



The City of Cape Coral
Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2017

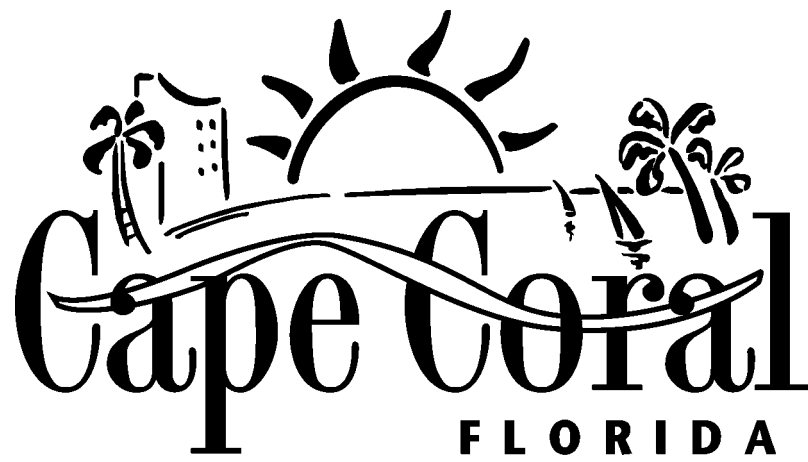
COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Cape Coral, Florida
For the Fiscal Year Ended
September 30, 2017



Prepared by:

Financial Services Department



CITY OF CAPE CORAL, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017
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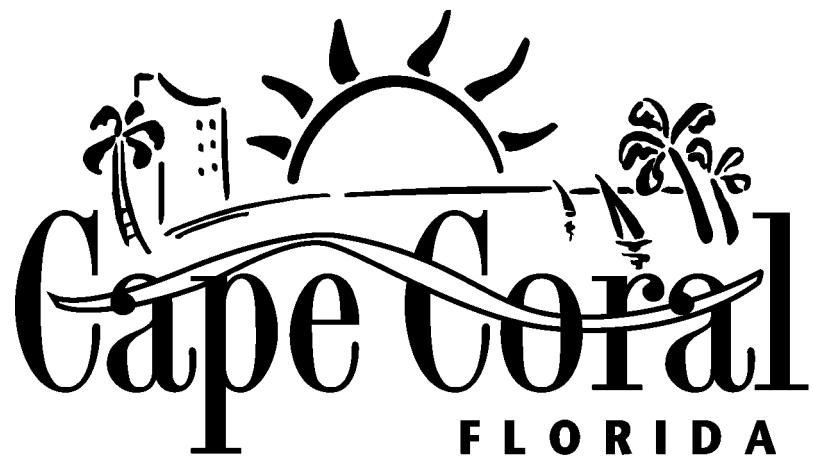
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Introductory Section



March 30, 2018

Honorable Mayor and Members of City Council
City of Cape Coral, Florida

Dear Mayor and Members of City Council:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the City of Cape Coral, Florida (the City) for the fiscal year ended September 30, 2017. Chapter 218.39, Florida Statutes and the City Charter require that a complete set of financial statements be published within nine months of fiscal year end and 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 and those standards applicable to audits performed in accordance with *Government Auditing Standards* by licensed independent certified public accountants.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. We believe the data, as presented, is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and the results of operations of the City, on a Government-wide and Fund basis. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Management of the City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that sufficient, reliable, adequate accounting data is compiled for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Internal accounting controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments by management. We believe that the City's internal controls adequately safeguard assets and provide reasonable assurance of properly recorded financial transactions.

In addition, the City maintains budgetary controls, the objective of which is to ensure compliance with legal provisions embodied in the annual budget approved by the City Council. The City also maintains an encumbrance system that is employed as an extension of formal budgetary integration in all fund types.

In compliance with the laws of the State of Florida, the City's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The independent auditor has issued an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2017 are fairly presented in conformity with GAAP. The independent auditors' 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 auditors' 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.

PROFILE OF THE CITY

The City of Cape Coral, incorporated in 1970, is located on the southwest coast of Florida in Lee County, approximately 125 miles south of Tampa, at the mouth of the Caloosahatchee River. The City is the third largest city in Florida land-area wise, encompassing 120 square miles and the US Census estimates the population to be 179,804 making it the most populated city in Southwest Florida and tenth most populous in the state.



The City is principally a residential, recreational and vacation community, and is one of the nation's first master-planned, pre-platted communities. In addition to broad boulevards and paved streets, the City is interlaced with over 400 miles of waterways. These canals provide home sites with access to the Intra-Coastal Waterway and the Gulf of Mexico. City-owned recreational facilities include numerous parks, a youth center, a municipal golf course, a yacht club, a waterpark, and an ecological preserve. Because the tax burden rests mostly on residential properties, the City is actively seeking more aggressive economic development to encourage new construction and expansions to more equitably balance the tax burden between residential and commercial properties.

The City operates under a Council/City Manager form of government. Legislative authority is vested in an elected City Council consisting of eight members elected at large on a nonpartisan basis from districts. The City Council is responsible for all policy-making functions of the government and retains the services of a City Attorney, City Auditor and City Manager. The City Manager is responsible for the administration of the City.

The City provides a comprehensive range of municipal services including general government, public safety (police and fire), public works, community development, planning, utilities, transportation, economic development, and parks and recreation. In evaluating the City as a reporting entity, we have included all component units for which the City Council is financially responsible. The Community Redevelopment Agency (CRA) is blended with the financial statements presented for the Primary Government because the component unit exclusively serves the City. The Cape Coral Charter School Authority is a discretely presented component unit. The City of Cape Coral Health Facilities Authority does not meet the criteria established by GAAP for inclusion in this report. Additional information on all three of these entities can be found in the notes to the financial statements (see Note I). For additional information concerning the City, please visit our website at www.capecoral.net.

The City Council is required to adopt a final budget no later than the close of the preceding fiscal year to which the budget applies. Amendments to the City's operating budget in which appropriations are increased or decreased, or transfers between funds, must be approved by City Council via ordinance changes and include public input. The City Charter authorizes the City Manager to transfer

appropriations within an operating department of the general fund and within the fund as a whole for all other funds. Transfers are reviewed and processed by the budget staff and approved by the City Manager when required by administrative policy.

LOCAL ECONOMY

New housing and commercial development in Cape Coral continues to grow at a rapid pace. New single family residential building permits were up by 29.8% over last year with a total dollar volume of \$359.8 million. The population continues to rise and has increased by over 10.2% since the 2010 U.S. census.

The number of new commercial building permits decreased by 9.7% from 2016 to 2017 but, at the same time, the value of these permits increased by over 340% showing the magnitude of developments taking place in the Cape. Forbes reports that the Cape Coral MSA had a 28.2% increase in new jobs since 2010, one of the highest rates in the U.S. Forbes also projects that Cape Coral will be one of the fastest growing cities in the U.S. over the next decade.

Nor-Tech Hi Performance Boats completed an incentive package with the City of Cape Coral that will allow them to relocate their world Headquarters to Cape Coral, build a new 50,000 square foot manufacturing facility and add up to 150 new jobs. Florida Cancer Specialists opened a new \$5 million 27,000 square foot facility on Pine Island Road. A new 36,000 square foot conference center opens in December at the Westin Resort, the total project cost \$15 million. Three new car dealerships are coming to Pine Island Road in 2018.

Two new assisted living facilities are making Cape Coral their home, Gulf Coast Village's new \$11.5 Palmview ALF/Memory Care Project opened in the summer. This is phase one of an overall \$79 million development on a former city owned parking lot. Liberty Village will begin construction on its \$7 million facility in early 2018.

Entrada, a new gated community in the northeast Cape by DR Horton is underway and features over 50 new homes already constructed. This development features 740 single family residences. The City also completed an Economic Development Master Plan for the future commercial buildout of the City.

The total taxable assessed property value in Cape Coral was \$11,120,507,186; \$12,045,371,047; and \$13,194,333,653 in fiscal years 2016, 2017 and 2018 respectively. The total taxable assessed property value increased 8.32% from fiscal year 2016 to 2017, and increased 9.54% from fiscal year 2017 to 2018. The total includes new construction of \$185,037,351, \$232,341,287, and \$336,504,739 in fiscal years 2016, 2017, and 2018 respectively.

The change in the taxable value of property on an annual basis is always a primary concern for the City as the receipts from the related ad valorem taxes provides the majority of the general fund's operating revenue. Fiscal year 2017 general fund ad valorem receipts of \$79,463,250 represents 51% of the total revenue sources for the general fund. Although ad valorem receipts are still the single largest source, the percentage had previously been approximately 61%. The General Fund's reliance on ad valorem taxes has been reduced through efforts to achieve revenue diversity which has been a primary focus of the City's strategic Plan. The City's revenue diversification initiative included the adoption of the Fire Service Assessment implemented in 2014 which collected \$22.5 million along with the Public Service Tax, which generated \$7.1 million during fiscal year 2017. To help offset the Public Service Tax impact to citizens the City reduced the Fire Service Assessment recovery rate from 64% to 59% for fiscal year 2018.

Growth in the City of Cape Coral is expected to continue this rising development trend over the next five years primarily due to the following factors:

- ◆ Significant, remaining undeveloped residential and commercial property.
- ◆ Population estimates have Cape Coral over 179,804, which is 10.2% higher than our 2010 population of 163,095 (U.S. Census, December 2, 2015 and June 2016) and growing. During the winter season, it is estimated that our population climbs over 210,000 with our part-time residents and renters joining us. With new housing starts at a rate that's over 29.8% higher than our 2016 levels along with increased commercial development continuing to grow as well, Cape Coral is poised for strong growth. These numbers will continue to drive housing, commercial development, investment and jobs which brings continued stabilization to Cape Coral's economy.
- ◆ Major transportation improvements included the widening of Burnt Store Road which started in 2015. The widening will occur in three phases, the north portion of Burnt Store Road will be completed first, then the middle and finally the southern phase. The Florida Department of transportation is overseeing this work as Burnt Store Road is a State road.
- ◆ The Utilities Expansion Program (UEP) is moving forward, as SW 6&7 is completed and North 2 construction is underway with construction slated to be completed in summer 2020. The City has obtained two State Revolving Fund (SRF) loans for North 2 construction totaling about \$250 million.

LONG-TERM FINANCIAL PLANNING

A significant measure of the City's financial strength is the level of its fund balances (i.e. the accumulation of revenues exceeding expenditures). The general fund's fund balance decreased by \$8,840,360 or 17.3% from prior year primarily due planned use of \$8.3 million to fund capital projects. The City planned on building reserves during the previous fiscal year in anticipation of funding capital acquisitions in subsequent years.

The City Council takes the responsibility of being stewards of the public's funds very seriously and has adopted the following Fund Balance policy. *Reserve funds shall not be routinely used to fund recurring expenditures. Fund balances should be maintained at fiscally sound levels in all funds.*

STRATEGIC PLANNING

Mission Statement

The City of Cape Coral will meet our community's needs through the efficient and professional delivery of quality services, with pride and integrity, in an open, honest spirit of teamwork, respecting the self-worth of the individual and the environment.

The Strategic Plan acts as an overall umbrella within which our other tools, such as the Capital Improvement Plan (CIP), Comprehensive Plan, and many master plans are coordinated.

The City of Cape Coral Asset Improvement Program (AIP) is a comprehensive program that integrates the CIP, capital equipment needs, vehicle needs, major maintenance projects, and the funding required for these capital elements into an overall financial management plan. The AIP budgetary process encompasses the integration of revenues and expenditures, along with program policy issues included in the City's long-range planning process. This structured plan is designed to promote orderly growth patterns and capital improvements in compliance with the capital improvement element of the Comprehensive Plan. The City's ability to finance these programs and remain in compliance with the Comprehensive Plan will be a major directive in future City budgets.

RELEVANT FINANCIAL POLICIES

The City has adopted a comprehensive set of financial management policies in the areas of operating management, debt management, accounts management, financial planning, and economic resources. These policies were reviewed and approved by the City Council on September 26, 2011 and were amended on October 26, 2015 and December 12, 2016 respectively as Resolution 129-15 and Resolution 216-16.

The City maintains a prudent cash management and investment program in order to meet daily cash requirements, increase the amount available for investment, and earn the maximum rate of return on invested funds commensurate with appropriate security.

The City maintains sufficient reserves in accordance with established policy of no less than two months of regular general fund operating expenditures.

The City complies with its comprehensive debt management policy. The City has not issued any short-term debt to finance current operations.

MAJOR INITIATIVES

The millage rate for General Fund operations for FY17 was 6.75; the FY18 Adopted rate remained at 6.75 as planned for during FY16 as part of the three-year rolling budget.

