>	<u>982,305</u>
Excess revenues over expenditures	<u>2,977,513</u>	<u>4,591,747</u>	<u>5,207,844</u>	<u>616,097</u>
Other financing sources (uses)				
Transfers in	70,000	402,994	402,993	(1)
Reserve for contingencies	(6,296,997)	(6,306,906)	-	6,306,906
Transfers out	(2,315,494)	(2,480,093)	(2,480,093)	-
Reserve for undercollection	(528,994)	(404,272)	-	404,272
Total other financing uses	<u>(9,071,485)</u>	<u>(8,788,277)</u>	<u>(2,077,100)</u>	<u>6,711,177</u>
Net change in fund balances	(6,093,972)	(4,196,530)	3,130,744	7,327,274
Fund balances, October 1, 2008	9,408,131	12,660,045	15,113,061	2,453,016
Fund balances, September 30, 2009	<u>\$ 3,314,159</u>	<u>\$ 8,463,515</u>	<u>\$ 18,243,805</u>	<u>\$ 9,780,290</u>

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

REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (*) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of covered Payroll ((b-a)/c)
10/1/2009	\$ 11,708,363	\$ 23,478,995	\$ 11,770,632	49.87%	\$ 4,927,259	238.89%
10/1/2008	11,596,243	21,420,310	9,824,067	54.14%	5,448,952	180.29%
10/1/2007	11,333,284	18,698,244	7,364,960	60.61%	5,190,903	141.88%
10/1/2006	9,777,203	16,121,010	6,343,807	60.65%	4,732,869	134.04%
10/1/2005	8,572,255	13,644,076	5,071,821	62.83%	4,060,239	124.91%
10/1/2004	7,033,600	12,601,998	5,568,398	55.81%	3,900,248	142.77%

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER

Year Ended September 30	Annual Required Contribution	City Contribution	Percentage Contributed
2009	\$ 858,029	\$ 975,816	113.73%
2008	824,863	824,863	100.00%
2007	635,605	635,605	100.00%
2006	629,330	629,330	100.00%
2005	802,887	802,887	100.00%
2004	534,121	534,121	100.00%

REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of covered Payroll ((b-a)/c)
10/1/2009	\$ 8,488,652	\$ 13,588,596	\$ 5,099,944	62.47%	\$ 1,727,615	295.20%
10/1/2008	8,049,862	13,735,278	5,685,416	58.61%	2,089,004	272.16%
10/1/2007	7,812,757	12,596,035	4,783,278	62.03%	2,047,406	233.63%
10/1/2006	6,838,598	10,482,647	3,644,049	65.24%	1,683,737	216.43%
10/1/2005	5,999,240	8,630,348	2,631,108	69.51%	1,480,349	177.74%
10/1/2004	5,413,097	8,161,752	2,748,655	66.32%	1,382,306	198.85%

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES

Year Ended September 30	Annual Required Contribution	City Contribution	State Contribution	Percentage Contributed
2009	\$ 554,158	\$ 503,432	\$ 57,459	101.21%
2008	438,927	388,259	53,654	100.68%
2007	401,295	352,088	50,726	100.38%
2006	378,471	308,874	70,710 (*)	100.29%
2005	451,335	451,335	- (*)	100.00%
2004	326,840	299,521	35,355 (*)	102.46%

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

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF SANIBEL, FLORIDA
OTHER POST EMPLOYMENT BENEFITS PLAN**

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date (*)	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of covered Payroll ((b-a)/c)
10/1/2009	\$ 109,079	\$ 326,631	\$ 217,552	33.40%	\$ 6,778,234	3.21%
10/1/2008	80,460	426,115	345,655	18.88%	6,443,331	5.36%
10/1/2007	26,579	479,981	453,402	5.54%	6,479,008	7.00%
10/1/2006	-	374,052	374,052	0.00%	5,692,947	6.57%

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER

Year Ended September 30	Annual Required Contribution	City Contribution	Percentage Contributed
2009	\$ 70,235	\$ 70,235	100.00%
2008	86,071	86,071	100.00%
2007 (*)	54,339	54,339	100.00%

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

Combining Financial Statements and Schedules

THIS PAGE LEFT BLANK INTENTIONALLY



NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

DEBT SERVICE FUNDS

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

- **1997 \$1.25M Paulsen Land Purchase** - to account for the payment of principal and interest on a \$1,250,000, 15-year note which bears interest at 4.98%. Repayment source is from any legally available non-ad valorem revenue.
- **2002 \$3.825 Million GO Bonds - Pond Apple Park** - to account for the payment of principal and interest of \$3.825 million General Obligation Bonds, Series 2002 which bear interest from 2.0% to 4.75% to be fully repaid in December 2031.
- **1979 FMHA Revenue Bond Issue** - to account for payment of principal and interest of \$3,190,000 Revenue Bonds, Series 1979, which bears interest at 5%. Funding is from franchise tax and occupational license revenue.

NON-MAJOR GOVERNMENTAL FUNDS *(Concluded)*

DEBT SERVICE FUNDS *(Concluded)*

- **Capital Lease** – to account for the payment of principal and interest of \$88,817 capital lease which bears interest at 5.17%, due November 2017 secured by the related equipment. Repayment source is from any legally available non-ad valorem revenue.
- **2006 \$8.35M General Obligation Debt Service** – to account for the payment of principal and interest of the \$8.35 million General Obligation Bonds, Series 2006 which bear interest from 4.0% to 4.35% to be fully repaid in February 2036.
- **SunTrust notes for BMRH** - to account for payment of principal interest on three notes, (1) \$1,348,997 at 3.85%, due July 2009 secured by the Causeway Surplus revenue; (2) \$650,000 at 4.21%, due July 2014 secured by any legally available non-Ad Valorem revenue; and (3) \$1,082,000 at 3.348%, due February 2019 secured by any legally available non-Ad Valorem revenue.

CAPITAL PROJECTS FUNDS

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

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

FIDUCIARY FUNDS

TRUST FUNDS

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

Combining Statement of Fiduciary Net Assets.....	146
Combining Statement of Changes in Fiduciary Net Assets.....	147

AGENCY FUNDS

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

Combining Statement of Changes in Assets and Liabilities	148
--	-----

CITY OF SANIBEL, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2009

	Special Revenue					
	Southwest Florida					
	Community Foundation Grant	Environmental Defense Fund	Vehicle Weight Permits	Historical Committee	Hurricane Wilma	Tropical Storm Fay
ASSETS						
Cash and cash equivalents	\$ 253	\$ 3,810	\$ -	\$ 135,029	\$ 92,953	\$ 100,904
Accounts receivable	-	-	2,859	-	-	-
Due from other governments	-	-	-	-	3,721	410
Total assets	<u>\$ 253</u>	<u>\$ 3,810</u>	<u>\$ 2,859</u>	<u>\$ 135,029</u>	<u>\$ 96,674</u>	<u>\$ 101,314</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 977	\$ -
Retainage payable	-	-	-	-	-	-
Due to other funds	-	-	2,859	-	-	-
Deposits	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>2,859</u>	<u>-</u>	<u>977</u>	<u>-</u>
FUND BALANCES						
Reserved						
Debt service	-	-	-	-	-	-
Unreserved, undesignated	<u>253</u>	<u>3,810</u>	<u>-</u>	<u>135,029</u>	<u>95,697</u>	<u>101,314</u>
Total fund balances	<u>253</u>	<u>3,810</u>	<u>-</u>	<u>135,029</u>	<u>95,697</u>	<u>101,314</u>
Total liabilities and fund balances	<u>\$ 253</u>	<u>\$ 3,810</u>	<u>\$ 2,859</u>	<u>\$ 135,029</u>	<u>\$ 96,674</u>	<u>\$ 101,314</u>

Special Revenue

Road Impact Fees	Community Park Impact Fees	Federal Forfeiture Fund	Flexible Spending Account	Father Madden Estate	Algae Research Grant	DCA Grant Emergency Mgt Van
\$ 219,845	\$ 26,564	\$ 49,167	\$ 6,657	\$ 29,292	\$ 26,811	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	60,378	-
<u>\$ 219,845</u>	<u>\$ 26,564</u>	<u>\$ 49,167</u>	<u>\$ 6,657</u>	<u>\$ 29,292</u>	<u>\$ 87,189</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	\$ 6,657	-	-	-
-	-	-	-	-	60,378	-
-	-	-	6,657	1,000	60,378	-
-	-	-	-	-	-	-
<u>219,845</u>	<u>26,564</u>	<u>49,167</u>	<u>-</u>	<u>28,292</u>	<u>26,811</u>	<u>-</u>
<u>219,845</u>	<u>26,564</u>	<u>49,167</u>	<u>-</u>	<u>28,292</u>	<u>26,811</u>	<u>-</u>
<u>\$ 219,845</u>	<u>\$ 26,564</u>	<u>\$ 49,167</u>	<u>\$ 6,657</u>	<u>\$ 29,292</u>	<u>\$ 87,189</u>	<u>\$ -</u>

CITY OF SANIBEL, FL
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2009

	Special Revenue					
	Franchise Fee and Business Tax Revenue	Building Department	Recreation Center Operations	Elementary School Ball Park Maintenance	Below Market Rate Housing	Total
ASSETS						
Cash and cash equivalents	\$ 370,677	\$ 638,501	\$ 1,105,053	\$ 59,183	\$ 5,050	\$ 2,869,749
Accounts receivable	81,918	353	12,783	-	-	97,913
Due from other governments	-	-	14,056	149,290	-	227,855
Total assets	<u>\$ 452,595</u>	<u>\$ 638,854</u>	<u>\$ 1,131,892</u>	<u>\$ 208,473</u>	<u>\$ 5,050</u>	<u>\$ 3,195,517</u>
LIABILITIES						
Accounts payable	\$ 34	\$ 883	\$ 51,503	\$ 4,086	\$ 29	\$ 58,512
Retainage payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	2,859
Deposits	-	-	400	-	-	400
Accrued liabilities	-	16,385	38,206	6,607	-	67,855
Unearned revenue	223,185	4,730	20,246	142,112	-	450,651
Total liabilities	<u>223,219</u>	<u>21,998</u>	<u>110,355</u>	<u>152,805</u>	<u>29</u>	<u>580,277</u>
FUND BALANCES						
Reserved						
Debt service	-	-	-	-	-	-
Unreserved, undesignated	229,376	616,856	1,021,537	55,668	5,021	2,615,240
Total fund balances	<u>229,376</u>	<u>616,856</u>	<u>1,021,537</u>	<u>55,668</u>	<u>5,021</u>	<u>2,615,240</u>
Total liabilities and fund balances	<u>\$ 452,595</u>	<u>\$ 638,854</u>	<u>\$ 1,131,892</u>	<u>\$ 208,473</u>	<u>\$ 5,050</u>	<u>\$ 3,195,517</u>

Debt Service

1997 \$1.25M Paulsen Land Purchase	2002 \$3.825M General Obligation	1979 FMHA Revenue Bond Issue	Capital Lease	2006 \$8.35M General Obligation Debt Service	SunTrust Notes for BMRH	Total
\$ 62,567	\$ 237,816	\$ 186,073	\$ 47	\$ 23,999	\$ 10,011	\$ 520,513
-	331	-	-	739	12,500	13,570
-	-	-	-	-	-	-
<u>\$ 62,567</u>	<u>\$ 238,147</u>	<u>\$ 186,073</u>	<u>\$ 47</u>	<u>\$ 24,738</u>	<u>\$ 22,511</u>	<u>\$ 534,083</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
62,567	238,147	186,073	47	24,738	22,511	534,083
-	-	-	-	-	-	-
<u>62,567</u>	<u>238,147</u>	<u>186,073</u>	<u>47</u>	<u>24,738</u>	<u>22,511</u>	<u>534,083</u>
<u>\$ 62,567</u>	<u>\$ 238,147</u>	<u>\$ 186,073</u>	<u>\$ 47</u>	<u>\$ 24,738</u>	<u>\$ 22,511</u>	<u>\$ 534,083</u>

CITY OF SANIBEL, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2009

	Capital Projects					
	Capital Asset Acquisition	Transportation Capital Projects	Dixie Beach Road Project	Rabbit Road Capital Projects	Periwinkle Bike Path & Road Maintenance	San-Cap Road Project
ASSETS						
Cash and cash equivalents	\$ 1,041,028	\$ 1,009,746	\$ 237,459	\$ 346,361	\$ 229,647	\$ 1,157
Accounts receivable	-	28,365	-	-	-	-
Due from other governments	471	-	-	-	-	-
Total assets	<u>\$ 1,041,499</u>	<u>\$ 1,038,111</u>	<u>\$ 237,459</u>	<u>\$ 346,361</u>	<u>\$ 229,647</u>	<u>\$ 1,157</u>
LIABILITIES						
Accounts payable	\$ 13,720	\$ 142,952	\$ -	\$ -	\$ -	\$ -
Retainage payable	35,409	14,557	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-
Unearned revenue	-	6,192	-	-	-	-
Total liabilities	<u>49,129</u>	<u>163,701</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Reserved						
Debt service	-	-	-	-	-	-
Unreserved, undesignated	992,370	874,410	237,459	346,361	229,647	1,157
Total fund balances	<u>992,370</u>	<u>874,410</u>	<u>237,459</u>	<u>346,361</u>	<u>229,647</u>	<u>1,157</u>
Total liabilities and fund balances	<u>\$ 1,041,499</u>	<u>\$ 1,038,111</u>	<u>\$ 237,459</u>	<u>\$ 346,361</u>	<u>\$ 229,647</u>	<u>\$ 1,157</u>

Capital Projects

Tarpon Bay Road Repaving	Hazard Mitigation Projects	Intersection Improvements	Brazilian Pepper Control	Environmentally Sensitive Land Restoration	Gulf Pines/Gulf Shores/West Gulf Drive Beach Restoration	Beach Road Paving Special Assessments	Shell Harbor Canal Dredging
\$ 676,879	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 37,358
-	-	-	-	-	-	1,452	-
-	-	-	-	-	-	-	-
<u>\$ 676,879</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,452</u>	<u>\$ 37,358</u>
\$ 48,706	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,412	-	-	-	-	-	-	-
-	-	-	-	-	-	620	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>54,118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>620</u>	<u>-</u>
-	-	-	-	-	-	-	-
622,761	-	50,000	-	-	-	832	37,358
<u>622,761</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>832</u>	<u>37,358</u>
\$ 676,879	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ 1,452	\$ 37,358