The current five- year CIP for all funds includes approximately \$131.1 million of capital improvements scheduled in FY18, of which \$72.1 million is for the UEP, \$28.6 million for utility facilities, \$11.3 million for transportation, \$.6 million for stormwater, \$14.8 million for the streetscape project, and \$3.7 million for a fire station remodel.

The UEP was restarted in FY12, the Southwest 6 and 7 areas are substantially completed. This included construction of water, sewer, and irrigation service capacity to nearly 7,000 lots including 3,500 households. The North 2 project is currently in the construction phase with construction of approximately \$230 million, the majority of which is financed through the State Revolving Fund (SRF) loan program. The North 2 area will provide water, sewer and irrigation service capacity to 8,900 lots including 3,400 improved parcels.

In August 2013, City Council established a supplemental dedicated funding source for the provision of fire protection services and facilities through the imposition of non-ad valorem special assessment (Fire Service Assessment). The assessment was validated by the Circuit Court of the Twentieth Judicial Circuit in December 2013 and upheld on appeal by the Florida Supreme Court in May 2015.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cape Coral for its comprehensive annual financial report for the fiscal year ended September 30, 2016. This is the 31st 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 accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement for Excellence is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement

Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this report could not be accomplished without the efficient and dedicated service of the Financial Services Department staff. Their continuing effort toward improving the accounting and financial reporting systems improves the quality of information reported to the City Council, State and Federal Agencies, and the citizens of the City of Cape Coral. We sincerely appreciate and commend them for their contributions.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'VB' with a long horizontal stroke extending to the right.

Victoria L. Bateman, CPA, CGFM
Financial Services Director



Government Finance Officers Association

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

Presented to

**City of Cape Coral
Florida**

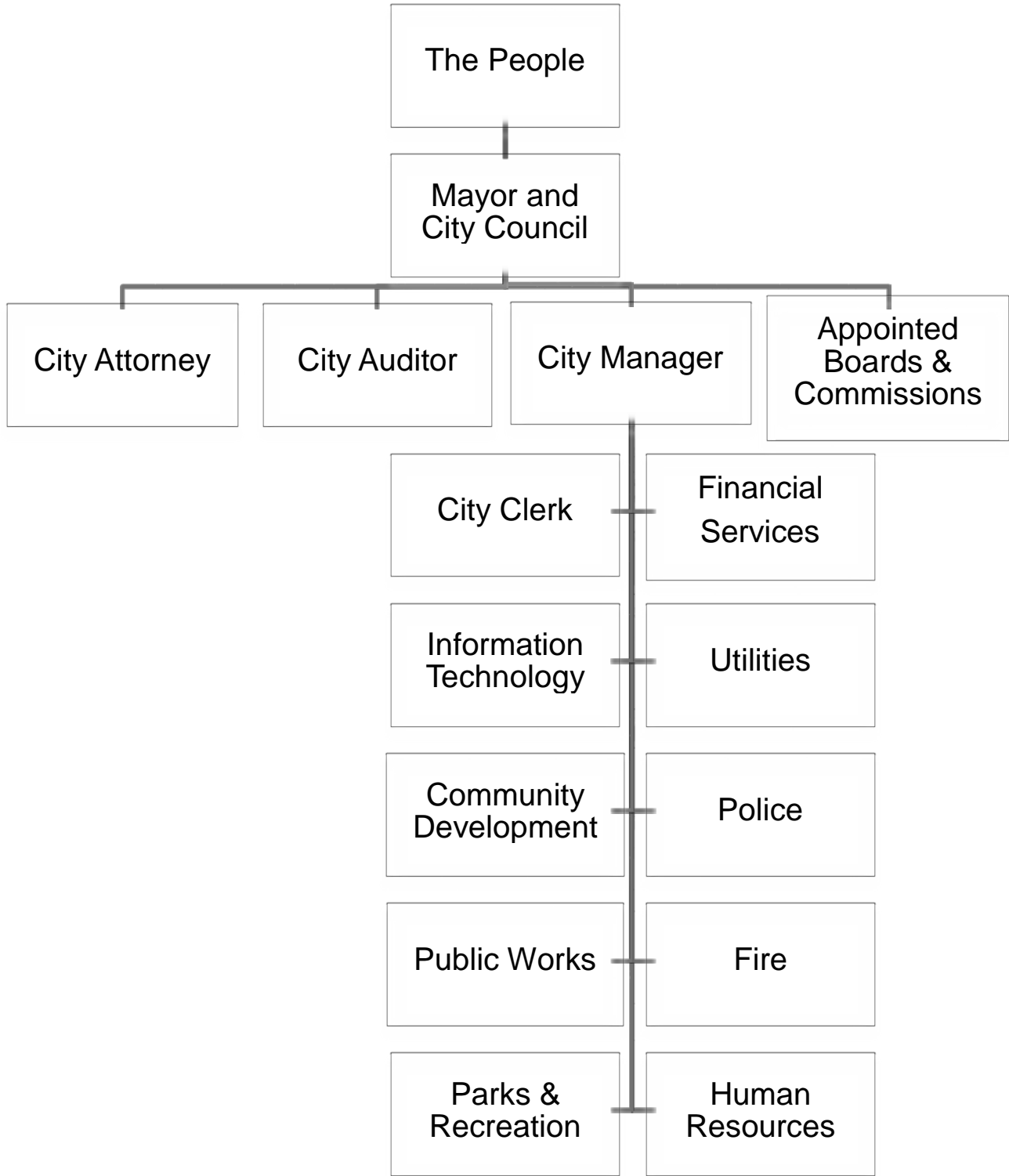
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morill

Executive Director/CEO

ORGANIZATIONAL CHART



CITY OF CAPE CORAL, FLORIDA

List of City Officials**

Mayor Joe Coviello

City Council

John Gunter, District No. 1

John M. Carioscia Sr., District No. 2

Marilyn Stout, District No. 3

Jennifer Nelson, District No. 4

David Stokes, District No. 5

Rick Williams, District No. 6

Jessica Cosden, District No. 7

City Administration

A. John Szerlag, City Manager

Michael Ilczyszyn, Assistant City Manager

Connie Barron, Public Affairs Manager

Victoria L. Bateman, CPA, CGFM, Financial Services Director

Vincent Cautero, AICP, Community Development Director

Andrea R. Butola, CPA, CFE, CGMA, City Auditor

Michelle Hoffmann, Information Technology Services Director

Dolores Menendez, City Attorney

David Newlan, Chief of Police

Paul Clinghan, Public Works Director

Kerry Runyon, Acting Parks & Recreation Director

Jeffrey Pearson, Utilities Director

Dana Brunett, Economic Development Manager

Rebecca van Deutekom, MMC, City Clerk

Mike Russell, Interim Fire Chief/Emergency Management Director

Lisa Sonogo, Human Resources Director

**City officials reflect current members as of date of printing.

Financial Section

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
Members of the City Council
City of Cape Coral, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cape Coral, Florida (City), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Pension Trust Funds were not audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Honorable Mayor and
Members of the City Council
City of Cape Coral, Florida

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis (MD&A), budgetary comparison schedules for the general fund and community redevelopment agency fund, and pension and other postemployment benefit schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and budget and actual schedules and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements for Federal Awards* and Chapter 10.550, *Local Governmental Entity Audits*, Rules of the Auditor General of the State of Florida, is also presented for purposes of additional analysis and is also not a required part of the basic financial statements.

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

Honorable Mayor and
Members of the City Council
City of Cape Coral, Florida

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

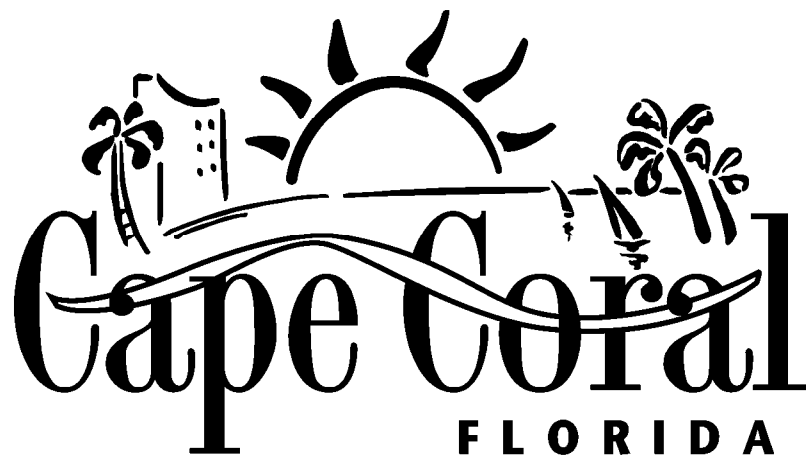
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Fort Myers, Florida
March 21, 2018



Management's Discussion & Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Cape Coral's (the City) Management's Discussion and Analysis (MDA) is designed to focus on the current year's activities, resulting changes and current known facts. Please read this section in conjunction with the City's financial statements (beginning on page 21) and letter of transmittal.

The MDA provides an overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2017. It is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position, (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

HIGHLIGHTS

Financial Highlights

- At the close of fiscal year 2017, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$616.6 million (net position). Governmental and business-type assets and deferred outflow of resources exceeded liabilities by \$151.3 million and \$465.3 million, respectively.
- The City's total net position increased by \$38.0 million or 6.6%, in comparison to the prior year.
- The City had negative \$137.6 million of unrestricted net position.
- Total revenues increased \$33.2 million or 10.2% in comparison to the prior year.
- Total expenses increased \$30.1 million or 10.3% in comparison to the prior year.
- The City's governmental activities net position totaled \$151.3 million, which is an increase of \$19.9 million or 15.1% in comparison to the prior year. Unrestricted net position for governmental activities was negative \$129.3 million.
- The City's business-type activities reported total net position of \$465.3 million, which is an increase of \$18.1 million or 4.0% in comparison to the prior year. Unrestricted net position for business-type activities was negative \$8.3 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MDA is intended to serve as an introduction to the City's basic financial statements. The basic financial statements include the government-wide financial statements, fund financial statements and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The *government-wide financial statements* (statement of net position and statement of activities) are designed to provide a broad overview of the City, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Net position may serve as a useful indicator of whether the financial position of the City is improving.

The *Statement of Activities* reflects the expenses of a given function, which are offset by program revenues. Program revenues are defined as charges for services, operating grants and contributions, and capital grants and contributions directly associated with a given function.

Governmental activities are supported by taxes and intergovernmental revenues whereas the business-type activities are primarily supported by user fees and charges for services. The governmental activities of the City include general government, public safety, public works, parks and recreation, and community development. The business-type activities of the City reflect private sector type operations where the fee for service typically covers all or most of the cost of operation, including depreciation. The business type activities include water and sewer operations, stormwater utility, yacht basin, and the golf course.

The government-wide financial statements include not only the City of Cape Coral itself (known as the primary government), but also a legally separate Charter School Authority, reported as a component unit. Separate financial statements are issued for the Cape Coral Charter School Authority which can be obtained through the Financial Services Department of the City of Cape Coral, 1015 Cultural Park Blvd., Cape Coral, FL 33990.

The government-wide financial statements can be found on pages 21-22 of this report.

Fund Financial Statements

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. The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations for each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures or expenses, as appropriate. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. *Governmental Fund* Financial Statements (see pages 23-26) are prepared on the modified accrual basis using a current financial resources measurement focus. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets.

The total columns on the Governmental Funds and Proprietary Funds Financial Statements are not the same as the Governmental Activities column and the Business-type column on the Government-wide Financial Statement. The Governmental Funds Total column requires reconciliation because of the different measurement focus (current financing resources versus total economic resources) which is reflected on the page following each statement (see pages 24 and 26). The flow of current financial resources will reflect bond proceeds and interfund transfers as other financial sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations (bonds and others) into the Governmental Activities column in the Government-wide Statements. The Proprietary Funds total column requires reconciliation because the internal service fund is consolidated as part of the governmental activities, but a portion of the internal service funds is for business-type activities. This reconciliation is a result of the surplus elimination (see pages 28-29).

Four of the City's governmental funds, the General Fund, the Transportation Capital Improvements Fund, the Community Redevelopment Agency, and the Debt Service Fund are considered major funds and are shown separately on the financial statements. All other governmental funds are combined into a single column on the governmental funds financial statements. Individual fund data for the nonmajor funds is found in the combining statements as supplemental financial data (see pages 122-129).

The City adopts an annual appropriated budget for the General Fund and special revenue funds. Budgetary comparison statements for the general fund and community redevelopment agency are presented on pages 105-107 of the required supplementary information and other governmental funds are presented on pages 130-154 of the combining statements.