CITY OF SANIBEL, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2009

	Capital Projects					Total	Total Nonmajor Governmental Funds
	Periwinkle Landscaping	Sanibel Estates Canal Trimming	Sanibel Isles Canal Dredging	Recreation Center Capital Project	Community Park Improvement		
ASSETS							
Cash and cash equivalents	\$ 83,594	\$ 18,594	\$ 17,804	\$ -	\$ -	\$ 3,749,627	\$ 7,139,889
Accounts receivable	-	94	205	-	-	30,116	141,599
Due from other governments	-	-	-	-	-	471	228,326
Total assets	<u>\$ 83,594</u>	<u>\$ 18,688</u>	<u>\$ 18,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,780,214</u>	<u>\$ 7,509,814</u>
LIABILITIES							
Accounts payable	\$ 1,338	\$ -	\$ -	\$ -	\$ -	\$ 206,716	\$ 265,228
Retainage payable	-	-	-	-	-	55,378	55,378
Due to other funds	-	-	-	-	-	620	3,479
Deposits	-	-	-	-	-	-	400
Accrued liabilities	-	-	-	-	-	-	67,855
Unearned revenue	-	-	-	-	-	6,192	456,843
Total liabilities	<u>1,338</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>268,906</u>	<u>849,183</u>
FUND BALANCES							
Reserved							
Debt service	-	-	-	-	-	-	534,083
Unreserved, undesignated	<u>82,256</u>	<u>18,688</u>	<u>18,009</u>	<u>-</u>	<u>-</u>	<u>3,511,308</u>	<u>6,126,548</u>
Total fund balances	<u>82,256</u>	<u>18,688</u>	<u>18,009</u>	<u>-</u>	<u>-</u>	<u>3,511,308</u>	<u>6,660,631</u>
Total liabilities and fund balances	<u>\$ 83,594</u>	<u>\$ 18,688</u>	<u>\$ 18,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,780,214</u>	<u>\$ 7,509,814</u>

THIS PAGE LEFT BLANK INTENTIONALLY



CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2009

	Special Revenue					
	Southwest Florida Community Foundation Grant	Environmental Defense Fund	Vehicle Weight Permits	Historical Committee	Hurricane Wilma	Tropical Storm Fay
REVENUES						
Ad Valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise fees	-	-	-	-	-	-
Business taxes	-	-	-	-	-	-
Building permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	17,704	84,402
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Rents and royalties	1,270	-	-	-	-	-
Impact fees	-	-	-	-	-	-
Investment earnings	-	-	-	6	4	4
Donations	-	-	-	-	-	-
Other miscellaneous	-	-	-	-	1,488	-
Total revenues	<u>1,270</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>19,196</u>	<u>84,406</u>
EXPENDITURES						
Current						
General government	1,270	-	-	-	-	-
Public safety	-	-	-	-	-	-
Physical environment	-	6,954	-	-	-	-
Transportation	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Culture/Recreation	-	-	-	-	3,721	-
Capital Outlay	-	-	-	-	-	-
Debt Service						
Principal retirement	-	-	-	-	-	-
Interest charges	-	-	-	-	-	-
Total expenditures	<u>1,270</u>	<u>6,954</u>	<u>-</u>	<u>-</u>	<u>3,721</u>	<u>-</u>
Excess (deficiency) of revenue over (under) expenditures	<u>-</u>	<u>(6,954)</u>	<u>-</u>	<u>6</u>	<u>15,475</u>	<u>84,406</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(6,954)	-	6	15,475	84,406
Fund balances, beginning of year	253	10,764	-	135,023	80,222	16,908
Fund balances, end of year	<u>\$ 253</u>	<u>\$ 3,810</u>	<u>\$ -</u>	<u>\$ 135,029</u>	<u>\$ 95,697</u>	<u>\$ 101,314</u>

Special Revenue

Road Impact Fees	Community Park Impact Fees	Federal Forfeiture Fund	Flexible Spending Account	Father Madden Estate	Algae Research	DCA Grant Emergency Mgt Van
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	229,860	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
150,990	13,790	-	-	-	-	-
33	3	2	-	49	9	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>151,023</u>	<u>13,793</u>	<u>2</u>	<u>-</u>	<u>49</u>	<u>229,869</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	395,364	-
-	-	-	-	-	-	-
-	-	-	-	1,000	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>395,364</u>	<u>-</u>
<u>151,023</u>	<u>13,793</u>	<u>2</u>	<u>-</u>	<u>(951)</u>	<u>(165,495)</u>	<u>-</u>
-	-	-	-	-	-	-
<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,307)</u>
<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,307)</u>
101,023	13,793	2	-	(951)	(165,495)	(1,307)
<u>118,822</u>	<u>12,771</u>	<u>49,165</u>	<u>-</u>	<u>29,243</u>	<u>192,306</u>	<u>1,307</u>
<u>\$ 219,845</u>	<u>\$ 26,564</u>	<u>\$ 49,167</u>	<u>\$ -</u>	<u>\$ 28,292</u>	<u>\$ 26,811</u>	<u>\$ -</u>

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2009

Special Revenue						
	Franchise Fee and Business Tax Revenue	Building Department	Recreation Center Operations	Elementary School Ball Park Maintenance	Below Market Rate Housing	Total
REVENUES						
Ad Valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise fees	969,774	-	-	-	-	969,774
Business taxes	293,393	-	-	-	-	293,393
Building permits	-	683,006	-	-	-	683,006
Intergovernmental	-	-	29,077	86,046	43,260	490,349
Charges for services	-	5,935	490,833	-	-	496,768
Fines and forfeitures	2,983	29,193	482	-	-	32,658
Rents and royalties	-	-	-	-	-	1,270
Impact fees	-	-	-	-	-	164,780
Investment earnings	203	225	31	-	-	569
Donations	-	-	15,159	-	-	15,159
Other miscellaneous	-	-	5	-	1,298	2,791
Total revenues	<u>1,266,353</u>	<u>718,359</u>	<u>535,587</u>	<u>86,046</u>	<u>44,558</u>	<u>3,150,517</u>
EXPENDITURES						
Current						
General government	-	-	-	-	-	1,270
Public safety	-	556,291	-	-	-	556,291
Physical environment	-	-	-	-	-	402,318
Transportation	-	-	-	-	-	-
Economic environment	-	-	-	-	296,234	296,234
Human services	-	-	-	-	-	1,000
Culture/Recreation	-	-	1,615,957	260,744	-	1,880,422
Capital Outlay	-	-	43,044	-	-	43,044
Debt Service						
Principal retirement	-	-	-	-	-	-
Interest charges	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>556,291</u>	<u>1,659,001</u>	<u>260,744</u>	<u>296,234</u>	<u>3,180,579</u>
Excess (deficiency) of revenue over (under) expenditures	<u>1,266,353</u>	<u>162,068</u>	<u>(1,123,414)</u>	<u>(174,698)</u>	<u>(251,676)</u>	<u>(30,062)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	1,553,667	210,859	240,000	2,004,526
Transfers out	<u>(1,560,185)</u>	<u>-</u>	<u>(4,000)</u>	<u>-</u>	<u>-</u>	<u>(1,615,492)</u>
Total other financing sources (uses)	<u>(1,560,185)</u>	<u>-</u>	<u>1,549,667</u>	<u>210,859</u>	<u>240,000</u>	<u>389,034</u>
Net change in fund balances	(293,832)	162,068	426,253	36,161	(11,676)	358,972
Fund balances, beginning of year	<u>523,208</u>	<u>454,788</u>	<u>595,284</u>	<u>19,507</u>	<u>16,697</u>	<u>2,256,268</u>
Fund balances, end of year	<u>\$ 229,376</u>	<u>\$ 616,856</u>	<u>\$ 1,021,537</u>	<u>\$ 55,668</u>	<u>\$ 5,021</u>	<u>\$ 2,615,240</u>

Debt Service

1997 \$1.25M Paulsen Land Purchase	2002 \$3.825M General Obligation Debt Service	1979 FMHA Revenue Bond Issue	Capital Lease	2006 \$8.35M General Obligation Debt Service	SunTrust Notes for BMRH	Total
\$ -	\$ 227,954	\$ -	\$ -	\$ 509,781	\$ -	\$ 737,735
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	50,001	50,001
-	-	-	-	-	-	-
4	236	9	-	502	-	751
-	-	-	-	-	-	-
-	4	-	-	8	-	12
<u>4</u>	<u>228,194</u>	<u>9</u>	<u>-</u>	<u>510,291</u>	<u>50,001</u>	<u>788,499</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
99,038	90,000	104,488	8,648	165,000	253,568	720,742
<u>21,248</u>	<u>148,475</u>	<u>82,989</u>	<u>2,717</u>	<u>340,150</u>	<u>39,919</u>	<u>635,498</u>
<u>120,286</u>	<u>238,475</u>	<u>187,477</u>	<u>11,365</u>	<u>505,150</u>	<u>293,487</u>	<u>1,356,240</u>
(120,282)	(10,281)	(187,468)	(11,365)	5,141	(243,486)	(567,741)
120,000	-	182,000	11,412	-	250,000	563,412
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>120,000</u>	<u>-</u>	<u>182,000</u>	<u>11,412</u>	<u>-</u>	<u>250,000</u>	<u>563,412</u>
(282)	(10,281)	(5,468)	47	5,141	6,514	(4,329)
<u>62,849</u>	<u>248,428</u>	<u>191,541</u>	<u>-</u>	<u>19,597</u>	<u>15,997</u>	<u>538,412</u>
<u>\$ 62,567</u>	<u>\$ 238,147</u>	<u>\$ 186,073</u>	<u>\$ 47</u>	<u>\$ 24,738</u>	<u>\$ 22,511</u>	<u>\$ 534,083</u>

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2009

Capital Projects

	Capital Asset Acquisition	Transportation Capital Projects	Dixie Beach Road Project	Rabbit Road Capital Projects	Periwinkle Bike Path & Road Maintenance	San-Cap Road Project
REVENUES						
Ad Valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise fees	-	-	-	-	-	-
Business taxes	-	-	-	-	-	-
Building permits	-	-	-	-	-	-
Intergovernmental	471	51,503	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Rents and royalties	-	-	-	-	-	-
Impact fees	-	-	-	-	-	-
Investment earnings	51	39	12	17	14	3
Donations	-	-	-	-	-	-
Other miscellaneous	-	23,749	-	-	-	-
Total revenues	<u>522</u>	<u>75,291</u>	<u>12</u>	<u>17</u>	<u>14</u>	<u>3</u>
EXPENDITURES						
Current						
General government	23,209	-	-	-	-	-
Public safety	3,869	-	-	-	-	-
Physical environment	-	-	-	-	-	-
Transportation	-	878,088	9,275	-	119,742	-
Economic environment	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Culture/Recreation	37,057	-	-	-	-	-
Capital Outlay	234,476	-	194,855	-	-	-
Debt Service						
Principal retirement	-	-	-	-	-	-
Interest charges	-	-	-	-	-	-
Total expenditures	<u>298,611</u>	<u>878,088</u>	<u>204,130</u>	<u>-</u>	<u>119,742</u>	<u>-</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(298,089)</u>	<u>(802,797)</u>	<u>(204,118)</u>	<u>17</u>	<u>(119,728)</u>	<u>3</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	326,271	918,303	91,178	-	-	-
Transfers out	-	-	-	-	-	(70,000)
Total other financing sources (uses)	<u>326,271</u>	<u>918,303</u>	<u>91,178</u>	<u>-</u>	<u>-</u>	<u>(70,000)</u>
Net change in fund balances	28,182	115,506	(112,940)	17	(119,728)	(69,997)
Fund balances, beginning of year	<u>964,188</u>	<u>758,904</u>	<u>350,399</u>	<u>346,344</u>	<u>349,375</u>	<u>71,154</u>
Fund balances, end of year	<u>\$ 992,370</u>	<u>\$ 874,410</u>	<u>\$ 237,459</u>	<u>\$ 346,361</u>	<u>\$ 229,647</u>	<u>\$ 1,157</u>

Capital Projects								
Tarpon Bay Road Repaving	Hazard Mitigation Projects	Intersection Improvements	Brazilian Pepper Control	Environmentally Sensitive Land Restoration	Gulf Pines/ Gulf Shores/ West Gulf Drive Beach Restoration	Beach Road Paving Special Assessments	Shell Harbor Canal Dredging	Periwinkle Landscaping
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	222,440	44,776	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
34	-	-	4	3	4	-	3	5
-	-	-	-	-	-	-	-	-
<u>34</u>	<u>-</u>	<u>-</u>	<u>222,444</u>	<u>44,779</u>	<u>4</u>	<u>-</u>	<u>16,544</u>	<u>10,709</u>
-	-	-	-	-	-	-	16,547	10,714
-	-	-	-	-	-	-	-	-
-	-	-	273,501	48,036	-	-	-	6,942
54,118	-	-	-	-	-	-	28,966	20,045
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
20,606	-	-	-	-	-	-	-	2,998
-	-	-	-	-	-	-	-	-
<u>74,724</u>	<u>-</u>	<u>-</u>	<u>273,501</u>	<u>48,036</u>	<u>-</u>	<u>-</u>	<u>28,966</u>	<u>29,985</u>
(74,690)	-	-	(51,057)	(3,257)	4	-	(12,419)	(19,271)
-	-	50,000	37,385	-	-	-	-	-
-	(17,292)	-	(102,302)	(3,505)	(69,756)	-	-	-
-	(17,292)	50,000	(64,917)	(3,505)	(69,756)	-	-	-
(74,690)	(17,292)	50,000	(115,974)	(6,762)	(69,752)	-	(12,419)	(19,271)
697,451	17,292	-	115,974	6,762	69,752	832	49,777	101,527
<u>\$ 622,761</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 832</u>	<u>\$ 37,358</u>	<u>\$ 82,256</u>

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2009

	Capital Projects					Total Nonmajor Governmental Funds
	Sanibel Estates Canal Trimming	Sanibel Isles Canal Dredging	Recreation Center Capital Project	Community Park Improvement	Total	
REVENUES						
Ad Valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 737,735
Franchise fees	-	-	-	-	-	969,774
Business taxes	-	-	-	-	-	293,393
Building permits	-	-	-	-	-	683,006
Intergovernmental	-	-	-	-	319,190	809,539
Charges for services	-	-	-	-	-	496,768
Fines and forfeitures	-	-	-	-	-	32,658
Rents and royalties	-	-	-	-	-	51,271
Impact fees	-	-	-	-	-	164,780
Investment earnings	9	12	(13,332)	-	(13,122)	(11,802)
Donations	-	-	-	-	-	15,159
Other miscellaneous	6,841	9,833	-	-	67,676	70,479
Total revenues	<u>6,850</u>	<u>9,845</u>	<u>(13,332)</u>	<u>-</u>	<u>373,744</u>	<u>4,312,760</u>
EXPENDITURES						
Current						
General government	-	-	-	-	23,209	24,479
Public safety	-	-	-	-	3,869	560,160
Physical environment	-	-	-	-	328,479	730,797
Transportation	3,891	247	-	-	1,114,372	1,114,372
Economic environment	-	-	-	-	-	296,234
Human services	-	-	-	-	-	1,000
Culture/Recreation	-	-	5,496	-	42,553	1,922,975
Capital Outlay	-	-	25,463	2,621	481,019	524,063
Debt Service						
Principal retirement	-	-	-	-	-	720,742
Interest charges	-	-	-	-	-	635,498
Total expenditures	<u>3,891</u>	<u>247</u>	<u>30,959</u>	<u>2,621</u>	<u>1,993,501</u>	<u>6,530,320</u>
Excess (deficiency) of revenue over (under) expenditures	<u>2,959</u>	<u>9,598</u>	<u>(44,291)</u>	<u>(2,621)</u>	<u>(1,619,757)</u>	<u>(2,217,560)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	5,000	-	-	1,428,137	3,996,075
Transfers out	-	(11,832)	(28,796)	-	(303,483)	(1,918,975)
Total other financing sources (uses)	<u>-</u>	<u>(6,832)</u>	<u>(28,796)</u>	<u>-</u>	<u>1,124,654</u>	<u>2,077,100</u>
Net change in fund balances	2,959	2,766	(73,087)	(2,621)	(495,103)	(140,460)
Fund balances, beginning of year	15,729	15,243	73,087	2,621	4,006,411	6,801,091
Fund balances, end of year	<u>\$ 18,688</u>	<u>\$ 18,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,511,308</u>	<u>\$ 6,660,631</u>