Proprietary Funds. The City maintains two different types of *proprietary funds*, enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. Because the internal service funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements (see pages 27-31), like government-wide financial statements, are prepared on the full accrual basis. Proprietary funds record both operating and non-operating revenues and expenses. Operating revenues are those that are obtained from the operations of the proprietary fund.

The proprietary fund financial statements provide separate information for the Water and Sewer Fund and for the Stormwater Fund, which are considered major funds. All other enterprise funds are combined into a single column on the proprietary fund financial statements, as well as the internal service funds reported in a single column. Individual fund data for the non-major enterprise funds and for the internal service funds is found in the combining statements as supplemental financial data (see pages 156-161).

Fiduciary Funds. The *Fiduciary Fund* financial statements (see page 32) are not presented as part of the Government-wide Financial Statements because the resources of these funds are not available to support the City's programs. Fiduciary (Pension Trust, Private-Purpose Trust and Agency) Funds represent trust responsibilities of the

government; however, these assets are restricted as to purpose and do not represent discretionary assets of the government.

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 33-104 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information including budgetary comparison information and the funding progress for pension and other post-employment benefits (OPEB) programs. Required supplementary information can be found on pages 105-117 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Government-wide Financial Statements are designed so that the user can determine if the City is in a better or worse financial condition from the prior year. The City's overall financial condition has remained stable.

City of Cape Coral, Florida

Summary of Net Position

(in millions)

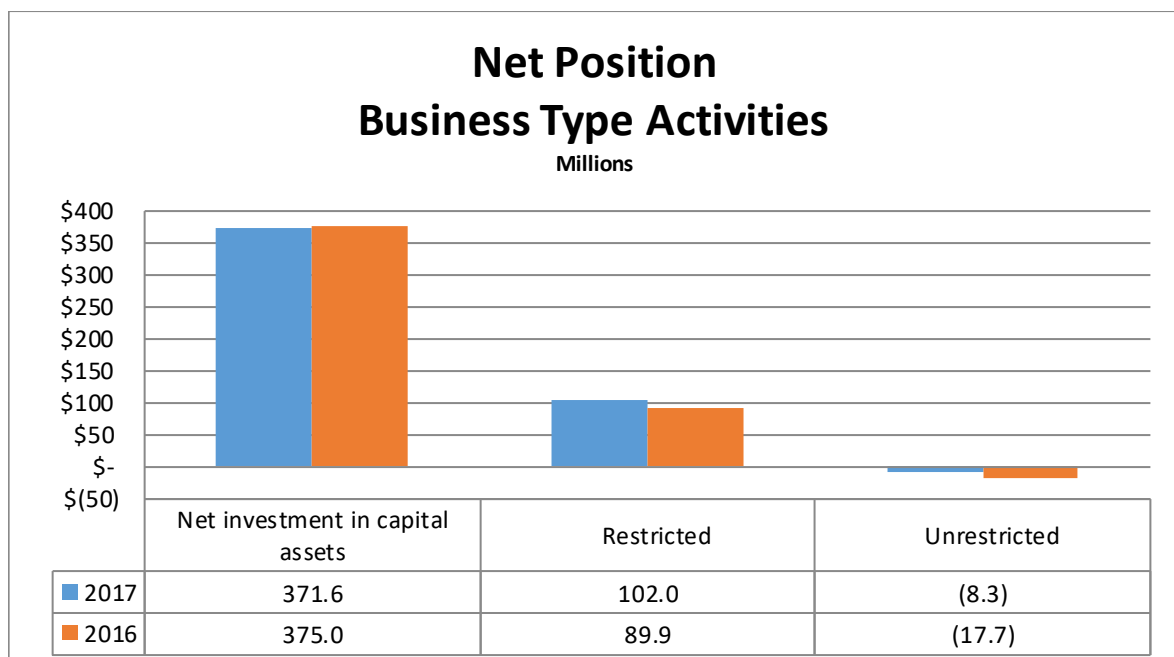
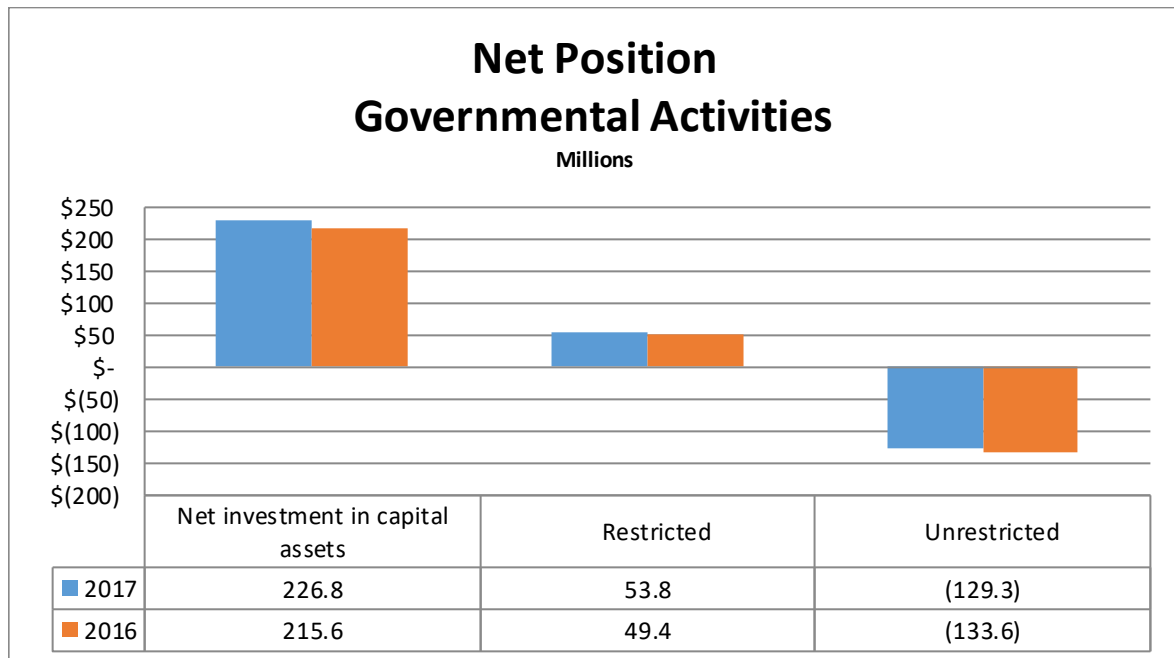
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 165.3	\$ 146.3	\$ 165.8	\$ 145.0	\$ 331.1	\$ 291.3
Capital assets	424.4	423.5	970.2	995.3	1,394.6	1,418.8
Total assets	<u>589.7</u>	<u>569.8</u>	<u>1,136.0</u>	<u>1,140.3</u>	<u>1,725.7</u>	<u>1,710.1</u>
Deferred outflow on pension	27.6	38.0	7.3	8.8	34.9	46.8
Deferred outflow on refunding bonds	8.1	2.5	4.7	4.2	12.8	6.7
Total deferred outflows of resources	<u>35.7</u>	<u>40.5</u>	<u>12.0</u>	<u>13.0</u>	<u>47.7</u>	<u>53.5</u>
Current and other liabilities	14.3	12.5	12.7	15.8	27.0	28.3
Noncurrent liabilities	448.6	464.2	668.9	690.1	1,117.5	1,154.3
Total liabilities	<u>462.9</u>	<u>476.7</u>	<u>681.6</u>	<u>705.9</u>	<u>1,144.5</u>	<u>1,182.6</u>
Deferred inflow on pension	11.2	2.2	1.1	0.2	12.3	2.4
Deferred inflow on refunding bonds	-	-	-	-	-	-
Total deferred inflows of resources	<u>11.2</u>	<u>2.2</u>	<u>1.1</u>	<u>0.2</u>	<u>12.3</u>	<u>2.4</u>
Net position:						
Net investment in capital assets	226.8	215.6	371.6	375.0	598.4	590.6
Restricted	53.8	49.4	102.0	89.9	155.8	139.3
Unrestricted	(129.3)	(133.6)	(8.3)	(17.7)	(137.6)	(151.3)
Total net position	<u>\$ 151.3</u>	<u>\$ 131.4</u>	<u>\$ 465.3</u>	<u>\$ 447.2</u>	<u>\$ 616.6</u>	<u>\$ 578.6</u>

Net investment in capital assets is the largest portion of net position. This represents capital assets (land, buildings, improvements, equipment, infrastructure, and construction in progress), net of accumulated depreciation, and the outstanding related debt used to acquire the assets. Unamortized bond insurance costs "follow the debt" in calculating net asset components for the statement of net position. That is, if debt is capital-related, the unamortized amounts are included in the calculation of net investment in capital assets. If the debt is restricted for a specific purpose and the proceeds are unspent, the net proceeds impacts restricted net position. If the debt proceeds are not restricted for capital or other purposes, the unamortized costs are included in the calculation of unrestricted net position.

The net investment in capital assets balance of \$598.4 million increased \$7.8 million or 1.3% in comparison to the prior year. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted net position balance of \$155.8 million (25.3% of total net position) increased \$16.5 million or 11.8% in comparison to the prior year. This balance represents resources subject to external restrictions on their use.

The unrestricted net position balance improved from a negative \$151.3 million to a negative \$128.5 million which is a change of \$25.0 million from the prior year.

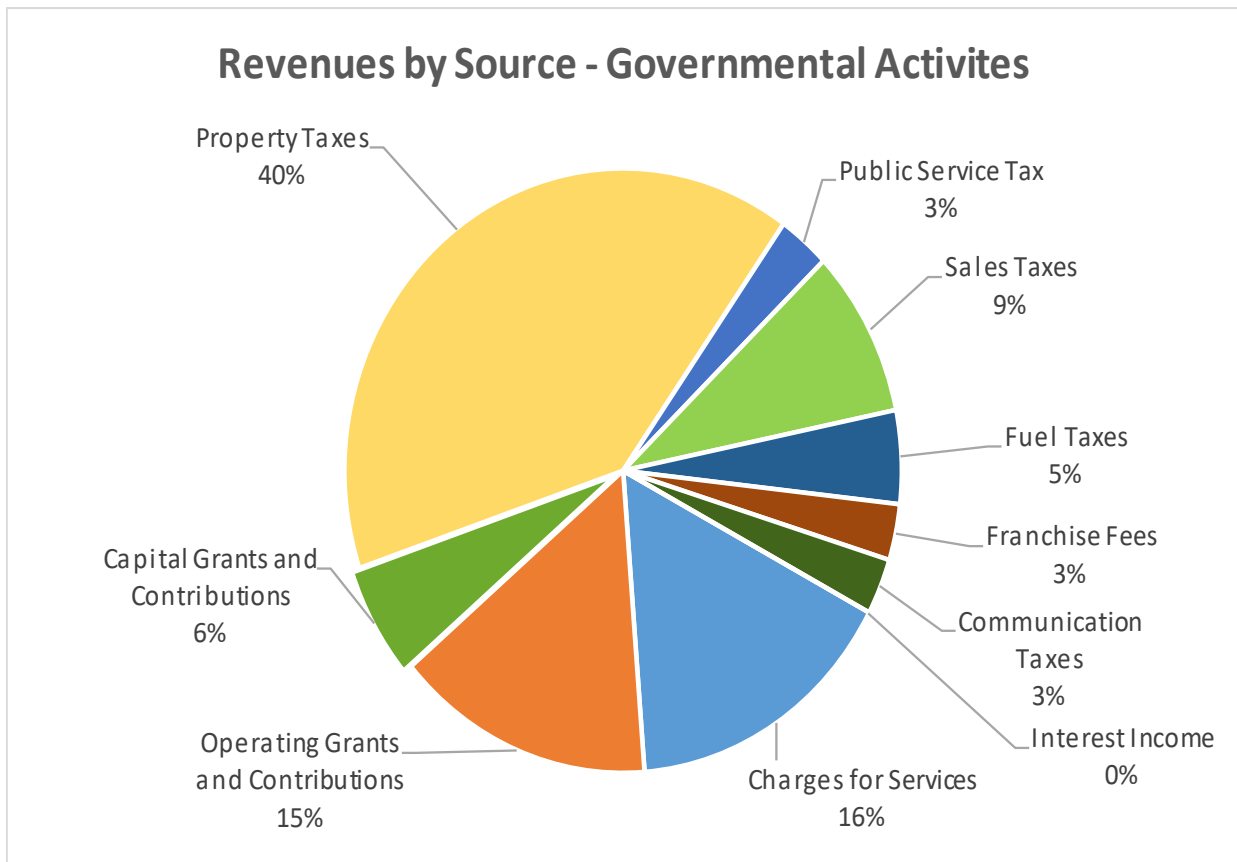


City of Cape Coral, Florida
Summary of Changes in Net Position
(in millions)