CITY OF SANIBEL FLORIDA
SOUTHWEST FLORIDA COMMUNITY FOUNDATION GRANT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other revenue	\$ 1,000	\$ 1,271	\$ 1,270	\$ (1)
Total revenues	<u>1,000</u>	<u>1,271</u>	<u>1,270</u>	<u>(1)</u>
EXPENDITURES				
General government	<u>1,000</u>	<u>1,271</u>	<u>1,270</u>	<u>1</u>
Total expenditures	<u>1,000</u>	<u>1,271</u>	<u>1,270</u>	<u>1</u>
Excess (deficiency) of revenue over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	<u>-</u>	<u>253</u>	<u>253</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 253</u>	<u>\$ 253</u>	<u>\$ -</u>

CITY OF SANIBEL FLORIDA
ENVIRONMENTAL DEFENSE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Physical environment	-	6,954	6,954	-
Total expenditures	-	6,954	6,954	-
Excess (deficiency) of revenue over (under) expenditures	-	(6,954)	(6,954)	-
Net change in fund balances	-	(6,954)	(6,954)	-
Fund balances, beginning of year	856	10,764	10,764	-
Fund balances, end of year	<u>\$ 856</u>	<u>\$ 3,810</u>	<u>\$ 3,810</u>	<u>\$ -</u>

CITY OF SANIBEL FLORIDA
HISTORICAL COMMITTEE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other revenue	\$ -	\$ -	\$ 6	\$ 6
Total revenues	<u>-</u>	<u>-</u>	<u>6</u>	<u>6</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over (under) expenditures	<u>-</u>	<u>-</u>	<u>6</u>	<u>6</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>6</u>	<u>6</u>
Fund balances, beginning of year	<u>116,342</u>	<u>135,023</u>	<u>135,023</u>	<u>-</u>
Fund balances, end of year	<u>\$ 116,342</u>	<u>\$ 135,023</u>	<u>\$ 135,029</u>	<u>\$ 6</u>

CITY OF SANIBEL FLORIDA
HURRICANE WILMA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 256,896	\$ 17,704	\$ (239,192)
Total revenues	<u>-</u>	<u>256,896</u>	<u>19,196</u>	<u>(237,700)</u>
EXPENDITURES				
Culture/Recreation	-	256,896	3,721	253,175
Total expenditures	<u>-</u>	<u>256,896</u>	<u>3,721</u>	<u>253,175</u>
Excess (deficiency) of revenue over (under) expenditures	<u>-</u>	<u>-</u>	<u>15,475</u>	<u>15,475</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>15,475</u>	<u>15,475</u>
Fund balances, beginning of year	<u>333,233</u>	<u>80,222</u>	<u>80,222</u>	<u>-</u>
Fund balances, end of year	<u>\$ 333,233</u>	<u>\$ 80,222</u>	<u>\$ 95,697</u>	<u>\$ 15,475</u>

CITY OF SANIBEL FLORIDA
TROPICAL STORM FAY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 84,403	\$ 84,402	\$ (1)
Total revenues	<u>-</u>	<u>84,403</u>	<u>84,406</u>	<u>3</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over (under) expenditures	<u>-</u>	<u>84,403</u>	<u>84,406</u>	<u>3</u>
Net change in fund balances	<u>-</u>	<u>84,403</u>	<u>84,406</u>	<u>3</u>
Fund balances, beginning of year	<u>-</u>	<u>16,908</u>	<u>16,908</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 101,311</u>	<u>\$ 101,314</u>	<u>3</u>

CITY OF SANIBEL FLORIDA
ROAD IMPACT FEES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other revenue	\$ 20,250	\$ 63,082	\$ 151,023	\$ 87,941
Total revenues	<u>20,250</u>	<u>63,082</u>	<u>151,023</u>	<u>87,941</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over (under) expenditures	<u>20,250</u>	<u>63,082</u>	<u>151,023</u>	<u>87,941</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Net change in fund balances	<u>(29,750)</u>	<u>13,082</u>	<u>101,023</u>	<u>87,941</u>
Fund balances, beginning of year	<u>58,409</u>	<u>118,822</u>	<u>118,822</u>	<u>-</u>
Fund balances, end of year	<u>\$ 28,659</u>	<u>\$ 131,904</u>	<u>\$ 219,845</u>	<u>\$ 87,941</u>

CITY OF SANIBEL FLORIDA
COMMUNITY PARK IMPACT FEES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other revenue	\$ 1,500	\$ 5,516	\$ 13,793	\$ 8,277
Total revenues	<u>1,500</u>	<u>5,516</u>	<u>13,793</u>	<u>8,277</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over (under) expenditures	<u>1,500</u>	<u>5,516</u>	<u>13,793</u>	<u>8,277</u>
Net change in fund balances	<u>1,500</u>	<u>5,516</u>	<u>13,793</u>	<u>8,277</u>
Fund balances, beginning of year	<u>8,684</u>	<u>12,771</u>	<u>12,771</u>	<u>-</u>
Fund balances, end of year	<u>\$ 10,184</u>	<u>\$ 18,287</u>	<u>\$ 26,564</u>	<u>\$ 8,277</u>

CITY OF SANIBEL FLORIDA
 FEDERAL FORFEITURE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other revenue	\$ -	\$ -	\$ 2	\$ 2
Total revenues	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over (under) expenditures	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
Fund balances, beginning of year	<u>49,169</u>	<u>49,165</u>	<u>49,165</u>	<u>-</u>
Fund balances, end of year	<u>\$ 49,169</u>	<u>\$ 49,165</u>	<u>\$ 49,167</u>	<u>\$ 2</u>

CITY OF SANIBEL FLORIDA
 FATHER MADDEN ESTATE
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other revenue	\$ 1,000	\$ 1,000	\$ 49	\$ (951)
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>49</u>	<u>(951)</u>
EXPENDITURES				
Human Services	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Total expenditures	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Excess (deficiency) of revenue over (under) expenditures	<u>-</u>	<u>-</u>	<u>(951)</u>	<u>(951)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(951)</u>	<u>(951)</u>
Fund balances, beginning of year	<u>29,419</u>	<u>29,243</u>	<u>29,243</u>	<u>-</u>
Fund balances, end of year	<u>\$ 29,419</u>	<u>\$ 29,243</u>	<u>\$ 28,292</u>	<u>\$ (951)</u>

CITY OF SANIBEL FLORIDA
ALGAE RESEARCH GRANT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 576,810	\$ 576,810	\$ 229,860	\$ (346,950)
Total revenues	<u>576,810</u>	<u>576,810</u>	<u>229,869</u>	<u>(346,941)</u>
EXPENDITURES				
Physical environment	<u>729,082</u>	<u>729,082</u>	<u>395,364</u>	<u>333,718</u>
Total expenditures	<u>729,082</u>	<u>729,082</u>	<u>395,364</u>	<u>333,718</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(152,272)</u>	<u>(152,272)</u>	<u>(165,495)</u>	<u>(13,223)</u>
Net change in fund balances	<u>(152,272)</u>	<u>(152,272)</u>	<u>(165,495)</u>	<u>(13,223)</u>
Fund balances, beginning of year	<u>152,272</u>	<u>192,306</u>	<u>192,306</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 40,034</u>	<u>\$ 26,811</u>	<u>\$ (13,223)</u>

CITY OF SANIBEL FLORIDA
DCA GRANT -SEMP COMMUNICATIONS VAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenue over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(1,307)	(1,307)	-
Total other financing sources (uses)	-	(1,307)	(1,307)	-
Net change in fund balances	-	(1,307)	(1,307)	-
Fund balances, beginning of year	-	1,307	1,307	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

CITY OF SANIBEL FLORIDA
FRANCHISE FEE AND BUSINESS TAX REVENUE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 249,578	\$ 293,394	\$ 293,393	\$ (1)
Licenses & Permits	905,739	967,149	969,774	2,625
Fines and forfeitures	2,750	2,750	2,983	233
Other revenue	3,000	3,000	203	(2,797)
Total revenues	<u>1,161,067</u>	<u>1,266,293</u>	<u>1,266,353</u>	<u>60</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over (under) expenditures	<u>1,161,067</u>	<u>1,266,293</u>	<u>1,266,353</u>	<u>60</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,560,185)</u>	<u>(1,560,185)</u>	<u>(1,560,185)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,560,185)</u>	<u>(1,560,185)</u>	<u>(1,560,185)</u>	<u>-</u>
Net change in fund balances	<u>(399,118)</u>	<u>(293,892)</u>	<u>(293,832)</u>	<u>60</u>
Fund balances, beginning of year	<u>504,232</u>	<u>523,208</u>	<u>523,208</u>	<u>-</u>
Fund balances, end of year	<u>\$ 105,114</u>	<u>\$ 229,316</u>	<u>\$ 229,376</u>	<u>\$ 60</u>

CITY OF SANIBEL FLORIDA
BUILDING DEPARTMENT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Licenses & Permits	\$ 507,602	\$ 683,673	\$ 683,006	\$ (667)
Charges for services	6,095	6,095	5,935	(160)
Fines and forfeitures	14,850	14,850	29,193	14,343
Other revenue	10,500	10,500	225	(10,275)
Total revenues	<u>539,047</u>	<u>715,118</u>	<u>718,359</u>	<u>3,241</u>
EXPENDITURES				
Public safety	<u>601,212</u>	<u>578,575</u>	<u>556,291</u>	<u>22,284</u>
Total expenditures	<u>601,212</u>	<u>578,575</u>	<u>556,291</u>	<u>22,284</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(62,165)</u>	<u>136,543</u>	<u>162,068</u>	<u>25,525</u>
Net change in fund balances	<u>(62,165)</u>	<u>136,543</u>	<u>162,068</u>	<u>25,525</u>
Fund balances, beginning of year	<u>310,275</u>	<u>454,788</u>	<u>454,788</u>	<u>-</u>
Fund balances, end of year	<u>\$ 248,110</u>	<u>\$ 591,331</u>	<u>\$ 616,856</u>	<u>\$ 25,525</u>

CITY OF SANIBEL FLORIDA
RECREATION CENTER OPERATING
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 26,197	\$ 26,197	\$ 29,077	\$ 2,880
Charges for services	100,000	482,727	490,833	8,106
Other revenue	26,905	27,055	15,195	(11,860)
Total revenues	<u>153,102</u>	<u>535,979</u>	<u>535,587</u>	<u>(392)</u>
EXPENDITURES				
Culture/recreation	1,587,479	1,676,218	1,615,957	60,261
Capital Outlay	-	59,150	43,044	16,106
Total expenditures	<u>1,587,479</u>	<u>1,735,368</u>	<u>1,659,001</u>	<u>76,367</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,434,377)</u>	<u>(1,199,389)</u>	<u>(1,123,414)</u>	<u>75,975</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	1,535,370	1,553,667	1,553,667	-
Transfers out	-	(4,000)	(4,000)	-
Total other financing sources (uses)	<u>1,535,370</u>	<u>1,549,667</u>	<u>1,549,667</u>	<u>-</u>
Net change in fund balances	<u>100,993</u>	<u>350,278</u>	<u>426,253</u>	<u>75,975</u>
Fund balances, beginning of year	<u>398,870</u>	<u>595,284</u>	<u>595,284</u>	<u>-</u>
Fund balances, end of year	<u>\$ 499,863</u>	<u>\$ 945,562</u>	<u>\$ 1,021,537</u>	<u>\$ 75,975</u>

CITY OF SANIBEL FLORIDA
ELEMENTARY SCHOOL BALL PARK MAINTENANCE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 217,284	\$ 92,298	\$ 86,046	\$ (6,252)
Other revenue	300	300	-	(300)
Total revenues	<u>217,584</u>	<u>92,598</u>	<u>86,046</u>	<u>(6,552)</u>
EXPENDITURES				
Culture/recreation	<u>328,543</u>	<u>270,158</u>	<u>260,744</u>	<u>9,414</u>
Total expenditures	<u>328,543</u>	<u>270,158</u>	<u>260,744</u>	<u>9,414</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(110,959)</u>	<u>(177,560)</u>	<u>(174,698)</u>	<u>2,862</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	<u>-</u>	<u>210,859</u>	<u>210,859</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>210,859</u>	<u>210,859</u>	<u>-</u>
Net change in fund balances	<u>(110,959)</u>	<u>33,299</u>	<u>36,161</u>	<u>2,862</u>
Fund balances, beginning of year	<u>203,684</u>	<u>19,507</u>	<u>19,507</u>	<u>-</u>
Fund balances, end of year	<u>\$ 92,725</u>	<u>\$ 52,806</u>	<u>\$ 55,668</u>	<u>\$ 2,862</u>

CITY OF SANIBEL FLORIDA
 BELOW MARKET RATE HOUSING
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 43,260	\$ 43,260	\$ -
Total revenues	<u>-</u>	<u>43,260</u>	<u>44,558</u>	<u>1,298</u>
EXPENDITURES				
Economic environment	<u>252,116</u>	<u>295,376</u>	<u>296,234</u>	<u>(858)</u>
Total expenditures	<u>252,116</u>	<u>295,376</u>	<u>296,234</u>	<u>(858)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(252,116)</u>	<u>(252,116)</u>	<u>(251,676)</u>	<u>440</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>	<u>-</u>
Total other financing sources (uses)	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>	<u>-</u>
Net change in fund balances	<u>(12,116)</u>	<u>(12,116)</u>	<u>(11,676)</u>	<u>440</u>
Fund balances, beginning of year	<u>17,173</u>	<u>16,697</u>	<u>16,697</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,057</u>	<u>\$ 4,581</u>	<u>\$ 5,021</u>	<u>\$ 440</u>

CITY OF SANIBEL FLORIDA
1997 \$1.25M PAULSEN LAND PURCHASE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other revenue	\$ 1,000	\$ 1,000	\$ 4	\$ (996)
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>4</u>	<u>(996)</u>
EXPENDITURES				
Debt Service				
Principal retirement	99,016	99,016	99,038	(22)
Interest charges	21,670	21,670	21,248	422
Total expenditures	<u>120,686</u>	<u>120,686</u>	<u>120,286</u>	<u>400</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(119,686)</u>	<u>(119,686)</u>	<u>(120,282)</u>	<u>(596)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	120,000	120,000	120,000	-
Total other financing sources (uses)	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>	<u>-</u>
Net change in fund balances	<u>314</u>	<u>314</u>	<u>(282)</u>	<u>(596)</u>
Fund balances, beginning of year	<u>62,788</u>	<u>62,849</u>	<u>62,849</u>	<u>-</u>
Fund balances, end of year	<u>\$ 63,102</u>	<u>\$ 63,163</u>	<u>\$ 62,567</u>	<u>\$ (596)</u>