	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
REVENUES:						
Program Revenues:						
Charges for Services	\$ 32.0	\$ 28.9	\$ 100.1	\$ 95.9	\$ 132.1	\$ 124.8
Operating Grants and Contributions	30.6	29.6	0.3	1.1	30.9	30.7
Capital Grants and Contributions	12.4	8.4	46.0	27.7	58.4	36.1
Property Taxes	80.8	76.3	-	-	80.8	76.3
Public Service Tax	7.1	7.3	-	-	7.1	7.3
Sales Taxes	18.7	18.2	-	-	18.7	18.2
Fuel Taxes	10.5	10.2	-	-	10.5	10.2
Franchise Fees	6.4	6.6	-	-	6.4	6.6
Communication Taxes	5.3	5.2	-	-	5.3	5.2
Interest Income	1.0	1.0	8.2	9.8	9.2	10.8
Total Revenues	<u>204.8</u>	<u>191.7</u>	<u>154.6</u>	<u>134.5</u>	<u>359.4</u>	<u>326.2</u>
EXPENSES:						
Program Activities						
Governmental Activities:						
General Government	71.1	51.6	-	-	71.1	51.6
Public Safety						
Police	35.9	37.9	-	-	35.9	37.9
Fire	27.5	29.9	-	-	27.5	29.9
Building	5.3	3.8	-	-	5.3	3.8
Public Works	18.4	18.2	-	-	18.4	18.2
Parks and Recreation	15.9	18.0	-	-	15.9	18.0
Community Development	8.4	7.0	-	-	8.4	7.0
Interest and fiscal charges	8.6	9.6	-	-	8.6	9.6
Business-type Activities:						
Water and Sewer	-	-	113.6	99.1	113.6	99.1
Stormwater	-	-	13.9	13.0	13.9	13.0
Yacht Basin			0.3	0.4	0.3	0.4
Golf Course	-	-	2.5	2.8	2.5	2.8
Total Expenses	<u>191.1</u>	<u>176.0</u>	<u>130.3</u>	<u>115.3</u>	<u>321.4</u>	<u>291.3</u>
Increase in Net Position						
Before Transfers	13.7	15.7	24.3	19.2	38.0	34.9
Transfers, net	6.2	(0.3)	(6.2)	0.3	-	-
Change in Net Position	<u>19.9</u>	<u>15.4</u>	<u>18.1</u>	<u>19.5</u>	<u>38.0</u>	<u>34.9</u>
Net Position - beginning	131.4	116.0	447.2	427.7	578.6	543.7
Net Position - ending	<u>\$ 151.3</u>	<u>\$ 131.4</u>	<u>\$ 465.3</u>	<u>\$ 447.2</u>	<u>\$ 616.6</u>	<u>\$ 578.6</u>

Governmental Activities

The net position of the City's governmental activities increased by \$19.9 million; the net investment in capital assets for governmental activities increased by \$8.8 million.



Total revenues for governmental activities increased \$13.1 million or 6.8%, in comparison to prior year. Outlined below are the explanations for the significant revenue changes within governmental activities.

Charges for services increased \$3.1 million or 10.7%. Building permit revenue continued to increase resulting in revenue growth of \$1.1 million or 18.6% over FY16 due to an increase in single family home permits issued from 1,280 in FY16 to 1,661 in FY17. Additionally, other revenue from internal service funds classified as charges for services increased by \$1.2 million or 150.0% primarily due to an increase in recovery revenues for claims paid in excess of plan deductibles. Lot mowing revenues increased by \$.5 million because of an increase in lot mowing assessments. Chiquita Boulevard improvements increased \$.2 million due to contributions and private donations. Waterpark revenues increased by \$.1 million due an increase in ticket sales.

Operating grants and contributions increased by \$1.0 million or 3.4%. Fire service assessment revenue increased \$1.8 million or 8.0% over FY16. This change is a result of an increase in property values and not the recovery rate which remained unchanged at 64.0%. Community Development Block grants (CDBG) increased by \$.5 million. Sidewalk grants increased by \$2.0 million. Recycling revenues increased by \$.3 million. State Housing Initiatives (SHIP) revenues increased by \$.2 million. These increases were offset by a decrease in deferred revenues of \$3.8 million due to fewer sidewalk disbursements requests outstanding at the end of the year.

Capital grants and contributions increased \$4.0 million or 47.6%. The increase in impact fee revenue is due to an increase of 381 single family home building permits issued.

Property taxes increased \$4.5 million or 5.9%. Taxable assessed property valuation of \$12,045,371,047 for fiscal year 2017 represents a 8.3% increase from the previous fiscal year. The millage rate was reduced by .21 mills, bringing the rate from 6.957 to 6.750 or a 3% decrease. This was a strategic decision to diversify the City's revenues sources and reduce over-reliance on property taxes as a revenue stream.

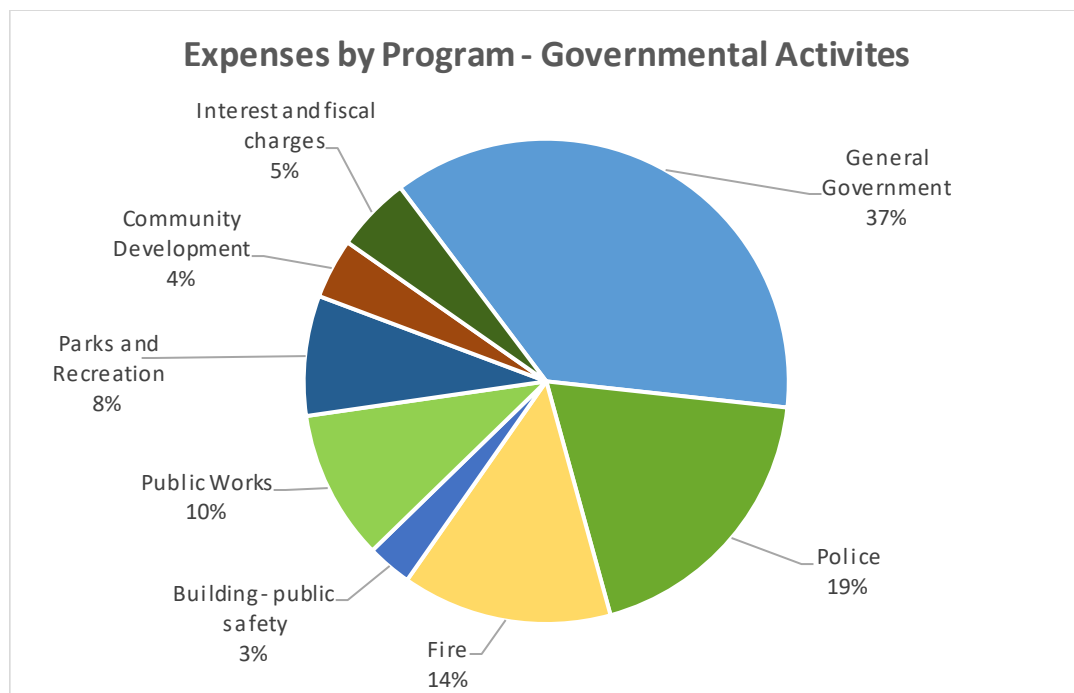
A public service tax (currently at 7.0%) on electricity is charged to residents and business owners who purchase electricity. The revenue from this tax decreased .2 million or 2.7% due to a decrease in electricity consumption.

Sales tax increased \$.5 million or 2.7%. Revenues received through the State Revenue Sharing program increased by \$.3 or 7.7%. Additionally, revenues from the Local Government Half-Cent State Revenue sharing program increased by \$.2 million or 1.3%. These revenues are received as a result of an increase in consumer spending.

Fuel taxes increased \$.3 million or 2.9%. Fuel taxes are based on the number of gallons sold irrespective of the unit cost per gallon. An increase in gallons sold, resulting in increased revenue can be explained by lower fuel prices and population growth.

Franchise fees decreased \$.2 million or 3.0%. Franchise fees are levied on a corporation or individual by the City in return for granting a privilege or permitting the use of public property subject to regulations. The City receives franchise fees for electricity, solid waste, and natural gas.

Communication taxes increased \$.1 million or 1.9%. In fiscal year 2001, the communications services tax replaced all local taxes on telephone and cable services. The communication tax rate of 5.2% has been in effect since January 1, 2010.



Total expenses for governmental activities increased \$15.1 million or 8.6% in comparison to the prior year. Outlined below are the explanations for the most significant expense changes within governmental activities.

General Government expenses increased \$19.5 million or 37.8%. The increase is primarily due to an increase in other post-employment benefits of \$9.1 million or 712.0%. In September 2017, Hurricane Irma impacted Cape Coral which resulted in an increase of personnel costs of \$5.7 million and an increase in operating expenses primarily associated with debris removal of \$.5 million. Personnel expenses not attributable to Hurricane Irma increased by \$1.8 million or 5.5% with budgeted compensation increases. Self-insurance expenses in excess of profits allocated to general government increased by \$1.6 million or 597.0%. Fiscal year 2017 represents the first full year of operations for the self-funded health insurance which started in January 2016. Additionally, computer software and licensing expenses increased by \$.2 million due to the expense associated with the new cashing system and debt service costs increased by \$.6 million.

Public Safety – Police expenses decreased \$2.0 million or 5.3%. The primary reason for this is due to other post-employment benefits decreasing by \$3.1 million or 83.2%. Additionally, pension expense decreased by \$1.1 million or 132.3%, operating expenses decreased by \$.2 million or 4.4% due to a reduction in purchases of small equipment and loss on sale of capital assets decreased by \$.1 million. These decreases were offset by increases

in leave payout of \$1.5 million or 262.2% and personnel costs of \$.4 million or 1.2% with budgeted compensation increases and the addition of 3 new positions. Self insurance expenses in excess of profits allocated to Public Safety - Police increased by \$.4 million or 183.8%. This is due to fiscal year 2017 being the first full year of operations for the self funded health insurance which started in January 2016. Finally, depreciation expense increased by \$.2 million.

Public Safety – Fire expenses decreased by \$2.4 million or 8.0%. The primary reason is due to other post employment benefits decreasing by \$3.8 million. Additionally, pension expense decreased by \$1.8 million, and expenses due to the loss on sale of capital assets decreased by \$.1 million. These decreases were offset by increases in leave payout of \$1.7 million, increases in personnel costs of \$.8 million or 3.3% due budgeted increases in compensation as well as the addition of 9 new positions. Self insurance expenses in excess of profits allocated to Public Safety – Fire increased by \$.4 million or 184.2%. This is due to this year this was our first full year on a self-funded health insurance plan. Finally, operating expense increased \$.2 million or 5.0% due to expenses related to new hires and promotional testing and depreciation expense increased by \$.2 million.

Public Safety – Building expenses increased by \$1.5 million or 39.5% The primary reason is due to a \$.7 million or 24.8% increase in personnel costs with budgeted increases in compensation. Additionally, expenses related to other post employment benefits increased by \$.7 million or 175.0%. Expenses related to leave payout and self funded insurance expense increased by .1 million or 127.0%.

Public Works expenses increased \$.2 million or 1.1%. Expenses for outside services related to pepper tree removal increased by \$.8 million or 168.1% due to an expanded program. Personnel expenses increased by \$.3 million or 6.4% with budgeted increases in compensation. Expenses related to median maintenance increased by \$.2 million or 37.0%. Expenses for the FDOT Signal Timing Analysis project increased by \$.2 million. These increases were offset by a \$1.2 million decrease in expenses related to other post-employment benefits.

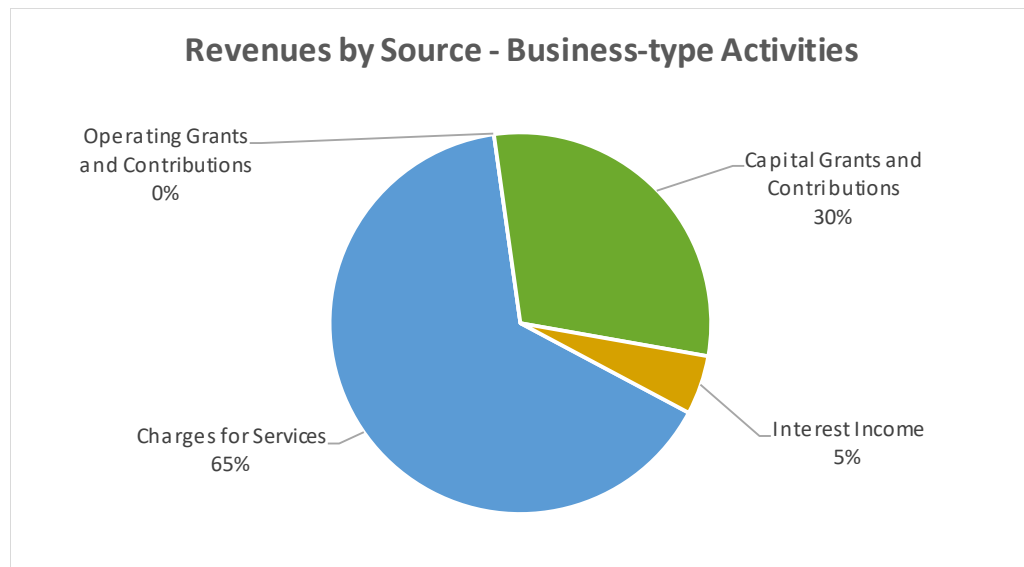
Parks and Recreation expenses decreased \$2.1 million or 11.7%. Personnel expenses increased by \$.5 million or 5.6% due to rate increases. Parks maintenance operating expense increased by \$.5 million or 22.4% due to capital maintenance now recorded as operating expense. Pension expense increased by \$.2 million and leave payout expense increased by \$.3 million. Depreciation expense increased by \$.2 million. Expenses allocated based on excess expenses over revenues related to parks and recreation facility repairs increased by \$.1 million. Waterpark operating expenses increased by \$.1 million, building maintenance increased by \$.1 million, and facilities expenses increased by \$.1 million. These increases were offset by a decrease in other post-employment benefit expense of \$4.2 million based on the actuarial valuation as of September 30, 2017.

Community Development expenses increased \$1.4 million or 20.0%. The primary reason for this increase is due to other post-employment benefit expense increasing by \$1.1 million or 237.0% based on the actuarial valuation as of September 30, 2017. Personnel costs increased by \$.1 million or 5.2% with budgeted increases in compensation. Leave payout expenses increased by \$.3 million and pension related expenses decreased by \$.3 million. Community development agency costs also increased by \$.2 million.

Interest and fiscal charges decreased \$1.0 million or 10.4%. This decrease is a result of a reduction in debt interest expense of \$.9 million.

Business-type Activities

The net position of the City's business-type activities increased by \$18.1 million or 4.0%. There was a decrease in the business-type activities' net investment in capital assets of \$3.4 million, or .9% in comparison to prior year.

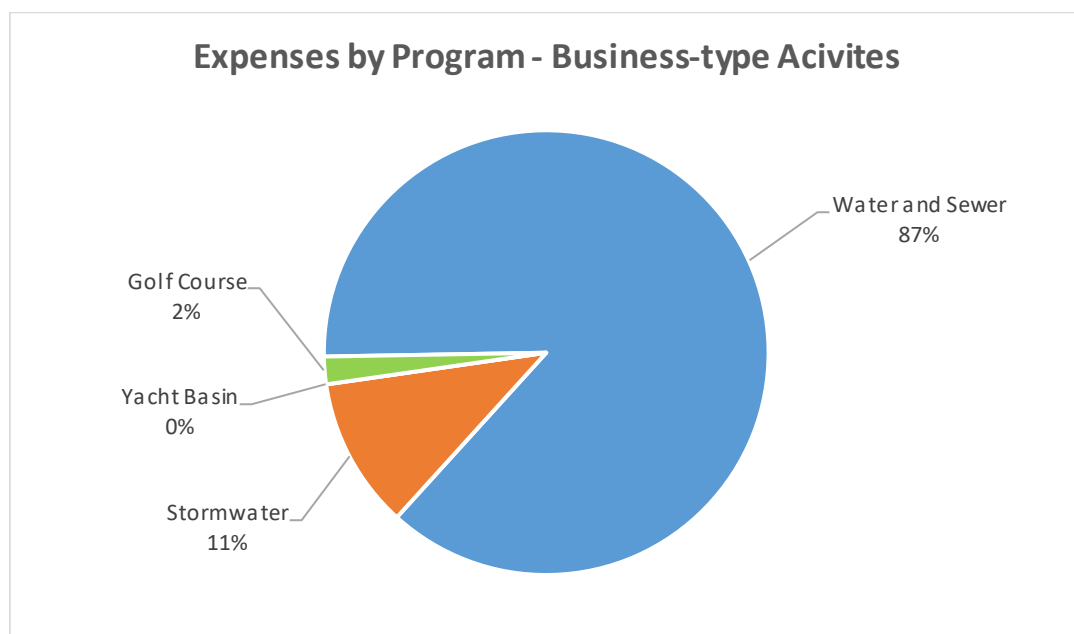


Charges for services reported in business-type activities increased \$4.2 million or 4.4%. The primary reason for the increase in Water & Sewer of \$2.8 million is a result of the increased usage in the water, sewer and irrigation charges. Overall utility billing billed 445,051,640 more gallons in 2017 over 2016 due to the full year of usage from the new utility expansion project Southwest 6/7 area connections. There was also an increase of \$1.5 million in Stormwater due to the stormwater utility fee changing from \$80 to \$87.

Operating grants and contributions reported in business-type activities decreased \$.8 million or 72.7% due to a decrease in the sale of capital assets from the previous year.

Capital grants and contributions, reported in business-type activities increased \$18.3 million or 66.1%. The primary reason for the increase was due to the receipt of \$10.5 million in prepayments for the North 2 Utility Extension Area as well as a \$3.0 million increase in the receipt of other assessment area revenue. In addition, the City received \$1.8 million in contributory assets. Lastly, there was a \$3.0 million increase in the utility capital expansion related to the increase of 381 single family home building permits issued.

Interest income reported in business-type activities decreased \$1.6 million or 16.3% due primarily to a decrease in the assessment tax billed interest as a result of a lower amount billed to the tax collector in the current year. In FY16, the City sent \$26,519,557 to the tax collector; whereas in 2017 the city sent \$25,118,511 to the tax collector for the assessment areas.



Water and sewer expenses reported in business-type activities increased \$14.5 million or 14.6%. The primary reason for the increase was due to a \$7.0 million loss on the North 1-8 Utility Extension Project that began in 2008 and was put on hold in 2009. All expenses incurred prior to the stop date were for the design of the project. As the project was put on hold for 8 years, the Utilities Project Manager and the Utilities Extension Manager evaluated the costs to determine that of the \$10,443,612 in expenses only \$3,414,705 were for pre-design work that was still able to be utilized. There was a \$2.9 million increase in wages as a result of salary increases and new positions being added to increase the overall performance of the departments. There was a \$2.8 million increase in debt service costs including a \$1.0 million increase in the costs for the refunding of the Assessment Debt in 2017 as well as a \$1.8 million increase in the loan service fee expenses for the SW6/7 Drinking and Clean Water Debt loan service fee payments. There was also a \$1.4 million increase in our contract services, materials and supplies as well as a \$.5 million increase in depreciation expenses. Lastly there was a \$1.0 million increase in the self-funded health insurance expenses in 2017 as a result of being on the self-insurance for a full year versus only 9 months in the previous year.

Stormwater expenses reported in business-type activities increased \$.9 million or 6.9%. The increase in stormwater expenses is a result of an increase in salaries and wages of \$1.4 million due to raises and new positions that were added to improve the operations of the City as well as a \$.5 million decrease in contractual services, material and supplies and a \$.3 million increase in the self-funded health insurance expenses as a result of the insurance being implemented for the full year versus only 9 months in the previous year.

Other Enterprise funds expenses decreased \$.4 million or 12.5% due to a decrease in salaries, wages and employee benefits as a result from the Golf Course reducing their staff from May through October while renovations were being completed for the golf course upgrades.

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

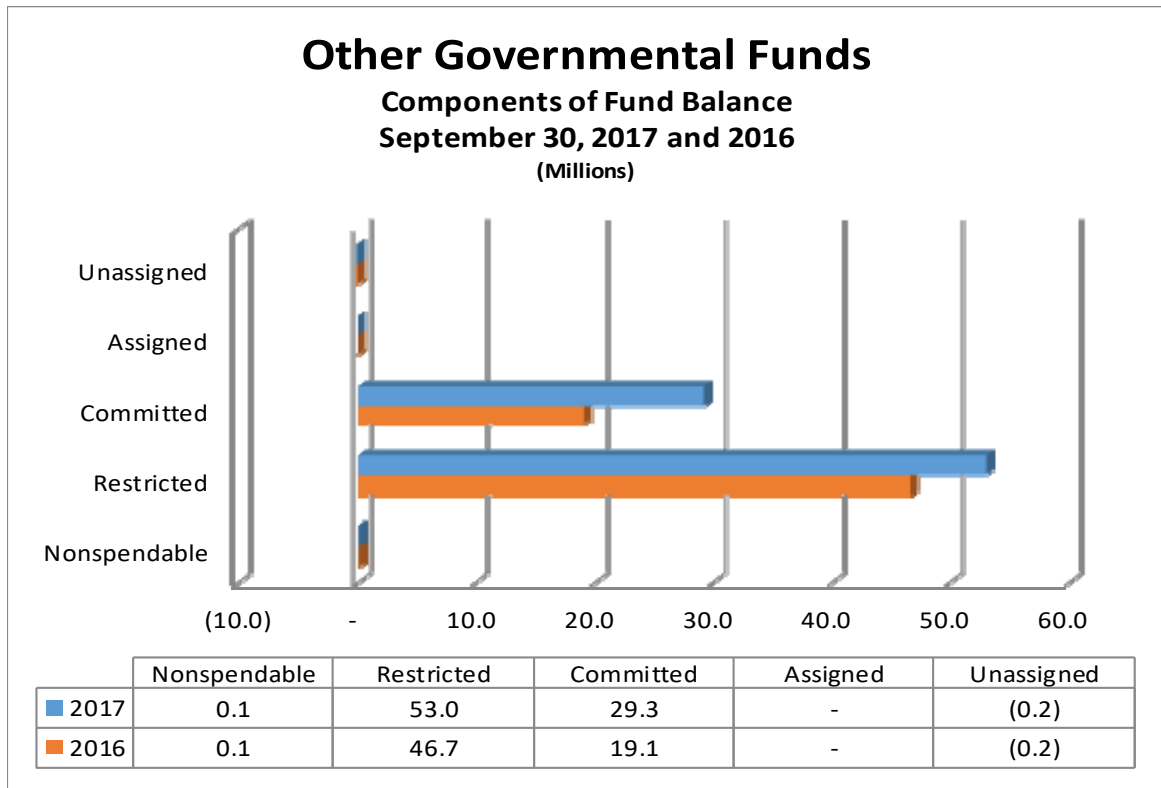
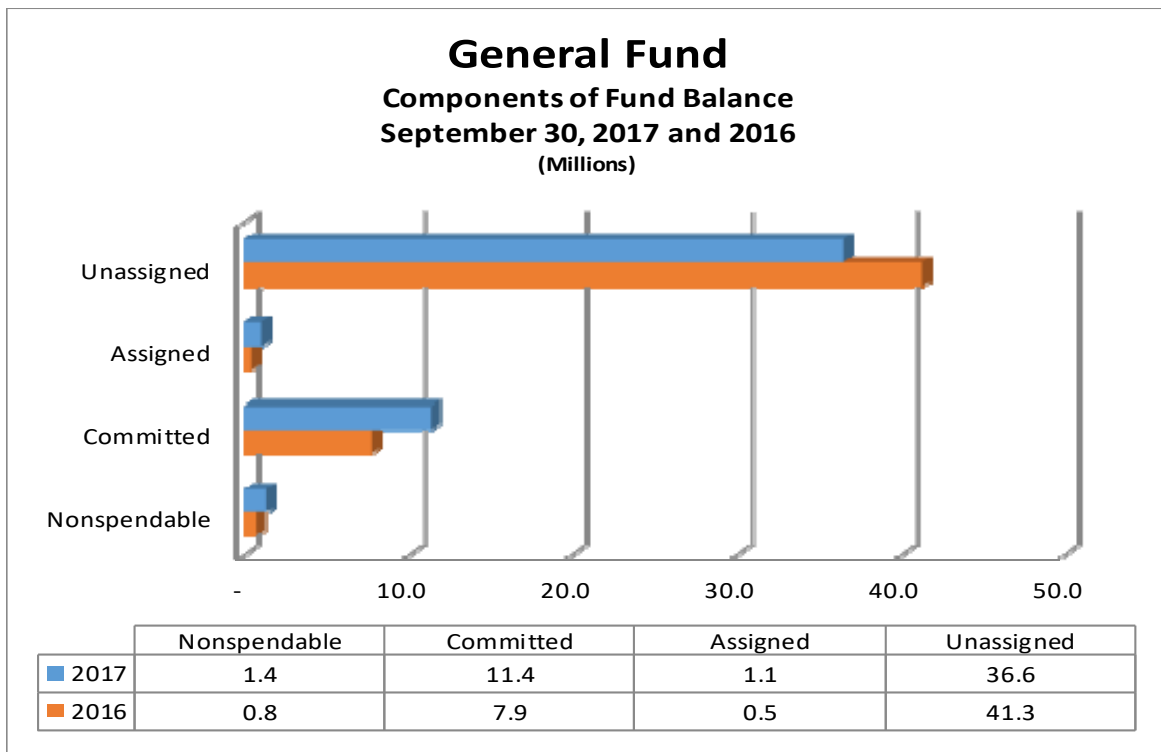
Governmental funds are comprised of the general fund, special revenue funds, debt service fund and the capital projects funds. Governmental funds use the current financial resources measurement focus that provides information on near-term inflows, outflows, and balances of spendable resources. The following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

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, unassigned fund balance of the general fund was \$36.6 million, while total fund balance reached \$50.5 million. The fund balance of the City's general fund remained unchanged at \$50.5 million during the current fiscal year.