CITY OF SANIBEL FLORIDA
2002 \$3.825M GENERAL OBLIGATION DEBT SERVICE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 227,520	\$ 227,520	\$ 227,954	\$ 434
Other revenue	5,000	5,000	240	(4,760)
Total revenues	<u>232,520</u>	<u>232,520</u>	<u>228,194</u>	<u>(4,326)</u>
EXPENDITURES				
Debt Service				
Principal retirement	90,000	90,000	90,000	-
Interest charges	148,525	148,525	148,475	50
Total expenditures	<u>238,525</u>	<u>238,525</u>	<u>238,475</u>	<u>50</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(6,005)</u>	<u>(6,005)</u>	<u>(10,281)</u>	<u>(4,276)</u>
Net change in fund balances	<u>(6,005)</u>	<u>(6,005)</u>	<u>(10,281)</u>	<u>(4,276)</u>
Fund balances, beginning of year	<u>249,747</u>	<u>248,428</u>	<u>248,428</u>	<u>-</u>
Fund balances, end of year	<u>\$ 243,742</u>	<u>\$ 242,423</u>	<u>\$ 238,147</u>	<u>\$ (4,276)</u>

CITY OF SANIBEL FLORIDA
1979 FMHA REVENUE BOND ISSUE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other revenue	\$ 1,500	\$ 1,500	\$ 9	\$ (1,491)
Total revenues	<u>1,500</u>	<u>1,500</u>	<u>9</u>	<u>(1,491)</u>
EXPENDITURES				
Debt Service				
Principal retirement	104,451	104,451	104,488	(37)
Interest charges	83,426	83,426	82,989	437
Total expenditures	<u>187,877</u>	<u>187,877</u>	<u>187,477</u>	<u>400</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(186,377)</u>	<u>(186,377)</u>	<u>(187,468)</u>	<u>(1,091)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	182,000	182,000	182,000	-
Total other financing sources (uses)	<u>182,000</u>	<u>182,000</u>	<u>182,000</u>	<u>-</u>
Net change in fund balances	<u>(4,377)</u>	<u>(4,377)</u>	<u>(5,468)</u>	<u>(1,091)</u>
Fund balances, beginning of year	<u>192,259</u>	<u>191,541</u>	<u>191,541</u>	<u>-</u>
Fund balances, end of year	<u>\$ 187,882</u>	<u>\$ 187,164</u>	<u>\$ 186,073</u>	<u>\$ (1,091)</u>

CITY OF SANIBEL FLORIDA
 CAPITAL LEASE
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt Service				
Principal retirement	6,953	6,953	8,648	(1,695)
Interest charges	4,459	4,459	2,717	1,742
Total expenditures	11,412	11,412	11,365	47
Excess (deficiency) of revenue over (under) expenditures	(11,412)	(11,412)	(11,365)	47
OTHER FINANCING SOURCES (USES)				
Transfer in	11,412	11,412	11,412	-
Total other financing sources (uses)	11,412	11,412	11,412	-
Net change in fund balances	-	-	47	47
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ 47	\$ 47

CITY OF SANIBEL FLORIDA
2006 \$8.355M GENERAL OBLIGATION DEBT SERVICE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 503,500	\$ 503,500	\$ 509,781	\$ 6,281
Other revenue	3,500	3,500	510	(2,990)
Total revenues	<u>507,000</u>	<u>507,000</u>	<u>510,291</u>	<u>3,291</u>
EXPENDITURES				
Debt Service				
Principal retirement	165,000	165,000	165,000	-
Interest charges	340,200	340,200	340,150	50
Total expenditures	<u>505,200</u>	<u>505,200</u>	<u>505,150</u>	<u>50</u>
Excess (deficiency) of revenue over (under) expenditures	<u>1,800</u>	<u>1,800</u>	<u>5,141</u>	<u>3,341</u>
Net change in fund balances	<u>1,800</u>	<u>1,800</u>	<u>5,141</u>	<u>3,341</u>
Fund balances, beginning of year	<u>11,414</u>	<u>19,597</u>	<u>19,597</u>	<u>-</u>
Fund balances, end of year	<u>\$ 13,214</u>	<u>\$ 21,397</u>	<u>\$ 24,738</u>	<u>\$ 3,341</u>

CITY OF SANIBEL FLORIDA
SUNTRUST NOTES FOR BMRH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other revenue	\$ 40,001	\$ 40,001	\$ 50,001	\$ 10,000
Total revenues	<u>40,001</u>	<u>40,001</u>	<u>50,001</u>	<u>10,000</u>
EXPENDITURES				
Debt Service				
Principal retirement	253,558	253,558	253,568	(10)
Interest charges	41,451	41,451	39,919	1,532
Total expenditures	<u>295,009</u>	<u>295,009</u>	<u>293,487</u>	<u>1,522</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(255,008)</u>	<u>(255,008)</u>	<u>(243,486)</u>	<u>11,522</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	250,000	250,000	250,000	-
Total other financing sources (uses)	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Net change in fund balances	<u>(5,008)</u>	<u>(5,008)</u>	<u>6,514</u>	<u>11,522</u>
Fund balances, beginning of year	<u>14,808</u>	<u>15,997</u>	<u>15,997</u>	<u>-</u>
Fund balances, end of year	<u>\$ 9,800</u>	<u>\$ 10,989</u>	<u>\$ 22,511</u>	<u>\$ 11,522</u>

CITY OF SANIBEL FLORIDA
 CAPITAL ASSET ACQUISITION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 18,726	\$ 471	\$ (18,255)
Other revenue	7,500	7,500	51	(7,449)
Total revenues	<u>7,500</u>	<u>26,226</u>	<u>522</u>	<u>(25,704)</u>
EXPENDITURES				
General government	-	-	23,209	(23,209)
Public safety	-	-	3,869	(3,869)
Culture/recreation	-	-	37,057	(37,057)
Capital Outlay	<u>1,310,109</u>	<u>1,131,315</u>	<u>234,476</u>	<u>896,839</u>
Total expenditures	<u>1,310,109</u>	<u>1,131,315</u>	<u>298,611</u>	<u>832,704</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,302,609)</u>	<u>(1,105,089)</u>	<u>(298,089)</u>	<u>807,000</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	340,291	326,271	326,271	-
Debt proceeds	140,000	-	-	-
Total other financing sources	<u>480,291</u>	<u>326,271</u>	<u>326,271</u>	<u>-</u>
Net change in fund balances	(822,318)	(778,818)	28,182	807,000
Fund balances, beginning of year	<u>822,318</u>	<u>964,188</u>	<u>964,188</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 185,370</u>	<u>\$ 992,370</u>	<u>\$ 807,000</u>

CITY OF SANIBEL FLORIDA
TRANSPORTATION CAPITAL PROJECTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 51,504	\$ 51,503	\$ (1)
Other revenue	7,500	7,500	23,788	16,288
Total revenues	<u>7,500</u>	<u>59,004</u>	<u>75,291</u>	<u>16,287</u>
EXPENDITURES				
Transportation	1,715,740	1,651,000	878,088	772,912
Total expenditures	<u>1,715,740</u>	<u>1,651,000</u>	<u>878,088</u>	<u>772,912</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,708,240)</u>	<u>(1,591,996)</u>	<u>(802,797)</u>	<u>789,199</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	963,043	918,303	918,303	-
Total other financing sources (uses)	<u>963,043</u>	<u>918,303</u>	<u>918,303</u>	<u>-</u>
Net change in fund balances	<u>(745,197)</u>	<u>(673,693)</u>	<u>115,506</u>	<u>789,199</u>
Fund balances, beginning of year	<u>745,197</u>	<u>758,905</u>	<u>758,904</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 85,212</u>	<u>\$ 874,410</u>	<u>\$ 789,199</u>

CITY OF SANIBEL FLORIDA
DIXIE BEACH ROAD PROJECT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other revenue	\$ -	\$ -	\$ 12	\$ 12
Total revenues	<u>-</u>	<u>-</u>	<u>12</u>	<u>12</u>
EXPENDITURES				
Transportation	-	-	9,275	(9,275)
Capital Outlay	<u>430,000</u>	<u>215,000</u>	<u>194,855</u>	<u>20,145</u>
Total expenditures	<u>430,000</u>	<u>215,000</u>	<u>204,130</u>	<u>10,870</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(430,000)</u>	<u>(215,000)</u>	<u>(204,118)</u>	<u>10,882</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	<u>91,178</u>	<u>91,178</u>	<u>91,178</u>	<u>-</u>
Total other financing sources (uses)	<u>91,178</u>	<u>91,178</u>	<u>91,178</u>	<u>-</u>
Net change in fund balances	<u>(338,822)</u>	<u>(123,822)</u>	<u>(112,940)</u>	<u>10,882</u>
Fund balances, beginning of year	<u>338,822</u>	<u>350,399</u>	<u>350,399</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 226,577</u>	<u>\$ 237,459</u>	<u>\$ 10,882</u>

CITY OF SANIBEL FLORIDA
RABBIT ROAD CAPITAL PROJECTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other revenue	\$ -	\$ -	\$ 17	\$ 17
Total revenues	<u>-</u>	<u>-</u>	<u>17</u>	<u>17</u>
EXPENDITURES				
Capital Outlay	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(300,000)</u>	<u>-</u>	<u>17</u>	<u>17</u>
Net change in fund balances	<u>(300,000)</u>	<u>-</u>	<u>17</u>	<u>17</u>
Fund balances, beginning of year	<u>300,000</u>	<u>346,344</u>	<u>346,344</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 346,344</u>	<u>\$ 346,361</u>	<u>\$ 17</u>

CITY OF SANIBEL FLORIDA
 PERIWINKLE BIKE PATH & ROAD MAINTENANCE
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other revenue	\$ -	\$ -	\$ 14	\$ 14
Total revenues	<u>-</u>	<u>-</u>	<u>14</u>	<u>14</u>
EXPENDITURES				
Transportation	<u>-</u>	<u>172,604</u>	<u>119,742</u>	<u>52,862</u>
Total expenditures	<u>-</u>	<u>172,604</u>	<u>119,742</u>	<u>52,862</u>
Excess (deficiency) of revenue over (under) expenditures	<u>-</u>	<u>(172,604)</u>	<u>(119,728)</u>	<u>52,876</u>
Net change in fund balances	<u>-</u>	<u>(172,604)</u>	<u>(119,728)</u>	<u>52,876</u>
Fund balances, beginning of year	<u>182,979</u>	<u>349,375</u>	<u>349,375</u>	<u>-</u>
Fund balances, end of year	<u>\$ 182,979</u>	<u>\$ 176,771</u>	<u>\$ 229,647</u>	<u>\$ 52,876</u>

CITY OF SANIBEL FLORIDA
SAN-CAP ROAD PROJECT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other revenue	\$ -	\$ -	\$ 3	\$ 3
Total revenues	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over (under) expenditures	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(70,000)</u>	<u>(70,000)</u>	<u>(70,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(70,000)</u>	<u>(70,000)</u>	<u>(70,000)</u>	<u>-</u>
Net change in fund balances	<u>(70,000)</u>	<u>(70,000)</u>	<u>(69,997)</u>	<u>3</u>
Fund balances, beginning of year	<u>71,071</u>	<u>71,154</u>	<u>71,154</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,071</u>	<u>\$ 1,154</u>	<u>\$ 1,157</u>	<u>\$ 3</u>

CITY OF SANIBEL FLORIDA
TARPON BAY ROAD REPAVING
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other revenue	\$ -	\$ -	\$ 34	\$ 34
Total revenues	<u>-</u>	<u>-</u>	<u>34</u>	<u>34</u>
EXPENDITURES				
Transportation	-	-	54,118	(54,118)
Capital Outlay	<u>650,000</u>	<u>200,000</u>	<u>20,606</u>	<u>179,394</u>
Total expenditures	<u>650,000</u>	<u>200,000</u>	<u>74,724</u>	<u>125,276</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(650,000)</u>	<u>(200,000)</u>	<u>(74,690)</u>	<u>125,310</u>
Net change in fund balances	<u>(650,000)</u>	<u>(200,000)</u>	<u>(74,690)</u>	<u>125,310</u>
Fund balances, beginning of year	<u>650,000</u>	<u>697,451</u>	<u>697,451</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 497,451</u>	<u>\$ 622,761</u>	<u>\$ 125,310</u>

CITY OF SANIBEL FLORIDA
HAZARD MITIGATION PROJECT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenue over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(17,292)	(17,292)	-
Total other financing sources (uses)	-	(17,292)	(17,292)	-
Net change in fund balances	-	(17,292)	(17,292)	-
Fund balances, beginning of year	-	17,292	17,292	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

CITY OF SANIBEL FLORIDA
INTERSECTION IMPROVEMENTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Capital Outlay	50,000	50,000	-	50,000
Total expenditures	50,000	50,000	-	50,000
Excess (deficiency) of revenue over (under) expenditures	(50,000)	(50,000)	-	50,000
OTHER FINANCING SOURCES (USES)				
Transfer in	50,000	50,000	50,000	-
Total other financing sources (uses)	50,000	50,000	50,000	-
Net change in fund balances	-	-	50,000	50,000
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ 50,000	\$ 50,000

CITY OF SANIBEL FLORIDA
 BRAZILIAN PEPPER CONTROL
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 222,440	\$ 222,440	\$ -
Other revenue	-	4	4	-
Total revenues	<u>-</u>	<u>222,444</u>	<u>222,444</u>	<u>\$ -</u>
EXPENDITURES				
Physical environment	<u>220,000</u>	<u>273,501</u>	<u>273,501</u>	<u>-</u>
Total expenditures	<u>220,000</u>	<u>273,501</u>	<u>273,501</u>	<u>-</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(220,000)</u>	<u>(51,057)</u>	<u>(51,057)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	137,385	37,385	37,385	-
Transfers out	-	(102,302)	(102,302)	-
Total other financing sources (uses)	<u>137,385</u>	<u>(64,917)</u>	<u>(64,917)</u>	<u>-</u>
Net change in fund balances	<u>(82,615)</u>	<u>(115,974)</u>	<u>(115,974)</u>	<u>-</u>
Fund balances, beginning of year	<u>82,615</u>	<u>115,974</u>	<u>115,974</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SANIBEL FLORIDA
 ENVIRONMENTALLY SENSITIVE LAND RESTORATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 45,900	\$ 44,776	\$ (1,124)
Other revenue	3,000	3,000	3	(2,997)
Total revenues	<u>3,000</u>	<u>48,900</u>	<u>44,779</u>	<u>(4,121)</u>
EXPENDITURES				
Physical environment	<u>-</u>	<u>48,216</u>	<u>48,036</u>	<u>180</u>
Total expenditures	<u>-</u>	<u>48,216</u>	<u>48,036</u>	<u>180</u>
Excess (deficiency) of revenue over (under) expenditures	<u>3,000</u>	<u>684</u>	<u>(3,257)</u>	<u>(3,941)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>(3,505)</u>	<u>(3,505)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(3,505)</u>	<u>(3,505)</u>	<u>-</u>
Net change in fund balances	<u>3,000</u>	<u>(2,821)</u>	<u>(6,762)</u>	<u>(3,941)</u>
Fund balances, beginning of year	<u>33,235</u>	<u>6,762</u>	<u>6,762</u>	<u>-</u>
Fund balances, end of year	<u>\$ 36,235</u>	<u>\$ 3,941</u>	<u>\$ -</u>	<u>\$ (3,941)</u>