The *Transportation Capital Improvements Fund* is used to account for road improvements and related items including road resurfacing and median landscaping. This fund has a total fund balance of \$24.9 million. The fund balance increased by \$1.8 million or 7.9% in comparison to prior year.

The *Community Redevelopment Agency Fund* is used to account for monies received from tax incremental revenue by certain taxing authorities in the community redevelopment area. This fund has a fund balance of \$.2 million, a decrease of \$2.2 million or 93.5% compared to the prior year. The decrease in fund balance is primarily due to an increase in a transfer out to the CRA Streetscape capital project.

The *Debt Service Fund* is used to account for the accumulation of resources for, and payment of general long-term debt principal and interest. This fund has a total fund balance of \$4.4 million, a decrease of \$3.0 million or 40.5% compared to prior year.



Proprietary Funds

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

Water and Sewer Fund. This fund is used to account for the activities of the City's water and sewer utility programs.

Stormwater Fund. This fund is used to account for the activities of the City's stormwater drainage program in compliance with the Environmental Protection Agency, and local and state regulations.

General Fund Budgetary Highlights

Original budget compared to final budget. The budgetary comparison schedule can be found on pages 105-107. Two budget amendments were adopted by City Council for fiscal year 2017. Major changes to the budget as a result of those amendments include:

Revenues

- Balances brought forward of \$15,157,438 were utilized to fulfill capital purchases not completed by the end of FY16.
- Intergovernmental revenue was increased by \$745,593 to include various grants and recycling tipping fees.

Expenses

- Capital Outlay was increased by \$1,822,588 as a result of rolling forward capital outlay items from FY16 as well as new authorizations for the purchase of replacement rolling stock.
- Overall reserves were increased by \$391,608 as a result of balances being brought forward from FY16.

Final budget compared to actual results. Budgetary numbers are based on historical trends as well as decisions of senior management and City Council. A review of actual results compared to the appropriations in the final budget highlights the following:

Revenues

- Sales tax revenue was \$157,471 or 1% lower than budgeted. State Shared Sales tax revenue was \$289,439 or 6.81% higher than budgeted and Half Cent tax revenue was \$446,910 or 3.07% lower than budgeted.
- Utility tax was \$517,958 or 6.80% lower than originally budgeted.
- Licenses and permits were \$548,776 or 37.01% lower than budgeted
- Communications service tax revenue was (\$393,833) or 6.89% lower than had been forecasted and is primarily attributed to fewer home telephone systems as consumers increase reliance on their cellular devices.
- Fuel tax revenue is a component part of the state's municipal revenue sharing program was \$120,379 or 8.48% higher than originally budgeted. Estimated revenue is conservatively budgeted at 95.0% of the state distribution.
- Fines and forfeitures revenue was more than expected by \$119,911 or 18.26%. This revenue line item includes several different fines and fees including ordinance violation fines, filing fees, tax billed penalties, etc.
- Interest revenue was \$143,944 or 37.47% more than budgeted as a result of an increase in cash balances.
- Other revenue was \$1,378,191 higher than budgeted primarily due to proceeds on sale of capital assets of \$1,289,405 in excess of the budgeted amount of \$94,690.

Expenditures

- Capital Outlay expenditures were \$3,806,194 or 41.56% less than budgeted due to the continued backlog of capital expenditure efforts created from the late release of funding in FY16 from the Fire Service Assessment revenues.
- General Government expenditures were \$7,451,693 less than budgeted. Payroll expenses were \$1,237,639 or 3.07% less than budgeted and operating expenses were \$6,214,054 or 30.72% less than budgeted.
- Public Works expenditures were \$2,713,406 less than budgeted. Payroll expenses were \$594,392 or 11.35% less than budgeted and operating expenses were \$2,119,014 or 28.67% less than budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The following schedule reflects the City's net capital assets as of September 30, 2017 and 2016:

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 150.9	\$ 150.7	\$ 33.3	\$ 32.7	\$ 184.2	\$ 183.4
Buildings	85.4	88.5	305.7	314.4	391.1	402.9
Building Improvements	2.7	3.0	1.8	1.6	4.5	4.6
Improvements other than buildings	28.4	29.3	137.6	137.9	166.0	167.2
Equipment	14.6	13.5	10.0	9.1	24.6	22.6
Intangible computer software	0.4	0.3	-	-	0.4	0.3
Infrastructure	138.6	131.8	453.4	375.0	592.0	506.8
Construction in progress	3.4	6.4	28.4	124.6	31.8	131.0
Total capital assets	\$ 424.4	\$ 423.5	\$ 970.2	\$ 995.3	\$1,394.6	\$1,418.8

The City's total capital assets decreased by \$24.2 million, or 1.7%, during the current fiscal year. The overall decrease is primarily a result of \$28.6 million of increased capital purchases, a \$7.0 million loss on North 1-8 Utility Extension Project that began in 2008 and was put on hold in 2009, and depreciation expense of \$50.4 million.

Major capital asset purchases and projects during the current fiscal year included the following:

- Police equipment
- Fire equipment
- Local road resurfacing
- Lift station improvements
- Sidewalk improvements

Additional information on the City's capital assets can be found in Note 5: Capital Assets.

Long Term Debt

Three major rating institutions (Moody's, Fitch and Standard & Poor's) have periodically evaluated the City's financial management, economic conditions and administrative practices. Based on their evaluations, the following ratings were achieved on the last issue of each type. The insured rating is based on the credit worthiness of the company insuring the bonds, whereas an underlying rating is based upon the credit worthiness of the issuer or security which is actually pledged for the repayment of the bonds.

During fiscal year 2017, the major rating institutions reaffirmed or assigns various ratings. Below is a summary of the bonds which were reviewed.

Fitch:	Special Assessments Bonds "BBB+"; Water and Sewer Revenue Bonds "A/Stable"
Standard & Poor's:	Special Obligation Refunding Bonds "AA-/Stable"; Gas Tax Bonds "A-"
Moody's:	Special Obligation Refunding Bonds "Aa3"; Utility Improvement Ref Assessments Bonds "A2"

At September 30, 2017, the City had \$806.8 million of outstanding debt (excluding compensated absences and other post employment benefits). Revenue bonds, which are secured solely by specified revenue sources, had an outstanding balance of \$628.2 million, or 77.9%, of the total outstanding debt. Special assessment debt which is collateralized by special assessments levied against the benefited property owners, had an outstanding balance of \$99.7 million, or 12.4%, of the total outstanding debt. Notes payable, which are collateralized by the net revenues of the water and sewer system, impact fees, and special assessment revenue, had an outstanding balance of \$78.4 million, or 9.7%, of the total outstanding debt. Capital leases, which are collateralized by the related equipment, had an outstanding balance \$.5 million or .1% of the total outstanding debt.

The following is a schedule of outstanding debt as of September 30, 2017 and 2016:

	Governmental		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Revenue Bonds	\$ 191.1	\$ 194.5	\$ 437.2	\$ 447.6	\$ 628.3	\$ 642.1
Special Assessment Debt with						
Governmental Commitment	1.1	1.4	98.6	107.6	99.7	109.0
Notes Payable	10.5	12.1	67.9	69.6	78.4	81.7
Capital Leases	0.5	1.1	-	-	0.5	1.1
Total	<u>\$ 203.2</u>	<u>\$ 209.1</u>	<u>\$ 603.7</u>	<u>\$ 624.8</u>	<u>\$ 806.9</u>	<u>\$ 833.9</u>

The City's total debt decreased by \$27.0 million, or 3.2%, during the current fiscal year. The Governmental Activities decrease of \$5.9 million or 2.8% is due to scheduled debt payments. The Business-type overall decrease of \$21.1 million or 3.4% is due to \$14.9 million in scheduled debt payments and \$6.3 million of special assessment debt redemptions.

The city's governmental activities issued \$62,595,000 of debt to refund \$64,595,000 of existing debt to reduce debt service over the next 23 years by \$8.4 million. In addition, business-type activities issued \$101,155,000 to refund \$108,490,000 of debt to reduce debt service over the next 20 years by \$10.9 million.

The ratio of net bonded debt to assessed valuation is not applicable since the City of Cape Coral did not have any outstanding general obligation bonds at September 30, 2017.

Pursuant to the Balanced Budget and Emergency Deficit Control Act, as amended, the President of the United States ordered that certain automatic spending cuts be implemented pursuant to calculations provided by the United States Office of Management and Budget (OMB) in its Report to the Congress on sequestration dated March 1, 2013. These included automatic across-the-board cuts in certain categories of federal spending for the from March 1, 2013 and will be applied unless and until a law is enacted that cancels or otherwise impacts the sequester, at which time the sequestration reduction rate is subject to change. The cuts include mandatory reductions in the amounts scheduled to be paid by the federal government to issuers of Build America Bonds. The Internal Revenues Service announced on October 1, 2013, that payments to issuers of Direct-Pay bonds from the budget accounts associated with these bonds are subject to reduction. In May 2010, the City issued \$33,815,000 of Federally Taxable Build America Bonds. As a result of this act the City's reimbursement was reduced by \$56,178 in FY2017. The reduction in FY2018 is expected to be 6.9% or \$56,178.

Additional information on the City's long-term debt and debt coverage can be found in Note 8: Long-term Liabilities and Note 14: Future Revenues that are Pledged.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The State of Florida operates primarily using sales, gasoline and corporate income taxes. Local governments (cities, counties, and school boards) rely primarily on property and a limited array of permitted other taxes (sales, gasoline, communication services, business licensing, etc.) and fees (franchise, impact, etc.) for their governmental activities. There are a limited number of state-shared revenues and recurring and non-recurring (one-time) grants from both the state and federal governments. Other sources of revenue for both the business-type and governmental activities are charges for service whereby the user pays a related fee or charge associated with the service. As the annual budget is developed, the resources available to support the City's operations are closely examined. A primary goal of the City is the continuation of current service levels.

The following factors were considered in preparing the City's budget for the 2018 fiscal year:

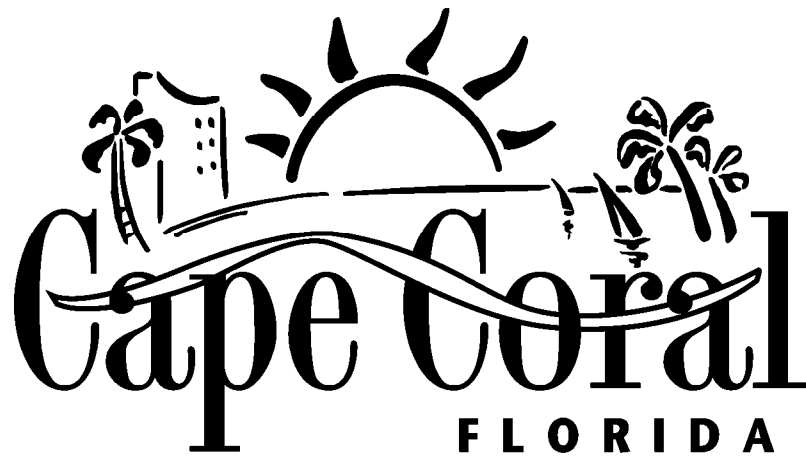
- The FY 2018 budget was again developed as part of a three-year rolling budget and included FY 2019 and FY20 with only FY 2018 being formally approved by the City Council. Approval of the public service tax and imposition of the special assessment for fire services beginning in FY 2014 laid the foundation for addressing Economic and Financial Stability which is the primary goal of the City's strategic plan. The other goals of the City include Economic Development, Redevelopment, Infrastructure Improvements,

Public Safety, and Improved City Image which all have a level of dependency upon the City's ability to achieve Economic and Financial Stability.