CITY OF SANIBEL FLORIDA
 GULF PINES / GULF SHORES / W. GULF DR. RESTORATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other revenue	\$ -	\$ 4	\$ 4	\$ -
Total revenues	<u>-</u>	<u>4</u>	<u>4</u>	<u>-</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over (under) expenditures	<u>-</u>	<u>4</u>	<u>4</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>(69,756)</u>	<u>(69,756)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(69,756)</u>	<u>(69,756)</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>(69,752)</u>	<u>(69,752)</u>	<u>-</u>
Fund balances, beginning of year	<u>68,907</u>	<u>69,752</u>	<u>69,752</u>	<u>-</u>
Fund balances, end of year	<u>\$ 68,907</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SANIBEL FLORIDA
 BEACH ROAD REPAVING
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenue over (under) expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	832	832	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ 832</u>	<u>\$ 832</u>	<u>\$ -</u>

CITY OF SANIBEL FLORIDA
SHELL HARBOR CANAL DREDGING
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other revenue	\$ 400	\$ 16,934	\$ 16,547	\$ (387)
Total revenues	<u>400</u>	<u>16,934</u>	<u>16,547</u>	<u>(387)</u>
EXPENDITURES				
Transportation	<u>-</u>	<u>39,800</u>	<u>28,966</u>	<u>10,834</u>
Total expenditures	<u>-</u>	<u>39,800</u>	<u>28,966</u>	<u>10,834</u>
Excess (deficiency) of revenue over (under) expenditures	<u>400</u>	<u>(22,866)</u>	<u>(12,419)</u>	<u>10,447</u>
Net change in fund balances	<u>400</u>	<u>(22,866)</u>	<u>(12,419)</u>	<u>10,447</u>
Fund balances, beginning of year	<u>34,824</u>	<u>49,777</u>	<u>49,777</u>	<u>-</u>
Fund balances, end of year	<u>\$ 35,224</u>	<u>\$ 26,911</u>	<u>\$ 37,358</u>	<u>\$ 10,447</u>

CITY OF SANIBEL FLORIDA
 PERIWINKLE LANDSCAPING
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other revenue	\$ -	\$ 205,736	\$ 10,714	\$ (195,022)
Total revenues	<u>-</u>	<u>205,736</u>	<u>10,714</u>	<u>(195,022)</u>
EXPENDITURES				
Physical environment	-	-	6,942	(6,942)
Transportation	-	755	20,045	(19,290)
Capital Outlay	<u>50,000</u>	<u>254,981</u>	<u>2,998</u>	<u>251,983</u>
Total expenditures	<u>50,000</u>	<u>255,736</u>	<u>29,985</u>	<u>225,751</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(50,000)</u>	<u>(50,000)</u>	<u>(19,271)</u>	<u>30,729</u>
Net change in fund balances	<u>(50,000)</u>	<u>(50,000)</u>	<u>(19,271)</u>	<u>30,729</u>
Fund balances, beginning of year	<u>172,216</u>	<u>101,527</u>	<u>101,527</u>	<u>-</u>
Fund balances, end of year	<u>\$ 122,216</u>	<u>\$ 51,527</u>	<u>\$ 82,256</u>	<u>\$ 30,729</u>

CITY OF SANIBEL FLORIDA
SANIBEL ESTATES CANAL TRIMMING
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other revenue	\$ 6,790	\$ 6,790	\$ 6,850	\$ 60
Total revenues	<u>6,790</u>	<u>6,790</u>	<u>6,850</u>	<u>60</u>
EXPENDITURES				
Transportation	<u>10,000</u>	<u>10,000</u>	<u>3,891</u>	<u>6,109</u>
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>3,891</u>	<u>6,109</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(3,210)</u>	<u>(3,210)</u>	<u>2,959</u>	<u>6,169</u>
Net change in fund balances	(3,210)	(3,210)	2,959	6,169
Fund balances, beginning of year	<u>12,310</u>	<u>15,729</u>	<u>15,729</u>	<u>-</u>
Fund balances, end of year	<u>\$ 9,100</u>	<u>\$ 12,519</u>	<u>\$ 18,688</u>	<u>\$ 6,169</u>

CITY OF SANIBEL FLORIDA
SANIBEL ISLES/WATER SHADOWS CANAL DREDGING
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other revenue	\$ 9,696	\$ 9,696	\$ 9,845	\$ 149
Total revenues	<u>9,696</u>	<u>9,696</u>	<u>9,845</u>	<u>149</u>
EXPENDITURES				
Transportation	<u>-</u>	<u>10,800</u>	<u>247</u>	<u>10,553</u>
Total expenditures	<u>-</u>	<u>10,800</u>	<u>247</u>	<u>10,553</u>
Excess (deficiency) of revenue over (under) expenditures	<u>9,696</u>	<u>(1,104)</u>	<u>9,598</u>	<u>10,702</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,000	5,000	5,000	-
Transfers in	<u>-</u>	<u>(11,832)</u>	<u>(11,832)</u>	<u>-</u>
Total other financing sources (uses)	<u>5,000</u>	<u>(6,832)</u>	<u>(6,832)</u>	<u>-</u>
Net change in fund balances	14,696	(7,936)	2,766	10,702
Fund balances, beginning of year	<u>14,821</u>	<u>15,243</u>	<u>15,243</u>	<u>-</u>
Fund balances, end of year	<u>\$ 29,517</u>	<u>\$ 7,307</u>	<u>\$ 18,009</u>	<u>\$ 10,702</u>

CITY OF SANIBEL FLORIDA
RECREATION FACILITY CAPITAL PROJECT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other revenue	\$ -	\$ (13,333)	\$ (13,332)	\$ 1
Total revenues	<u>-</u>	<u>(13,333)</u>	<u>(13,332)</u>	<u>1</u>
EXPENDITURES				
Culture/recreation	-	-	5,496	(5,496)
Capital Outlay	<u>42,858</u>	<u>30,955</u>	<u>25,463</u>	<u>5,492</u>
Total expenditures	<u>42,858</u>	<u>30,955</u>	<u>30,959</u>	<u>(4)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(42,858)</u>	<u>(44,288)</u>	<u>(44,291)</u>	<u>(3)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(28,797)	(28,796)	1
Total other financing sources (uses)	<u>-</u>	<u>(28,797)</u>	<u>(28,796)</u>	<u>1</u>
Net change in fund balances	<u>(42,858)</u>	<u>(73,085)</u>	<u>(73,087)</u>	<u>(2)</u>
Fund balances, beginning of year	<u>42,858</u>	<u>73,085</u>	<u>73,087</u>	<u>2</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SANIBEL FLORIDA
COMMUNITY PARK IMPROVEMENT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2009

	Budgets		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Capital Outlay	-	2,621	2,621	-
Total expenditures	-	2,621	2,621	-
Excess (deficiency) of revenue over (under) expenditures	-	(2,621)	(2,621)	-
Net change in fund balances	-	(2,621)	(2,621)	-
Fund balances, beginning of year	-	2,961	2,621	(340)
Fund balances, end of year	\$ -	\$ 340	\$ -	\$ (340)

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 September 30, 2009

	Pension and OPEB Trust Funds			Total Trust Funds
	OPEB	General Employees'	Municipal Police Officers'	
ASSETS				
Cash and cash equivalents	\$ 142,407	\$ 292,814	\$ 190,038	\$ 625,259
Investments, at market value				
Corporate stocks	-	5,164,113	-	5,164,113
Corporate bonds & government obligations	-	3,741,082	-	3,741,082
Mutual funds:				
Equity and equity index	-	-	1,951,621	1,951,621
Pooled/Common/Commingled Funds:				
Equity	-	-	2,837,370	2,837,370
Fixed Income	-	-	2,662,441	2,662,441
Real Estate	-	722,029	-	722,029
Total investments at fair value	-	9,627,224	7,451,432	17,078,656
Receivables - interest & dividends	-	49,625	-	49,625
Prepays	-	467	-	467
Total assets	142,407	9,970,130	7,641,470	17,754,007
LIABILITIES				
Accrued benefits and other liabilities	-	154,302	174,781	329,083
Due to other funds	33,328	-	-	33,328
Total liabilities	33,328	154,302	174,781	362,411
NET ASSETS				
Held in trust for pension and OPEB benefits	\$ 109,079	\$ 9,815,828	\$ 7,466,689	\$ 17,391,596

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 For the Fiscal Year Ended September 30, 2009

	Pension and OPEB Trust Funds			Total Trust Funds
	OPEB	General Employees'	Municipal Police Officers'	
ADDITIONS				
Contributions				
Employer	\$ 70,235	\$ 975,816	\$ 503,432	\$ 1,549,483
State of Florida	-	-	57,459	57,459
Plan members	-	235,805	140,639	376,444
	<u>70,235</u>	<u>1,211,621</u>	<u>701,530</u>	<u>1,983,386</u>
Total contributions				
	<u>70,235</u>	<u>1,211,621</u>	<u>701,530</u>	<u>1,983,386</u>
Investment income				
Net appreciation (depreciation) in fair value of investments	-	(927,130)	170,832	(756,298)
Interest and dividends	7	321,272	54,455	375,734
Total investment earnings (loss)	<u>7</u>	<u>(605,858)</u>	<u>225,287</u>	<u>(380,564)</u>
Less investment expense	-	(70,491)	(62,831)	(133,322)
Net investment earnings (loss)	<u>7</u>	<u>(676,349)</u>	<u>162,456</u>	<u>(513,886)</u>
Total additions	<u>70,242</u>	<u>535,272</u>	<u>863,986</u>	<u>1,469,500</u>
DEDUCTIONS				
Benefits paid	33,328	826,804	464,327	1,324,459
Refunds of contributions	-	34,469	19,612	54,081
Administrative expenses	8,295	47,213	27,516	83,024
Total deductions	<u>41,623</u>	<u>908,486</u>	<u>511,455</u>	<u>1,461,564</u>
Change in net assets	<u>28,619</u>	<u>(373,214)</u>	<u>352,531</u>	<u>7,936</u>
Net assets held in trust for pension and OPEB benefits				
Net assets - beginning of year	<u>80,460</u>	<u>10,189,042</u>	<u>7,114,158</u>	<u>17,383,660</u>
Net assets - end of year	<u>\$ 109,079</u>	<u>\$ 9,815,828</u>	<u>\$ 7,466,689</u>	<u>\$ 17,391,596</u>

CITY OF SANIBEL, FLORIDA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Fiscal Year Ended September 30, 2009

	Agency Funds							Total Agency Funds
	Radon	Regional Park Impact Fees	EMS Impact Fees	Fire Control District Fees	Fire Impact Fees	Lee County Septic Abandonment	Lee County School Board	
ASSETS								
Cash and cash equivalents - October 1, 2008	\$ 4,623	\$ 2,073	\$ 282	\$ 4,559	\$ 2,034	\$ -	\$ 14,203	\$ 27,774
Additions								
Collections	833	12,089	1,652	11,088	12,180	2,100	54,130	94,072
Deductions								
Remittances to other governmental agencies	(3,084)	(5,182)	(706)	(12,102)	(5,130)	(1,950)	(67,446)	(95,600)
Cash and cash equivalents - September 30, 2009	\$ 2,372	\$ 8,980	\$ 1,228	\$ 3,545	\$ 9,084	\$ 150	\$ 887	\$ 26,246
LIABILITIES								
Due to other governments - October 1, 2008	\$ 4,623	\$ 2,073	\$ 282	\$ 4,559	\$ 2,034	\$ -	\$ 14,203	\$ 27,774
Additions								
Collections	833	12,089	1,652	11,088	12,180	2,100	54,130	94,072
Deductions								
Remittances to other governmental agencies	(3,084)	(5,182)	(706)	(12,102)	(5,130)	(1,950)	(67,446)	(95,600)
Total due to other governments - September 30, 2009	\$ 2,372	\$ 8,980	\$ 1,228	\$ 3,545	\$ 9,084	\$ 150	\$ 887	\$ 26,246

STATISTICAL SECTION

THIS PAGE LEFT BLANK INTENTIONALLY



STATISTICAL SECTION

(Unaudited)

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

Financial Trends

Page(s)

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

Net Assets by Component.....	153
Changes in Net Assets.....	154
Fund Balances of Governmental Funds.....	156
Changes in Fund Balances of Governmental Funds.....	157
Tax Revenue by Source – Governmental Funds.....	158

Revenue Capacity

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

Assessed and Estimated Actual Value of Taxable Property.....	159
Direct and Overlapping Property Tax Rates.....	160
Principal Property Taxpayers.....	161
Property Tax Levies and Collections.....	162
Sewer Rates.....	163

Debt Capacity

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

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

Ratios of Outstanding Debt by Type.....	164
Ratios of General Bonded Debt Outstanding.....	165
Direct and Overlapping Governmental Activities Debt.....	166
Wastewater Revenue Bond Coverage.....	167
Wastewater Revenue Note Coverage.....	168

Demographic and Economic Information

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

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

Demographic and Economic Statistics.....	169
Principal Employers.....	170

Operating Information

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

Full-time Equivalent City Government Employees by Function/Program.....	171
Operating Indicators by Function/Program.....	172
Capital Assets Statistics by Function/Program.....	173
Schedule of Insurance in Force.....	174

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

THIS PAGE LEFT BLANK INTENTIONALLY



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

	FISCAL YEAR						
	2009	2008	2007	2006	2005	2004	2003
Governmental activities							
Invested in capital assets, net of related debt	\$ 35,796,393	\$ 36,345,476	\$ 34,442,658	\$ 22,258,204	\$ 28,657,933	\$ 28,706,225	\$ 24,424,842
Restricted	4,045,391	4,544,823	6,406,164	11,904,294	5,887,726	3,195,021	3,141,031
Unrestricted	<u>19,867,426</u>	<u>16,086,510</u>	<u>14,871,818</u>	<u>11,072,686</u>	<u>7,490,429</u>	<u>7,577,186</u>	<u>9,640,866</u>
Total governmental activities net assets	<u>59,709,210</u>	<u>56,976,809</u>	<u>55,720,640</u>	<u>45,235,184</u>	<u>42,036,088</u>	<u>39,478,432</u>	<u>37,206,739</u>
Business-type activities							
Invested in capital assets, net of related debt	17,037,477	10,783,538	8,052,663	7,616,345	8,262,922	8,397,260	7,309,318
Restricted	12,672,286	16,000,958	20,479,404	21,177,136	23,593,619	20,264,636	20,418,017
Unrestricted	<u>1,810,124</u>	<u>2,796,975</u>	<u>360,675</u>	<u>(1,224,515)</u>	<u>(3,497,749)</u>	<u>(4,020,796)</u>	<u>(1,741,650)</u>
Total business-type activities net assets	<u>31,519,887</u>	<u>29,581,471</u>	<u>28,892,742</u>	<u>27,568,966</u>	<u>28,358,792</u>	<u>24,641,100</u>	<u>25,985,685</u>
Primary government							
Invested in capital assets, net of related debt	52,833,870	47,129,014	42,495,321	29,874,549	36,920,855	37,103,485	31,734,160
Restricted	16,717,677	20,545,781	26,885,568	33,081,430	29,481,345	23,459,657	23,559,048
Unrestricted	<u>21,677,550</u>	<u>18,883,485</u>	<u>15,232,493</u>	<u>9,848,171</u>	<u>3,992,680</u>	<u>3,556,390</u>	<u>7,899,216</u>
Total primary government	<u>\$ 91,229,097</u>	<u>\$ 86,558,280</u>	<u>\$ 84,613,382</u>	<u>\$ 72,804,150</u>	<u>\$ 70,394,880</u>	<u>\$ 64,119,532</u>	<u>\$ 63,192,424</u>

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

	FISCAL YEAR						
	2009	2008	2007	2006	2005	2004	2003
Expenses							
Governmental activities							
General government	\$ 1,187,925	\$ 2,485,498	\$ 2,894,264	\$ 1,035,168	\$ (572,367)	\$ 1,444,933	\$ 2,328,532
Public safety	5,475,170	5,509,270	5,392,051	7,852,510	7,518,900	4,821,904	3,617,809
Physical environment	1,280,829	1,020,976	1,160,444	1,918,079	3,664,027	3,601,032	358,821
Transportation	3,956,588	4,598,819	2,935,517	4,520,624	4,612,148	2,600,998	996,553
Economic development	314,639	272,751	274,498	263,794	753,531	805,318	295,924
Human services	1,000	1,000	974	976	580	-	1,083
Culture/recreation	3,871,583	4,406,463	2,785,049	4,167,383	5,109,649	5,028,692	4,044,387
Interest on long-term debt	635,752	672,858	782,008	632,718	611,077	410,016	373,017
Total governmental activities expenses	<u>16,723,486</u>	<u>18,967,635</u>	<u>16,224,805</u>	<u>20,391,252</u>	<u>21,697,545</u>	<u>18,712,893</u>	<u>12,016,126</u>
Business-type activities							
Sewer	7,864,277	8,110,872	6,967,022	6,710,986	6,309,686	6,232,816	4,194,016
Beach parking	2,079,582	2,169,757	1,966,248	1,929,278	1,405,652	1,195,117	908,928
Total business-type activities expenses	<u>9,943,859</u>	<u>10,280,629</u>	<u>8,933,270</u>	<u>8,640,264</u>	<u>7,715,338</u>	<u>7,427,933</u>	<u>5,102,944</u>
Total primary government expenses	<u>26,667,345</u>	<u>29,248,264</u>	<u>25,158,075</u>	<u>29,031,516</u>	<u>29,412,883</u>	<u>26,140,826</u>	<u>17,119,070</u>
Program Revenues							
Governmental activities							
Charges for services							
General government	1,482,245	1,635,314	999,764	1,267,079	797,778	648,644	1,199,521
Public safety	810,180	903,086	921,349	991,618	1,455,164	649,979	503,239
Other activities	705,738	688,248	593,704	909,978	864,783	711,551	1,170,964
Operating grants and contributions	2,016,163	905,018	620,099	3,834,920	4,074,297	6,908,629	2,439,931
Capital grants and contributions	248,455	577,958	5,530,390	1,399,228	1,818,965	1,038,591	2,468,263
Total governmental activities program revenues	<u>5,262,781</u>	<u>4,709,624</u>	<u>8,665,306</u>	<u>8,402,823</u>	<u>9,010,987</u>	<u>9,957,394</u>	<u>7,781,918</u>
Business-type activities							
Charges for services							
Sewer	5,694,967	5,445,307	5,051,569	4,096,335	3,713,482	3,068,264	2,658,452
Beach Parking	1,380,026	1,279,665	1,046,651	907,121	846,969	977,516	880,671
Operating grants and contributions	1,347,248	1,619,340	1,621,097	478,983	673,888	158,257	149,960
Capital grants and contributions	1,912,990	686,775	100,952	134,637	4,801,626	200,578	4,290,064
Total business-type activities program revenues	<u>10,335,232</u>	<u>9,031,087</u>	<u>7,820,269</u>	<u>5,617,076</u>	<u>10,035,965</u>	<u>4,404,615</u>	<u>7,979,147</u>
Total primary government program revenues	<u>15,598,013</u>	<u>13,740,711</u>	<u>16,485,575</u>	<u>14,019,899</u>	<u>19,046,952</u>	<u>14,362,009</u>	<u>15,761,065</u>
Net (Expense) Revenue							
Governmental activities	(11,460,705)	(14,258,011)	(7,559,499)	(11,988,429)	(12,686,558)	(8,755,499)	(4,234,208)
Business-type activities	391,372	(1,249,542)	(1,113,001)	(3,023,188)	2,320,627	(3,023,318)	2,876,203
Total primary government net expense	<u>\$ (11,069,333)</u>	<u>\$ (15,507,553)</u>	<u>\$ (8,672,500)</u>	<u>\$ (15,011,617)</u>	<u>\$ (10,365,931)</u>	<u>\$ (11,778,817)</u>	<u>\$ (1,358,005)</u>

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

	FISCAL YEAR						
	2009	2008	2007	2006	2005	2004	2003
General Revenues and Other							
Changes in Net Assets							
Governmental activities							
Taxes							
Property taxes, levied for general purpose	\$ 10,175,612	\$ 11,004,197	\$ 11,973,525	\$ 9,716,569	\$ 10,198,461	\$ 6,671,663	\$ 6,101,279
Property taxes, levied for debt service	737,735	735,097	775,976	239,383	248,668	229,587	367,188
Gas taxes	1,480,460	1,524,191	1,632,569	1,639,149	1,574,183	1,476,980	1,355,397
Local business taxes	293,393	290,066	656,936	583,452	478,475	500,304	478,854
Communications taxes	529,114	599,970	556,781	523,691	511,747	461,392	412,137
Casualty insurance premium tax	57,459	53,654	50,726	98,026	-	46,642	43,516
Intergovernmental revenues	676,646	825,679	945,322	1,031,166	873,700	1,209,139	1,354,821
Investment earnings	(15,420)	319,991	1,329,759	1,022,009	515,342	189,163	162,279
Gain (Loss) on Disposal of Assets	-	(11,581)	-	-	-	-	-
Miscellaneous	258,107	347,918	192,710	334,080	843,638	242,322	183,524
Transfers	-	(175,002)	(69,349)	-	-	-	-
Total governmental activities	<u>14,193,106</u>	<u>15,514,180</u>	<u>18,044,955</u>	<u>15,187,525</u>	<u>15,244,214</u>	<u>11,027,192</u>	<u>10,458,995</u>
Business-type activities							
Taxes							
Property taxes, levied for debt service	1,244,143	1,175,625	1,131,789	1,019,678	925,113	1,263,404	1,344,129
Investment earnings	302,901	576,004	730,259	1,213,684	471,952	391,104	341,051
Gain (Loss) on Disposal of Assets	-	11,640	-	-	-	-	-
Miscellaneous	-	-	505,380	-	-	24,225	10,694
Transfers	-	175,002	69,349	-	-	-	-
Total business-type activities	<u>1,547,044</u>	<u>1,938,271</u>	<u>2,436,777</u>	<u>2,233,362</u>	<u>1,397,065</u>	<u>1,678,733</u>	<u>1,695,874</u>
Total primary government	<u>15,740,150</u>	<u>17,452,451</u>	<u>20,481,732</u>	<u>17,420,887</u>	<u>16,641,279</u>	<u>12,705,925</u>	<u>12,154,869</u>
Change in Net Assets							
Governmental activities	2,732,401	1,256,169	10,485,456	3,199,096	2,557,656	2,271,693	6,224,787
Business-type activities	1,938,416	688,729	1,323,776	(789,826)	3,717,692	(1,344,585)	4,572,077
Total primary government	<u>\$ 4,670,817</u>	<u>\$ 1,944,898</u>	<u>\$ 11,809,232</u>	<u>\$ 2,409,270</u>	<u>\$ 6,275,348</u>	<u>\$ 927,108</u>	<u>\$ 10,796,864</u>

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

	FISCAL YEAR						
	2009	2008	2007	2006	2005	2004	2003
General Fund							
Reserved	\$ 2,106,410	\$ 2,453,016	\$ 3,241,640	\$ 3,504,415	\$ 3,521,581	\$ 14,796	\$ 15,105
Unreserved	<u>16,137,395</u>	<u>12,660,045</u>	<u>12,343,462</u>	<u>10,216,021</u>	<u>9,752,261</u>	<u>9,519,156</u>	<u>8,031,736</u>
Total general Fund	<u><u>18,243,805</u></u>	<u><u>15,113,061</u></u>	<u><u>15,585,102</u></u>	<u><u>13,720,436</u></u>	<u><u>13,273,842</u></u>	<u><u>9,533,952</u></u>	<u><u>8,046,841</u></u>
All Other Governmental Funds							
Reserved	534,083	538,412	540,083	735,526	1,847,721	526,805	2,964,792
Unreserved, reported in:							
Special revenue funds	2,615,240	2,256,268	2,047,882	1,048,837	2,513,084	6,089,753	569,706
Capital project funds	<u>3,511,308</u>	<u>4,006,411</u>	<u>11,732,162</u>	<u>11,168,768</u>	<u>4,040,005</u>	<u>2,668,216</u>	<u>2,650,443</u>
Total all other governmental funds	<u><u>\$ 6,660,631</u></u>	<u><u>\$ 6,801,091</u></u>	<u><u>\$ 14,320,127</u></u>	<u><u>\$ 12,953,131</u></u>	<u><u>\$ 8,400,810</u></u>	<u><u>\$ 9,284,774</u></u>	<u><u>\$ 6,184,941</u></u>

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

	FISCAL YEAR						
	2009	2008	2007	2006	2005	2004	2003
Revenues							
Taxes	\$ 13,273,773	\$ 14,207,175	\$ 15,646,513	\$ 12,800,270	\$ 13,011,534	\$ 9,386,568	\$ 8,758,371
Licenses and permits	1,663,887	1,766,263	1,223,080	1,586,168	2,001,221	984,398	1,111,087
Intergovernmental	2,831,634	1,947,650	6,949,347	6,165,314	10,827,692	4,590,263	6,121,007
Charges for services	2,213,391	2,378,285	2,024,869	2,148,659	1,523,794	1,465,388	1,595,561
Fines and forfeits	102,626	80,831	265,828	176,406	149,853	181,987	132,084
Miscellaneous	415,098	827,817	1,668,933	1,456,089	1,861,138	869,470	522,803
Total revenues	<u>20,500,409</u>	<u>21,208,021</u>	<u>27,778,570</u>	<u>24,332,906</u>	<u>29,375,232</u>	<u>17,478,074</u>	<u>18,240,913</u>
Expenditures							
Current							
General government	4,057,299	5,147,088	4,702,270	4,769,110	4,039,229	3,762,180	2,698,274
Public safety	4,353,428	4,672,683	4,515,664	4,084,478	3,802,872	4,074,250	2,974,639
Physical environment	1,214,970	960,151	1,038,602	1,806,296	3,581,602	3,507,094	271,995
Transportation	2,995,026	3,674,417	1,911,468	3,616,655	3,751,208	1,804,155	1,664,664
Economic environment	296,234	246,383	246,319	241,477	739,460	794,495	285,701
Human services	1,000	1,000	974	976	580	-	1,083
Culture/recreation	2,654,431	3,264,112	2,205,471	3,927,874	4,403,550	4,632,737	3,755,872
Debt service							
Principal	720,742	767,695	2,442,791	4,928,740	4,483,667	463,043	4,191,981
Interest and fiscal charges	635,498	664,630	774,882	474,685	608,750	422,192	614,030
Capital outlay	581,497	2,824,732	13,529,139	3,833,700	1,108,388	4,512,984	2,696,909
Total expenditures	<u>17,510,125</u>	<u>22,222,891</u>	<u>31,367,580</u>	<u>27,683,991</u>	<u>26,519,306</u>	<u>23,973,130</u>	<u>19,155,148</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,990,284</u>	<u>(1,014,870)</u>	<u>(3,589,010)</u>	<u>(3,351,085)</u>	<u>2,855,926</u>	<u>(6,495,056)</u>	<u>(914,235)</u>
Other financing sources (uses)							
Transfers in	4,399,068	7,315,101	6,536,706	7,478,160	4,571,126	2,888,282	3,109,100
Transfers out	(4,399,068)	(7,490,103)	(6,606,056)	(7,478,160)	(4,571,126)	(2,888,282)	(3,109,100)
Capital lease proceeds	-	88,817	-	-	-	-	252,842
Debt proceeds	-	-	-	8,350,000	-	11,082,000	3,825,000
Discount on bonds issued	-	-	-	-	-	-	(38,862)
Total other financing sources (uses)	<u>-</u>	<u>(86,185)</u>	<u>(69,350)</u>	<u>8,350,000</u>	<u>-</u>	<u>11,082,000</u>	<u>4,038,980</u>
Net change in fund balances	<u>\$ 2,990,284</u>	<u>\$ (1,101,055)</u>	<u>\$ (3,658,360)</u>	<u>\$ 4,998,915</u>	<u>\$ 2,855,926</u>	<u>\$ 4,586,944</u>	<u>\$ 3,124,745</u>
Debt service as a percentage of noncapital expenditures	<u>8.01%</u>	<u>7.38%</u>	<u>18.04%</u>	<u>22.66%</u>	<u>20.04%</u>	<u>4.55%</u>	<u>29.20%</u>

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

Fiscal Year	Property Taxes		⁽¹⁾ Franchise	Local Business Tax ⁽¹⁾ Receipts	Local Option Gas Tax	Communications Services Tax	Casualty Insurance Premium Tax	Total
	Operating	Voted Debt						
2000	\$ 4,455,220	\$ -	\$ 553,872	\$ -	\$ 1,198,765	\$ -	\$ 36,011	\$ 6,243,868
2001	4,505,249	-	572,146	-	1,250,742	-	35,448	6,363,585
2002	5,393,434	-	466,812	-	1,298,916	354,039	38,571	7,551,772
2003	6,101,279	367,188	478,854	-	1,355,397	412,137	43,516	8,758,371
2004	6,671,663	229,587	500,304	-	1,476,980	461,392	46,642	9,386,568
2005	10,198,461	248,668	478,475	-	1,574,183	511,747	-	13,011,534
2006	8,716,569	239,383	583,452	-	1,639,149	523,691	98,026	11,800,270
2007	11,973,525	775,976	656,936	-	1,632,569	556,781	50,726	15,646,513
2008	11,004,197	735,097	-	290,066	1,524,191	599,970	53,654	14,207,175
2009	10,175,612	737,735	-	293,393	1,480,460	529,114	57,459	13,273,773
Change 2000-2009	128%	N/A	-100%	N/A	23%	N/A	60%	113%

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

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

Fiscal Year Ended Sept. 30,	Real Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Market Value	Assessed Value (2) as a Percentage of Actual Value
2000	\$ 2,508,517,040	\$ 40,608,500	\$ 155,466,340	\$ 2,393,659,200	\$ 1.9181	\$ 3,025,030,154	84.27%
2001	2,841,149,130	46,926,000	205,177,360	2,682,897,770	1.7291	3,427,848,388	84.25%
2002	3,512,327,870	50,718,730	336,650,590	3,226,396,010	1.7291	4,224,366,308	84.35%
2003	4,038,369,770	59,040,410	441,644,840	3,655,765,340	1.7291	4,858,369,459	84.34%
2004	4,448,531,430	60,153,060	509,050,680	3,999,633,810	1.7291	5,342,935,588	84.39%
2005	4,714,001,920	57,094,640	547,114,100	4,223,982,460	2.5000	5,649,693,048	84.45%
2006	4,586,849,680	59,633,370	553,577,510	4,092,905,540	2.4801	5,504,718,050	84.41%
2007	5,747,239,780	54,496,590	811,376,000	4,990,360,370	2.5000	6,860,543,274	84.57%
2008	5,977,655,900	62,636,940	843,579,870	5,196,712,970	2.1966	7,146,421,698	84.52%
2009	5,592,986,580	75,483,630	770,226,060	4,898,244,150	2.1561	6,717,227,175	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 YEARS
(Per \$1,000 of Assessed Value)