- The FY 2018 budget provides continued funding of the capital and infrastructure needs of governmental activities which was reestablished in FY 2014. Not unlike the neglect of capital improvement needs, the organizational infrastructure had also been ignored. After seven years of pay freezes and pay reductions, the FY 2015 budget provided funding to start addressing employee pay issues. Provisions for salary increases were included in the budget as efforts continue to restore the organization infrastructure through salary range adjustments as well as addressing pay parity issues.
- As a result of property tax and state-shared revenue increases beyond the amounts forecasted, the FY 2017 budget provided for a number of initiatives that support the strategic plan and the community as a whole. These initiatives include: continuation of street light funding for installing new street lights primarily focusing on school bus stops; funding for the downtown redevelopment agency for the Streetscape project; an adoption of the parks master plan; master plan finalizing of the Bimini Basin; several enhancements to the City's Coral Oaks Golf Course; addition of Pirate's Cove at Sunsplash water park. Many of these initiatives have been carried forward into the FY 2018 budget as the projects progress through their various stages of completion.
- The FY 2018 - FY20 rolling budget was adopted with an operating millage rate of 6.750 which was the same rate as FY 2017. Initially, the FY 2018 budget had another planned millage rate reduction, however to replenish disaster reserves used after Hurricane Irma, the millage rate was adopted unchanged. The focus of the FY 2019 and FY20 budgets and beyond will be to continue revenue diversification and reducing the reliance upon ad valorem tax revenues. Although the millage rate remained constant, ad valorem taxes remain less than 50.0% of the current revenue as opposed to 60-62% in previous years.
- The Water and Sewer budget was prepared to support the continuing operations of the existing utility facilities to include the water reclamation plants, reverse osmosis plants, and the existing collection, distribution, and transmission lines. The preparation of the annual budget is made in conjunction with the annual update of the rate sufficiency model which indicates no rate changes are required for the system.
- The stormwater utility fee is charged per equivalent residential unit (ERU). Based on the results of the Stormwater Cost Recovery study performed by an outside consultant, the rolling budget was adopted with an increase in the rate structure to \$111 per ERU and will be re-examined annually per resolution 122-16. The previous rate was \$87.
- Non-enterprise recreational programs are budgeted in a Special Revenue Fund. Each program is supported by a certain level of user fees. Program costs and projected revenues are evaluated annually to ensure the program costs are being recovered while maintaining a constant level of general fund support. Program fees will cover approximately 47.0% of the program expenditures.
- Impact Fee Funds: No new projects have been planned to be funded from impact fees for FY18. Revenues will be used to satisfy annual debt requirements.
- Gas tax funds have been budgeted in accordance with revenue estimates provided by the State of Florida and will support local road resurfacing, signalization, and small-scale intersection improvements.
- Water, sewer, and irrigation utility capital expansion fees are used to pay for the expansion of the City's utility system including the cost of transmission lines. These fees are also used to pay applicable debt service and/or will be used to offset the borrowing requirements associated with the expansion of the utility plants and related facilities.
- The Building Fund provides for 49.45 full-time equivalent positions. As a result of an increase in permitting activity no subsidy has been required by the General Fund since FY10.

REQUEST FOR INFORMATION

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the City of Cape Coral, Office of the City Clerk, 1015 Cultural Park Blvd., Cape Coral, FL 33990.



Basic Financial Statements

City of Cape Coral, Florida

STATEMENT OF NET POSITION
September 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Cape Coral Charter School Authority
ASSETS				
Cash and investments	\$ 156,399,452	\$ 32,891,695	\$ 189,291,147	\$ 6,796,228
Interest receivable	366,842	80,881	447,723	-
Accounts receivable, net	2,220,673	9,254,335	11,475,008	23,566
Assessments receivable, net	599	659	1,258	-
Intergovernmental receivable	5,954,837	74,921	6,029,758	98,311
Note receivable	102,762	-	102,762	-
Due from component unit	10,916	-	10,916	-
Internal balances	(594,692)	594,692	-	-
Inventories	104,961	1,743,747	1,848,708	-
Prepaid items	717,676	5,790	723,466	53,230
Unamortized bond insurance	3,614	2,759,019	2,762,633	-
Restricted:				
Cash and investments	-	114,874,397	114,874,397	-
Interest receivable	-	301,328	301,328	-
Accounts receivable, net	-	207,982	207,982	-
Intergovernmental receivable	-	1,330,044	1,330,044	-
Assessments receivable	-	1,597,274	1,597,274	-
Capital assets (net of accumulated depreciation):				
Land and construction in progress	154,327,092	61,662,174	215,989,266	-
Other capital assets, net of depreciation	270,049,941	908,575,903	1,178,625,844	1,490,473
Total assets	<u>589,664,673</u>	<u>1,135,954,841</u>	<u>1,725,619,514</u>	<u>8,461,808</u>
DEFERRED OUTFLOWS OF RESOURCES				
Loss on refunding	8,096,533	4,721,350	12,817,883	-
Pension contributions	-	-	-	922,141
Pension earnings	-	-	-	1,406,670
Pension assumptions	19,077,735	5,111,987	24,189,722	995,376
Pension experience	8,502,838	2,219,176	10,722,014	416,039
Total deferred outflows of resources	<u>35,677,106</u>	<u>12,052,513</u>	<u>47,729,619</u>	<u>3,740,226</u>
LIABILITIES				
Accounts payable and other accrued liabilities	7,148,806	3,397,352	10,546,158	85,523
Retainage payable	332,814	715,400	1,048,214	-
Accrued payroll	3,259,021	511,707	3,770,728	286,766
Accrued interest payable	22,492	659,310	681,802	-
Deposits	422,126	2,634,111	3,056,237	-
Intergovernmental payable	162,168	-	162,168	30,973
Unearned revenue	2,922,912	4,781,513	7,704,425	28,248
Noncurrent liabilities:				
Due within one year	14,534,588	24,537,627	39,072,215	383,574
Due in more than one year	434,070,568	644,338,399	1,078,408,967	10,798,639
Total liabilities	<u>462,875,495</u>	<u>681,575,419</u>	<u>1,144,450,914</u>	<u>11,613,723</u>
DEFERRED INFLOWS OF RESOURCES				
Gain on refunding	9,731	-	9,731	-
Pension earnings	6,552,961	973,338	7,526,299	-
Pension assumptions	3,002,466	-	3,002,466	-
Pension contributions	-	-	-	290,042
Pension experience	1,638,583	136,269	1,774,852	60,267
Total deferred inflows of resources	<u>11,203,741</u>	<u>1,109,607</u>	<u>12,313,348</u>	<u>350,309</u>
NET POSITION				
Net investment in capital assets	226,821,441	371,601,686	598,423,127	655,259
Restricted for:				
Community redevelopment agency	156,635	-	156,635	-
Public safety	7,249,542	-	7,249,542	-
Parks and recreation	3,311,849	-	3,311,849	-
Public works	18,839,265	-	18,839,265	-
Debt service	5,088,182	16,258,670	21,346,852	-
Community development	9,209,710	-	9,209,710	-
Capital improvements	9,904,418	79,728,511	89,632,929	-
Renewal and replacement	-	5,990,833	5,990,833	-
Unrestricted	(129,318,499)	(8,257,372)	(137,575,871)	(417,257)
Total net position	<u>\$ 151,262,543</u>	<u>\$ 465,322,328</u>	<u>\$ 616,584,871</u>	<u>\$ 238,002</u>

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

City of Cape Coral, Florida

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2017

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 71,064,097	\$ 10,814,798	\$ 656,057	\$ -	\$ (59,593,242)	\$ (59,593,242)	\$ -
Public safety:							
Police	35,940,818	1,107,582	1,832,377	1,257,400	(31,743,459)	(31,743,459)	-
Fire	27,531,173	489,918	24,937,564	335,077	(1,768,614)	(1,768,614)	-
Building	5,315,723	7,625,904	-	-	2,310,181	2,310,181	-
Public works	18,415,038	3,725,324	1,198,711	8,008,719	(5,482,284)	(5,482,284)	-
Parks and recreation	15,928,133	5,553,828	773,165	2,751,820	(6,849,320)	(6,849,320)	-
Community development	8,362,954	2,653,407	1,201,665	-	(4,507,882)	(4,507,882)	-
Interest on long-term debt	8,628,106	-	-	-	(8,628,106)	(8,628,106)	-
Total governmental activities	191,186,042	31,970,761	30,599,539	12,353,016	(116,262,726)	(116,262,726)	-
Business-type activities:							
Water and sewer	113,611,296	82,880,688	67,337	45,753,602	-	15,090,331	-
Stormwater	13,912,403	14,589,855	200,245	229,821	-	1,107,518	-
Yacht basin	323,196	669,484	9,119	-	-	355,407	-
Golf course	2,457,563	1,952,198	1,675	-	-	(503,690)	-
Total business-type activities	130,304,458	100,092,225	278,376	45,983,423	-	16,049,566	-
Total primary government	\$ 321,490,500	\$ 132,062,986	\$ 30,877,915	\$ 58,336,439	\$ (116,262,726)	\$ (100,213,160)	\$ -
Component unit:							
Cape Coral Charter School Authority	\$ 23,781,077	\$ 1,092,757	\$ 1,743,209	\$ 887,939	\$ -	\$ -	\$ (20,057,172)
General revenues:							
Taxes:							
Florida education finance program					\$ -	\$ -	\$ 21,204,909
Property taxes, levied for general purpose					79,463,250	79,463,250	-
Property taxes, other (CRA and All Hazards)					1,344,219	1,344,219	-
Public service tax					7,103,228	7,103,228	-
Sales					18,646,222	18,646,222	-
Fuel					10,496,714	10,496,714	-
Alcohol and beverage					78,660	78,660	-
Franchise					6,433,799	6,433,799	-
Communication					5,319,563	5,319,563	-
Interest income					1,057,749	9,282,211	30,308
Insurance proceeds					-	-	17,352
Transfers, net					6,177,043	-	-
Total general revenues and transfers					136,120,447	138,167,866	21,252,569
Change in net position					19,857,721	37,954,706	1,195,397
Net position - beginning					131,404,822	447,225,343	(957,395)
Net position - ending					\$ 151,262,543	\$ 616,584,871	\$ 238,002

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

City of Cape Coral, Florida

BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2017

	General	Transportation Capital Improvements	Community Redevelopment Agency	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 50,503,926	\$ 26,871,782	\$ 242,560	\$ 4,425,298	\$ 54,857,950	\$ 136,901,516
Interest receivable	125,314	63,476	596	590	132,136	322,112
Accounts receivable, net	1,537,760	-	46	-	44,772	1,582,578
Assessments receivable, net	484	-	-	-	115	599
Intergovernmental receivable	3,271,562	79,323	-	684,786	1,919,166	5,954,837
Notes Receivable	102,762	-	-	-	-	102,762
Due from other funds	516,291	-	-	-	-	516,291
Advances to other funds	765,256	-	-	-	-	765,256
Inventories	33,940	-	-	-	71,021	104,961
Prepaid items	562,453	-	-	-	27,869	590,322
Total assets	<u>\$ 57,419,748</u>	<u>\$ 27,014,581</u>	<u>\$ 243,202</u>	<u>\$ 5,110,674</u>	<u>\$ 57,053,029</u>	<u>\$ 146,841,234</u>
LIABILITIES						
Accounts payable and other accrued liabilities	\$ 3,115,885	\$ 1,762,373	\$ 82,285	\$ -	\$ 619,161	\$ 5,579,704
Accrued retainage	9,807	320,125	2,882	-	-	332,814
Accrued payroll	2,827,114	17,088	1,400	-	335,534	3,181,136
Due to other funds	-	-	-	-	516,291	516,291
Deposits	99,649	-	-	-	322,477	422,126
Intergovernmental payables	48,044	-	-	-	114,124	162,168
Unearned revenue	572,980	-	-	-	2,349,932	2,922,912
Total liabilities	<u>6,673,479</u>	<u>2,099,586</u>	<u>86,567</u>	<u>-</u>	<u>4,257,519</u>	<u>13,117,151</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - grant reimbursement	99,154	45,626	-	-	-	144,780
Unavailable revenue - other	136,458	-	-	-	-	136,458
Unavailable revenue - lease	-	-	-	684,786	-	684,786
Total deferred inflows of resources	<u>235,612</u>	<u>45,626</u>	<u>-</u>	<u>684,786</u>	<u>-</u>	<u>966,024</u>
FUND BALANCES						
Nonspendable	1,361,649	-	-	-	98,890	1,460,539
Restricted	-	9,858,792	156,635	4,425,888	38,610,366	53,051,681
Committed	11,446,344	15,010,577	-	-	14,288,427	40,745,348
Assigned	1,134,329	-	-	-	-	1,134,329
Unassigned	36,568,335	-	-	-	(202,173)	36,366,162
Total fund balances	<u>50,510,657</u>	<u>24,869,369</u>	<u>156,635</u>	<u>4,425,888</u>	<u>52,795,510</u>	<u>132,758,059</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 57,419,748</u>	<u>\$ 27,014,581</u>	<u>\$ 243,202</u>	<u>\$ 5,110,674</u>	<u>\$ 57,053,029</u>	<u>\$ 146,841,234</u>

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

City of Cape Coral, Florida

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

September 30, 2017

Fund balances - total governmental funds	\$	132,758,059
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Amounts reported for governmental activities in the statement of net position are different because:

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

Capital assets	\$ 600,658,955	
Accumulated depreciation	<u>(177,287,964)</u>	423,370,991

Internal service funds are used by management to charge the cost of certain activities to the individual funds.