	Fiscal Year Taxes Are Payable									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
DIRECT RATES										
CITY OF SANIBEL										
General Operating	1.9181	1.7291	1.7291	1.7291	1.7291	2.5000	2.4801	2.5000	2.1966	2.1561
Voted Debt Service-Sewer	0.3638	0.3279	0.2607	0.3838	0.3275	0.2268	0.2607	0.2363	0.2346	0.2636
Voted Debt Service-Land	-	-	-	0.1063	0.0595	0.0625	0.0611	0.0475	0.0456	0.0483
Voted Debt-Recreation Facility	-	-	-	-	-	-	-	0.1145	0.1011	0.1080
Total direct rates	2.2819	2.0570	1.9898	2.2192	2.1161	2.7893	2.8019	2.8983	2.5779	2.5760
OVERLAPPING RATES										
LEE COUNTY:										
General Revenue	4.4751	4.3277	4.3277	4.3277	4.3277	4.2612	3.9332	3.5216	3.6506	3.6506
Capital Improvements	1.0124	1.0124	1.0124	1.0124	1.0124	1.0124	1.0124	0.9536	0.5000	0.5000
DEPENDENT DISTRICTS:										
Library	0.9630	0.9630	0.9630	0.9630	0.9630	0.6055	0.6055	-	-	-
INDEPENDENTS DISTRICTS:										
Sanibel Public Library	-	-	-	-	-	-	-	0.4200	0.3900	0.3750
Hyacinth Control	0.0378	0.0358	0.0358	0.0327	0.0295	0.0295	0.0295	0.0223	0.0214	0.0214
Mosquito Control	0.3792	0.3595	0.3595	0.3294	0.2984	0.2718	0.2247	0.1695	0.1636	0.1636
Fire Control District	0.8326	0.7518	0.7841	0.8381	0.8258	0.8300	0.9370	0.8258	0.7736	0.8114
WATER MANAGEMENT DISTRICTS										
South Florida Water Management	0.5970	0.5970	0.5970	0.5970	0.5970	0.5970	0.5970	0.5970	0.5346	0.5346
S. FL Water Management Everglades	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.0894	0.0894
West Coast Inland Waterway	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0394	0.0394
SCHOOL BOARD:										
General Operating	8.9410	8.7980	8.7980	8.5720	8.3460	8.0650	7.8820	7.0120	6.9600	6.8680
Total Direct and Overlapping Rates	19.6600	19.0422	19.0073	19.0315	18.6559	18.6017	18.1632	16.5601	15.7005	15.6294

Source: Lee County Tax Collector

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

Taxpayer	Fiscal Year 2008-09			Fiscal Year 1999-00		
	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	\$ 31,335,310	1	0.64%	\$ 29,515,370	1	1.23%
Sanibel Cottages	16,765,420	2	0.34%	16,068,360	4	0.67%
Tortuga Beach Club	15,566,420	3	0.32%	19,719,940	3	0.82%
West Wind Association of Sanibel	14,226,150	4	0.29%	10,058,310	6	0.42%
RLR Investments, LLC	14,798,460	5	0.30%	-		-
Shell Island Beach Club	12,950,060	6	0.26%	11,052,050	5	0.46%
1231 Middle Gulf Drive, LLC	12,382,660	7	0.25%	-		-
Periwinkle Place Partners	10,635,450	8	0.22%	9,917,810	7	0.41%
BRE/Sanibel Inn Owners, LLC	10,194,190	9	0.21%	-		-
Rochester Resorts	9,688,810	10	0.20%	-		-
Meristar H + R Operating Company	-		-	27,113,390	2	1.13%
Beachview Golf Club, Inc.	-		-	9,426,580	8	0.39%
Carroll, James P & Patricia	-		-	9,386,120	9	0.39%
Sanibel Beach Club Association	-		-	9,079,870	10	0.38%
	<u>\$ 148,542,930</u>		<u>3.03%</u>	<u>\$ 151,337,800</u>		<u>6.32%</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
2000	\$ 4,591,278	\$ 4,441,813	96.74%	\$ 13,407	\$ 4,455,220	97.04%
2001	4,638,999	4,485,642	96.69%	19,607	4,505,249	97.12%
2002	5,578,761	5,382,319	96.48%	11,115	5,393,434	96.68%
2003	6,321,184	6,094,384	96.41%	6,895	6,101,279	96.52%
2004	6,915,767	6,670,628	96.46%	1,035	6,671,663	96.47%
2005	10,559,956	10,181,864	96.42%	16,597	10,198,461	96.58%
2006	10,150,815	9,716,287	95.72%	281	9,716,569	95.72%
2007	12,475,901	11,627,012	93.20%	346,513	11,973,525	95.97%
2008	11,415,100	10,537,141	92.31%	467,056	11,004,197	96.40%
2009	10,579,884	9,882,269	93.41%	293,343	10,175,612	96.18%

(*) 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"		
2000	\$ 36.10	\$ 17.58	\$ 43.92	\$ 87.82	\$ 125.88	\$ 280.95	\$ 440.51	\$ 3.86
2001 (*)	30.60	17.77	44.40	88.77	127.23	283.95	445.22	4.48
2002	31.52	18.30	45.73	91.43	131.05	292.47	458.58	4.61
2003	32.46	18.85	47.10	94.17	134.98	301.24	472.33	4.75
2004	33.44	19.41	48.52	97.00	139.03	310.28	486.52	4.90
2005	38.46	22.33	55.79	111.55	159.89	356.82	559.48	5.62
2006	39.61	23.00	57.47	114.89	164.68	367.53	576.26	5.96
2007	47.53	27.60	68.96	137.87	197.62	441.03	691.52	7.15
2008	48.96	28.43	71.03	142.01	203.55	454.26	712.27	7.36
2009	50.43	29.29	73.16	146.27	209.65	467.88	733.63	7.58

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

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

Fiscal year Ended Sept. 30	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Revenue Bonds	Capital Revenue Notes	Capital Leases	Wastewater Revenue Bonds	Wastewater Revenue Notes			
2000	\$ -	\$ 2,706,480	\$ 1,174,875	\$ -	\$ 5,795,000	\$ 14,224,335	\$ 23,900,690	5.89%	\$ 3,941
2001	-	2,261,715	1,014,279	-	5,635,000	19,515,874	28,426,868	N/A	4,682
2002	-	2,188,236	6,288,515	-	5,465,000	32,534,874	46,476,625	N/A	7,576
2003	3,775,000	2,112,265	2,222,505	252,842	5,620,000	38,366,668	52,349,280	N/A	8,411
2004	1,695,000	2,030,111	13,055,893	200,565	5,370,000	41,933,215	64,284,784	N/A	10,148
2005	3,610,000	1,944,149	8,791,081	152,672	5,110,000	43,675,528	63,283,430	N/A	10,090
2006	11,875,000	1,854,401	4,087,980	101,781	4,845,000	46,395,287	69,159,449	14.26%	10,978
2007	11,640,000	1,759,388	2,026,093	50,891	4,575,000	45,797,920	65,849,292	N/A	10,457
2008	11,390,000	1,659,639	1,659,038	88,817	4,305,000	43,522,246	62,624,740	N/A	9,825
2009	11,135,000	1,555,151	1,306,432	80,169	4,030,000	35,492,474	53,599,226	N/A	8,469

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

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

Fiscal year Ended Sept. 30	General Bonded Debt Outstanding			Percentage of Estimated Actual Value of Taxable Property	Per Capita
	General Obligation Bonds	Less: Amounts Available in Debt Service	Net General Bonded Debt		
2000	\$ -	\$ -	\$ -	-	\$ -
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	3,775,000	236,333	3,538,667	0.07%	569
2004	1,695,000	228,307	1,466,693	0.03%	232
2005	3,610,000	247,094	3,362,906	0.06%	536
2006	11,875,000	256,429	11,618,571	0.21%	1,844
2007	11,640,000	271,549	11,368,451	0.17%	1,805
2008	11,390,000	268,025	11,121,975	0.16%	1,745
2009	11,135,000	262,885	10,872,115	0.16%	1,718

CITY OF SANIBEL, FLORIDA
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 SEPTEMBER 30, 2009

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estiamted Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
DIRECT:			
City of Sanibel	\$ 11,135,000	100%	\$ 11,135,000
OVERLAPPING			
Lee County	-	N/A	-
TOTAL:	\$ 11,135,000		\$ 11,135,000

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

Fiscal Year	2003 Sewer Refunding Bonds									
	Gross Revenue ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service Excluding Connection Fees	Connection Fees	Net Revenue Available for Debt Service Including Connection Fees	Debt Service Requirements			Coverage Calculation ⁽³⁾	
						Principal	Interest	Total	Excluding Connection Fees	Including Connection Fees
2003	\$ 2,716,205	\$ 2,013,369	\$ 702,836	\$ 47,529	\$ 750,365	\$ -	\$ 257,469	\$ 257,469	2.73	2.91
2004	2,698,613	2,281,204	417,409	200,578	617,987	250,000	152,625	402,625	1.04	1.53
2005	2,761,877	2,297,228	464,649	78,014	542,663	260,000	162,408	422,408	1.10	1.28
2006	3,126,129	2,563,785	562,344	65,437	627,781	265,000	157,409	422,409	1.33	1.49
2007	3,774,479	2,445,784	1,328,695	45,731	1,374,426	270,000	151,909	421,909	3.15	3.26
2008	3,855,217	3,363,667	491,550	28,770	520,320	270,000	146,509	416,509	1.18	1.25
2009	4,061,376	3,380,295	681,081	58,335	739,416	285,000	134,651	419,651	1.62	1.76

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

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

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

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

Fiscal Year	State Revolving Loan Notes						Coverage Calculation
	Net Revenue (1)	Special Assessments, Transmission Main and Connection Fees (2)	Net Revenue Available for Debt Service Including Assessments and Fees	Debt Service Requirements			
				Principal	Interest	Total	
2003	\$ 1,633,631	\$ 4,195,441	\$ 5,829,072	\$ 1,794,084	\$ 407,579	\$ 2,201,663	2.65
2004	2,023,019	-	2,023,019	1,741,564	1,325,531	3,067,095	0.66
2005	2,341,656	1,365,838	3,707,494	2,081,276	1,359,777	3,441,053	1.08
2006	3,194,855	1,251,893	4,446,748	2,053,489	1,384,175	3,437,664	1.29
2007	3,137,159	1,523,528	4,660,687	2,525,200	1,416,310	3,941,510	1.18
2008	3,509,318	940,711	4,450,029	2,275,673	1,579,017	3,854,690	1.15
2009	3,179,638	972,918	4,152,556	2,124,134	1,191,171	3,315,305	1.25

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

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

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

Year	City Population	City Personal Income	Per Capita Personal Income	Unemployment Rate
2000	6,064	\$ 405,754,368	\$ 66,912	3.2%
2001	6,072	N/A	N/A	3.7%
2002	6,135	N/A	N/A	4.6%
2003	6,224	N/A	N/A	4.4%
2004	6,335	N/A	N/A	3.8%
2005	6,272	N/A	N/A	2.9%
2006	6,300	485,024,400	76,988	3.1%
2007	6,297	N/A	N/A	5.2%
2008	6,374	N/A	N/A	9.3%
2009	6,329	463,909,371	73,299	13.8%

Source: Population data provided by Bureau of Economic and Business Research, University of Florida. Unemployment data from the U.S. Department of Labor. Per Capita income data for 2000 is from the US Census and for 2006 and 2009 is from the Lee County Office of Economic Development.

Notes: Unemployment rate is for the Cape Coral-Fort Myers, FL Metropolitan Statistical Area
 N/A means that statistical information is not available

CITY OF SANIBEL, FLORIDA
 PRINCIPAL EMPLOYERS⁽¹⁾
 Current Year and Nine Years Ago

Employer	2009*			2000		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lee County School District	10,405	1	4.43%	8,026	1	3.99%
Lee Memorial Health System	8,600	2	3.67%	4,600	2	2.29%
Publix Super Markets	4,215	3	1.80%	2,839	3	1.41%
Lee County Administration**	2,559	4	1.09%	2,165	4	1.08%
Wal-Mart Corporation	2,071	5	0.88%	1,850	5	0.92%
City of Cape Coral	1,700	6	0.72%	1,370	6	0.68%
Lee County Sheriff's Office	1,544	7	0.66%			
U.S. Postal Service	1,397	8	0.60%			
Florida Gulf Coast University	1,292	9	0.55%			
Bonita Bay Group	1,035	10	0.44%			
Meristar Corporation				1,250	7	0.62%
Florida Department of Children and Families				1,182	8	0.59%
Southwest Regional Medical Center				1,030	9	0.51%
WCI Communities				1,007	10	0.50%
Total	34,818		14.84%	25,319		12.59%

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

Source: Lee County Comprehensive Annual Financial Report (CAFR)

*As of October 2009

**2000 figure includes Lee County Port Authority personnel

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

Function/Program	Full-time Equivalent Employees as of September 30,									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Government										
Legislative	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00	1.00	2.00
Administrative	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00	3.00	3.00
MIS	4.00	4.00	3.00	3.00	2.00	2.00	2.00	1.50	1.50	1.50
Finance	7.50	7.50	7.50	7.50	6.50	5.50	5.50	5.50	5.50	5.60
Legal	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.32
Planning	7.00	10.00	10.80	10.80	9.00	9.00	9.00	9.00	8.00	7.50
Public Safety										
Police	38.25	41.25	40.25	38.25	38.25	39.83	38.83	37.83	37.70	34.95
Emergency Management	-	-	-	-	-	-	-	-	-	1.00
Building	4.00	5.00	7.50	8.00	7.00	6.00	6.00	5.00	4.00	4.00
Vehicle Weight Permits	-	-	1.00	1.58	1.58	-	-	-	-	-
Physical Environment	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	1.50
Transportation	17.00	19.00	19.00	19.00	18.00	18.00	18.00	18.00	18.00	19.00
Culture/Recreation										
Recreation Facility	21.81	18.92	14.42	14.42	14.42	14.42	12.82	12.82	12.56	11.89
Public Facilities	3.00	3.00	3.00	3.00	2.00	4.00	4.00	4.00	4.00	2.30
Senior Programs	1.62	1.62	1.62	1.62	1.62	1.62	1.62	1.62	1.00	1.12
Museum/Historical Village	-	-	1.00	0.20	0.20	0.20	0.20	-	-	-
Ball Park Maintenance	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.05	2.55
Wastewater	17.00	17.00	17.25	18.00	20.00	21.00	19.00	18.00	17.00	11.90
Beach Parking	13.50	14.50	14.50	14.50	13.50	11.01	10.23	6.73	6.73	9.80
TOTAL	148.68	155.79	154.84	153.87	146.07	144.58	139.20	131.00	126.04	121.93

Source: Annual Budget

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

Function/Program	FISCAL YEAR						
	2009	2008	2007	2006	2005	2004	2003
Police							
Calls for Service	27,041	32,424	26,076	24,975	22,323	23,510	22,494
Parking Citations	3,561	3,859	3,412	2,716	2,341	2,807	1,252
Traffic Citations	782	1,283	1,478	1,066	1,447	1,334	1,944
Total Arrests	357	174	153	157	174	130	107
General Government							
Building permits issued	2,170	2,103	2,624	2,870	4,888	3,310	2,469
Building inspections conducted	5,841	7,343	8,592	9,498	13,514	7,249	7,538
Dwelling units permitted	10	13	15	17	27	37	41
Transportation							
Streets resurfaced/reconstructed (miles)	6.45	3.03	1.01	1.92	1.38	-	0.44
Shared-use Paths Constructed (linear feet)	-	1,200	-	-	-	-	-
Road Miles Swept	447	274	281	166	170	-	-
Wastewater							
Average daily sewage treatment (thousands of gallons)	1,396	1,506	1,355	1,356	1,478	1,242	1,116
Placement of new collection pipe (linear feet)	-	-	3,960	43,000	40,570	-	67,000
Sewer equivalent residential units (ERU)	8,864	8,835	8,517	8,466	8,371	7,879	7,106
Recreation							
After-school program participants	158	215	154	130	155	140	140
Senior Program membership	702	662	745	683	563	573	560
Senior Aerobics participants	6,584	5,470	5,271	5,194	4,276	4,562	4,117
*RecCenter annual memberships	989	1,183	-	-	-	-	-
*RecCenter six-month memberships	780	1,112	-	-	-	-	-
Sanibel Harbor Canal Trimming Assessment District							
Mangroves trimmed (linear feet)	10,000	10,000	10,000	10,000	10,000	10,000	-

Source: Various City departments annual reports

***Note:** New RecCenter opened in December 2007.

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

Function/Program	FISCAL YEAR						
	2009	2008	2007	2006	2005	2004	2003
Police							
Stations	1	1	1	1	1	1	1
Vehicle Patrol Units							
Patrol cars	10	10	11	10	10	10	10
Motorcycles	2	2	2	2	2	2	2
Unmarked vehicles	7	7	7	7	7	7	7
Patrol boats	2	2	2	2	2	2	2
Natural Resources							
Environmentally Sensitive Land (acres)	622	622	622	622	622	642	640
Transportation							
Paved Public Streets (miles)	53.56	53.34	53.34	52.96	52.96	52.75	52.00
Unpaved Public Streets (miles)	8.27	8.41	8.41	8.79	8.79	9.00	9.00
Shared Use Paths (miles)	22.85	22.85	22.62	22.62	22.62	22.62	22.62
Wastewater							
Treatment Capacity (thousands)	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Recreation							
Number of Parks (non-beach facilities)	2	2	2	2	2	2	2
Recreation centers/gymnasiums	1	1	0	1	1	1	1
Senior centers	1	1	1	1	1	1	1
Swimming pools	1	1	0	1	1	1	1
Baseball/softball diamonds	3	3	3	3	3	3	3
Beach Parking							
Number of Beach Parking Facilities	7	7	7	7	8	8	8
Parking Spaces	610	610	610	586	657	657	657
Restrooms	6	6	6	6	6	6	6
Fishing Piers	1	1	1	1	1	1	1
Boat ramps	1	1	1	1	1	1	1

Source: Various City departments annual reports

CITY OF SANIBEL, FLORIDA
SCHEDULE OF INSURANCE IN FORCE
SEPTEMBER 30, 2009

Type of policy and Type of coverage	Limits of Liability	Company	Expiration Date	Annual Premium
Property (1)		Florida Municipal Insurance Trust	10/01/09	\$ 81,252
Real	\$ 36,746,620			
Personal	9,533,706			
Business Income	100,000			
Inland Marine	919,080			
General Liability	5,000,000	Florida Municipal Insurance Trust	10/01/09	128,532
Extra Contractual Legal Expense	25,000			
Fire Legal Liability	250,000			
Errors and Omissions Liability	5,000,000			
Law Enforcement Liability	5,000,000			
Crime	250,000			
Boiler & Machinery	30,000,000			
Workers' Compensation	1,000,000	Florida Municipal Insurance Trust	10/01/09	219,114
Automobile Liability and Automobile Physical Damage	5,000,000	Florida Municipal Insurance Trust	10/01/09	32,744
Statutory Accidental Death & Disability	60,000 / 180,000	National Union Fire Insurance Co of Pitt, PA	10/01/09	1,117
Pollution Liability	2,000,000	Zurich North America (\$1,000,000 maximum per claim)	08/24/10	2,032
Flood	8,882,000	Travelers	03/01/10	37,285
Windstorm	10,467,952	Citizens	01/12/10	62,600

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

GOVERNMENT AUDITING STANDARDS

THIS PAGE LEFT BLANK INTENTIONALLY



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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the remaining aggregate fund information of the City of Sanibel, Florida (the "City"), as of and for the year ended September 30, 2009, which, together with the aggregate discretely presented component unit, collectively comprise the City's basic financial statements and have issued our report thereon dated March 17, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated March 17, 2010.

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

LarsonAllen LLP
LarsonAllen LLP

Fort Myers, Florida
March 17, 2010

MANAGEMENT LETTER

This section contains:

Independent Auditors' Management Letter

Management Letter Comments

THIS PAGE LEFT BLANK INTENTIONALLY



MANAGEMENT LETTER

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

We have audited the financial statements of the City of Sanibel, Florida (the "City"), as of and for the fiscal year ended September 30, 2009 and have issued our report thereon dated March 17, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated March 17, 2010, should be considered in conjunction with this management letter.

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

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

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

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

2009-01 Grant Expenditure Documentation

Criteria – Grant files should include all information necessary to determine the grant requirements, the history of changes to grant agreements, the expenditures made on the grants, proceeds received from the grant funding and any other documentation necessary to support the activity related to the grant.

Condition – During our review of grant funding, we selected US Fish and Wildlife grant agreement 401818M961 for testing. During our review of the grant documents it was noted that the period of availability for the funds was from September 25, 2008 through December 31, 2008. We scanned the expenditure listing for which the City was reimbursed and noticed that the majority of the expenditures

were for periods prior to the grant award date of September 25, 2008. We discussed the expenditures being prior to the award date with various accounting personnel and were informed that the City had obtained approval from the granting agency to apply past expenditures to this grant. No documentation could be found in the grant files for this approval. Subsequent to field work, the City obtained an email from the granting agency documenting their approval of the use of previous period expenditures against the grant.

Cause – Based on discussions with the Finance Director and the Senior Accountant, it was indicated that there were emails back and forth with the granting agency which authorized the use of prior expenditures for the grant. However, these emails were not filed in the grant folders.

Effect – Without the proper support, the granting agency could review the expenditures and disallow them for not being within the period of availability. This could result in the City being required to refund the grant proceeds to the granting agency.

Recommendation – We recommend that all communications relating to grants be included in the grant files. In the event that there are circumstances that modify the grant terms without an amendment to the agreement, we recommend that the Finance Director review communications to verify that the appropriate level of support is maintained to document the changes in terms.

2009-02 Purchase Card Testing

Criteria – Charges made using a City purchasing card should be detailed monthly on the “Purchasing Card Monthly Reconciliation” report. This report should be approved by the employee making the purchases and by that employee’s direct supervisor. The completed report, and a copy of the purchasing card statement, should be forwarded to Finance department for payment.

Condition – During our testing of purchase card transactions, the following exceptions were noted:

1. In February 2009, an employee did not sign the reconciliation form before it was forwarded to the Finance department.
2. In February 2009, an employee’s card was used to purchase items at Bailey’s General Store by another employee.
3. In April 2009, a purchase from Tropic Trailer by an employee for \$132.95 was not evidenced by prior approval from the City Manager.

Cause – The following was noted for each situation.

1. The employee signed the purchase card statement, but did not sign the reconciliation form as per City policy.
2. An employee allowed another employee to use his purchase card. It was noted that the Finance department did notify the employee that other employees cannot be allowed to use his card.
3. The policy for preapproval does allow non-preauthorization for emergency purpose. However, there was no documentation that this charge was an emergency.

Effect – Not following proper authorization and payment policies could create a situation where unauthorized charges are allowed to be paid by City funds.

Recommendation – We recommend that all department heads be held responsible for verifying policies are being followed related to purchase card use in their respective departments. We also recommend that when policies are not followed, finance department staff should notify the Finance Director immediately. Transactions involving a policy violation should not be processed until the violation is cured or an appropriate resolution is reached and documented.

2009-03 Adjusting Journal Entries

Criteria – All adjusting journal entries that are performed in the Finance Department are logged on a prenumbered manual tracking spreadsheet in order to provide quick access to the backup documentation for each entry (which are filed by journal entry number). The convention for journal entry numbers is to use the fiscal year, followed by a sequential three digit number. Corrections are made using the prefix AJ XX and a sequential three digit number, where XX is the last two digits of the fiscal year.

Condition – During our testing of journal entries, it was noted that during data entry, journal numbers are not being entered to correctly match the tracking log.

Cause – Per inquiry of Senior Accountant, journal entry numbers are placed on documentation when it is determined one must be made. Errors that occur in the entry process are not corrected.

Effect – Without following a prescribed journal entry numbering system, there is a possibility that a journal entry could be made without the proper documentation. In addition, if a number is entered incorrectly and not identified, it could be difficult to locate the backup documentation if necessary.

Recommendation – We recommend that there be a review process placed into effect that will review not only the account numbers and amounts that are being entered, but the entry of the AJE number as well. This will ensure agreement between HTE and the tracking log.

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

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.

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

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

Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2009, 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, 2009. In connection with our audit, we determined that these two reports were in agreement.

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

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

LarsonAllen LLP
LarsonAllen LLP

Fort Myers, Florida
March 17, 2010



City of Sanibel

800 Dunlop Road
Sanibel, Florida 33957-4096

www.mysanibel.com

AREA CODE – 239

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

March 25, 2010

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

RE: Response to Management Letter comments made during review of fiscal year 2009 Financial Statements

Dear Sir or Madam:

Pursuant to Chapter 10.550, "Rules of the Auditor General – Local Governmental Entity Audits", the City's auditors, LarsonAllen LLP, made the following recommendation to the City's management based on their audit of the City's general purpose financial statements for the fiscal year ended September 30, 2009.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2009-01 Grant Expenditure Documentation

Criteria: Grant files should include all information necessary to determine grant requirements, the history of changes to grant agreements, the expenditures made on the grants, proceeds received from the grant funding and any other documentation necessary to support the activity related to the grant.

Condition: During our review of grant funding, we selected US Fish and Wildlife grant agreement 401818M961 for testing. During our review of the grant documents it was noted that the period of availability for the funds was from September 25, 2008 through December 31, 2008. We scanned the expenditure listing for which the City was reimbursed and noticed that the majority of the expenditures were for periods prior to the grant award date of September 25, 2008. We discussed the expenditures being prior to the grant award date with various accounting personnel and were informed that the City had obtained approval from the granting agency to apply past expenditures to this grant. No documentation could be found in the grant files for this approval. Subsequent to field work, the City obtained an email from the granting agency documenting their approval of the use of previous period expenditures against the grant.

Cause: Based on discussions with the Finance Director and the Senior Accountant, it was indicated that there were emails back and forth with the granting agency which authorized the use of prior expenditures for the grant. However, these emails were not filed in the grant folders.

Effect: Without the proper support, the granting agency could review the expenditures and disallow them for not being within the period of availability. This could result in the City being required to refund the grant proceeds to the granting agency.

Recommendation: We recommend that all communications relating to grants be included in the grant files. In the event there are circumstances that modify the grant terms without an amendment to the agreement, we recommend that the Finance Director review communications to verify that the appropriate level of support is maintained to document the changes in terms.

RESPONSE: Procedures have been implemented requiring written documentation from granting agencies when grant terms are modified. In addition to maintaining the documentation in the grant file, the written documentation will be provided to the City Clerk for filing with the original executed grant.

2009-02 Purchase Card Testing

Criteria: Changes made using a City purchasing card should be detailed monthly on the "Purchasing Card Monthly Reconciliation" report. This report should be approved by the employee making the purchases and by that employee's direct supervisor. The completed report, and a copy of the purchasing card statement, should be forwarded to the Finance Department for payment.

Condition: During our testing of purchase card transactions, the following exceptions were noted:

1. In February 2009, an employee did not sign the reconciliation form before it was forwarded to the Finance department.
2. In February 2009, an employee's card was used to purchase items at Bailey's General Store by another employee.
3. In April 2009, a purchase from Tropic Trailer by an employee for \$132.95 was not evidenced by prior approval from the City Manager.

Cause: The following was noted for each situation:

1. The employee signed the purchase card statement, but did not sign the reconciliation form as per City policy.
2. An employee allowed another employee to use his purchase card. It was noted that the Finance department did notify the employee that other employees cannot be allowed to use his card.
3. The policy for preapproval does allow non-preauthorization for emergency purpose. However, there was no documentation that this charge was an emergency.

Effect: Not following proper authorization and payment policies could create a situation where unauthorized charges are allowed to be paid by City funds.

Recommendation: We recommend that all department heads be held responsible for verifying policies are being followed related to purchase card use in their respective departments. We also recommend that when policies are not followed, finance department staff should notify the Finance Director immediately. Transactions involving a policy violation should not be processed until the violation is cured or an appropriate resolution is reached and documented.

RESPONSE: Procedures have been implemented for Finance staff to immediately notify the Finance Director of any purchasing card policy violations. Finance staff has commenced auditing the purchasing card statements from October 2009 forward. Thereafter, the statements will be audited on a monthly basis and a written report of findings will be provided to the City Manager. Transactions involving a policy violation will not be processed until the violation is cured or an appropriate resolution is reached and documented.

2009-03 Adjusting Journal Entries

Criteria: All adjusting journal entries that are performed in the Finance Department are logged on a prenumbered manual tracking spreadsheet in order to provide quick access to the backup documentation for each entry (which are filed by journal entry number). The convention for journal entry numbers is to use the fiscal year, followed by a sequential three digit number. Corrections are made using the prefix AJ XX and a sequential three digit number, where XX is the last two digits of the fiscal year.

Condition: During our testing of journal entries, it was noted that during data entry, journal numbers are not being entered to correctly match the tracking log.

Cause: Per inquiry of Senior Accountant, journal entry numbers are placed on documentation when it is determined one must be made. Errors that occur in the entry process are not corrected.

Effect: Without following the prescribed journal entry numbering system, there is a possibility that a journal entry could be made without the proper documentation. In addition, if a number is entered incorrectly and not identified, it could be difficult to locate the backup documentation if necessary.

Recommendation: We recommend that there be a review process placed into effect that will review not only the account numbers and amounts that are being entered, but the entry of the AJE number as well. This will ensure agreement between HTE and the tracking log.

RESPONSE: Once manual journal entries are updated, the manual journal entry number cannot be changed. Finance will audit all manual journal entries from October 1, 2009 and monthly thereafter for journal entry numbering errors. Any discrepancies will be noted on the manual journal entry log. Procedures have been implemented to review all manual journal entries before updating.

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

Sincerely,



Judith A. Zimomra
City Manager

Jaz/sae



Sanibel Island