Net position of internal service funds	\$ 754,508	
Cross-over to enterprise funds	<u>(1,359,948)</u>	(605,440)

Unamortized bond insurance is not current financial resources and therefore is not reported in the funds.

3,614

Net pension liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities.

(97,507,557)

Debt interest payable that will not be liquidated with current financial resources is not reported in the funds.

(22,492)

Deferred outflows of resources on the loss on refunding of debt are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.

8,096,533

Deferred outflows of resources related to pension experience and assumptions are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.

26,345,027

Deferred inflows of resources related to pension earnings, experience, and assumptions are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.

(11,007,005)

Deferred inflows of resources on the gain on refunding of debt are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.

(9,731)

Other assets are not available to pay for current period expenditures and are reported as deferred inflows in the funds.

966,024

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities.

Bonds, notes, and capital leases payable	\$ (203,110,436)	
OPEB obligation	(120,402,219)	
Compensated absences	<u>(7,612,825)</u>	<u>(331,125,480)</u>

Total net position of governmental activities	<u>\$</u>	<u>151,262,543</u>
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The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2017

	General	Transportation Capital Improvements	Community Redevelopment Agency	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 79,463,250	\$ -	\$ 600,820	\$ -	\$ 743,399	\$ 80,807,469
Public service	7,103,228	-	-	-	-	7,103,228
Sales	18,646,222	-	-	-	-	18,646,222
Fuel	1,540,705	-	-	-	8,956,009	10,496,714
Alcohol and beverage	78,660	-	-	-	-	78,660
Franchise	6,433,799	-	-	-	-	6,433,799
Communication	5,319,563	-	-	-	-	5,319,563
Special assessments	22,496,672	-	-	-	144,689	22,641,361
Licenses and permits	934,149	-	-	-	7,518,725	8,452,874
Intergovernmental	4,123,533	2,231,146	-	-	3,728,868	10,083,547
Charges for services	6,621,804	-	-	-	8,551,821	15,173,625
Fines and forfeitures	776,454	-	-	-	291,022	1,067,476
Impact fees	-	-	-	-	12,403,864	12,403,864
Rent and royalties	432,487	-	-	3,073,155	7,063	3,512,705
Interest income	528,098	104,302	20,327	92,106	218,039	962,872
Contributions and donations	2,000	203,575	-	-	132,570	338,145
Other revenue	585,829	36,395	46	75	977,089	1,599,434
Total revenues	<u>155,086,453</u>	<u>2,575,418</u>	<u>621,193</u>	<u>3,165,336</u>	<u>43,673,158</u>	<u>205,121,558</u>
EXPENDITURES						
Current:						
General government	53,681,725	-	-	2,759	92,931	53,777,415
Public safety:						
Police	34,680,077	-	-	-	241,469	34,921,546
Fire	27,083,417	-	-	-	436,772	27,520,189
Building	-	-	-	-	4,238,583	4,238,583
Public works	9,913,321	386,343	-	-	3,580,093	13,879,757
Parks and recreation	6,347,882	-	-	-	10,239,627	16,587,509
Community development	4,210,860	-	339,692	-	2,342,476	6,893,028
Capital outlay	5,352,983	8,532,863	178,186	-	2,203,365	16,267,397
Debt service:						
Principal	-	-	-	11,806,372	-	11,806,372
Interest and fiscal charges	-	-	-	9,307,870	3,627	9,311,497
Bond issuance costs	-	-	-	440,620	-	440,620
Total expenditures	<u>141,270,265</u>	<u>8,919,206</u>	<u>517,878</u>	<u>21,557,621</u>	<u>23,378,943</u>	<u>195,643,913</u>
Excess revenues over (under) expenditures	<u>13,816,188</u>	<u>(6,343,788)</u>	<u>103,315</u>	<u>(18,392,285)</u>	<u>20,294,215</u>	<u>9,477,645</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	6,949,947	8,166,000	1,001,219	17,157,995	15,163,098	48,438,259
Transfers out	(22,184,750)	-	(3,351,946)	(2,216,046)	(15,508,474)	(43,261,216)
Issuance of debt	-	-	-	62,595,000	-	62,595,000
Premium on debt	-	-	-	8,041,561	-	8,041,561
Payment to refunded bond escrow agent	-	-	-	(70,193,955)	-	(70,193,955)
Proceeds on sale of capital assets	1,384,095	8,800	-	-	45,806	1,438,701
Total other financing sources (uses)	<u>(13,850,708)</u>	<u>8,174,800</u>	<u>(2,350,727)</u>	<u>15,384,555</u>	<u>(299,570)</u>	<u>7,058,350</u>
Net change in fund balances	(34,520)	1,831,012	(2,247,412)	(3,007,730)	19,994,645	16,535,995
Fund balances - beginning	50,545,177	23,038,357	2,404,047	7,433,618	32,800,865	116,222,064
Fund balances - ending	<u>\$ 50,510,657</u>	<u>\$ 24,869,369</u>	<u>\$ 156,635</u>	<u>\$ 4,425,888</u>	<u>\$ 52,795,510</u>	<u>\$ 132,758,059</u>

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

City of Cape Coral, Florida

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
For the Year Ended September 30, 2017

Net change in fund balances - total governmental funds: \$ 16,535,995

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

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.

Capital outlay	\$ 16,267,397	
Depreciation	<u>(15,482,496)</u>	784,901

The net effect on net position for various miscellaneous transactions involving capital assets (disposals, transfers, donations).	(9,624)
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The issuance of debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of bond insurance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal debt payments - governmental funds	\$ 11,806,372	
Issuance of debt	(62,595,000)	
Premium on debt	(8,041,561)	
Bond principal refunded	64,560,000	
Increase in deferred outflows related to bond refunding	6,374,138	
Unamortized bond insurance	<u>(147,544)</u>	11,956,405

Vehicle lease payments received from Charter School.	(252,284)
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Certain revenues not considered available are not recognized in the governmental funds but are included in the statement of activities.	(2,176,217)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Pension expense adjustment	\$ 5,211,780	
Change in long-term compensated absences	(3,067,900)	
OPEB obligation	<u>(9,047,007)</u>	(6,903,127)

Internal service funds are used by management to charge the cost of certain activities to the individual funds.	(21,536)
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Interest on long-term debt in the statement of activities is recognized as the interest accrues, regardless of when it is due. In the governmental funds, interest is recognized as an expenditure when it is due. Premiums, discounts, and other similar items are deferred and amortized in the statement of activities.

Accrued interest	\$ 530,970	
Amortization of bond premiums, discounts, refunding gains and losses	<u>(587,762)</u>	(56,792)

Change in net position - governmental activities	<u><u>\$ 19,857,721</u></u>
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The accompanying notes to the financial statements are an integral part of this statement.

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Sewer	Stormwater	Other Enterprise Funds	Total	
ASSETS					
Current assets:					
Cash and investments	\$ 20,833,622	\$ 11,216,374	\$ 841,699	\$ 32,891,695	\$ 19,497,936
Interest receivable	51,208	27,615	2,058	80,881	44,730
Accounts receivable, net	9,248,076	5,668	591	9,254,335	649,011
Intergovernmental receivable	-	74,921	-	74,921	-
Inventories	1,706,719	-	37,028	1,743,747	-
Prepaid items	4,058	1,164	568	5,790	127,354
Restricted:					
Cash and investments	114,874,397	-	-	114,874,397	-
Interest receivable	301,328	-	-	301,328	-
Intergovernmental receivable	1,330,044	-	-	1,330,044	-
Assessments receivable, net	659	-	-	659	-
Total restricted assets	116,506,428	-	-	116,506,428	-
Total current assets	148,350,111	11,325,742	881,944	160,557,797	20,319,031
Noncurrent assets:					
Unamortized bond insurance	2,759,019	-	-	2,759,019	-
Restricted:					
Accounts receivable, net	207,982	-	-	207,982	-
Assessments receivable	1,597,274	-	-	1,597,274	-
Total restricted assets	1,805,256	-	-	1,805,256	-
Capital assets:					
Land	25,074,060	6,369,976	1,817,726	33,261,762	-
Buildings	384,971,127	83,408	1,338,450	386,392,985	794,507
Building improvements	2,518,540	1,833,038	40,729	4,392,307	117,477
Improvements other than buildings	297,795,772	24,476,094	3,729,283	326,001,149	63,796
Equipment	30,902,443	8,285,526	765,861	39,953,830	1,856,695
Infrastructure	670,169,384	14,501,875	286,049	684,957,308	-
Intangible computer software	-	-	-	-	705,245
Construction in progress	26,361,693	2,038,719	-	28,400,412	19,664
Less accumulated depreciation	(504,233,797)	(24,159,857)	(4,728,022)	(533,121,676)	(2,551,342)
Total capital assets, net	933,559,222	33,428,779	3,250,076	970,238,077	1,006,042
Total noncurrent assets	938,123,497	33,428,779	3,250,076	974,802,352	1,006,042
Total assets	1,086,473,608	44,754,521	4,132,020	1,135,360,149	21,325,073
DEFERRED OUTFLOWS OF RESOURCES					
Loss on refunding	4,721,350	-	-	4,721,350	-
Pension assumptions	3,780,631	1,158,266	173,090	5,111,987	861,541
Pension experience	1,641,218	502,817	75,141	2,219,176	374,005
Total deferred outflows of resources	10,143,199	1,661,083	248,231	12,052,513	1,235,546

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS (continued)
September 30, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Sewer	Stormwater	Other Enterprise Funds	Total	
LIABILITIES					
Current liabilities:					
Accounts payable and other accrued liabilities	\$ 2,925,982	\$ 305,475	\$ 165,895	\$ 3,397,352	\$ 1,569,102
Accrued retainage	699,915	15,485	-	715,400	-
Accrued payroll	361,892	128,244	21,571	511,707	77,885
Claims liability	-	-	-	-	2,817,196
Accrued interest payable	659,310	-	-	659,310	-
Deposits	2,614,111	-	20,000	2,634,111	-
Unearned revenue	4,755,553	-	25,960	4,781,513	-
Compensated absences	280,742	82,927	13,660	377,329	43,218
Debt:					
Revenue bonds	10,215,000	-	-	10,215,000	-
Special assessment debt	10,835,000	-	-	10,835,000	-
Notes	3,110,298	-	-	3,110,298	-
Total debt	24,160,298	-	-	24,160,298	-
Total current liabilities	36,457,803	532,131	247,086	37,237,020	4,507,401
Noncurrent liabilities:					
Advances from other funds	-	-	765,256	765,256	-
Compensated absences	1,569,242	513,196	82,705	2,165,143	403,519
OPEB obligation	25,167,190	8,605,701	1,369,346	35,142,237	6,125,681
Claims liability	-	-	-	-	5,944,000
Net pension liability	20,354,766	6,236,056	931,905	27,522,727	4,638,505
Debt:					
Revenue bonds	427,014,120	-	-	427,014,120	-
Special assessment debt	87,745,423	-	-	87,745,423	-
Notes	64,748,749	-	-	64,748,749	-
Total debt	579,508,292	-	-	579,508,292	-
Total noncurrent liabilities	626,599,490	15,354,953	3,149,212	645,103,655	17,111,705
Total liabilities	663,057,293	15,887,084	3,396,298	682,340,675	21,619,106
DEFERRED INFLOWS OF RESOURCES					
Pension earnings	719,844	220,538	32,956	973,338	164,039
Pension experience	100,779	30,876	4,614	136,269	22,966
Total deferred inflows of resources	820,623	251,414	37,570	1,109,607	187,005
NET POSITION					
Net investment in capital assets	335,155,040	33,196,570	3,250,076	371,601,686	902,626
Restricted for:					
Debt service	16,258,670	-	-	16,258,670	-
Capital improvements	79,728,511	-	-	79,728,511	-
Renewal and replacement	5,990,833	-	-	5,990,833	-
Unrestricted	(4,394,163)	(2,919,464)	(2,303,693)	(9,617,320)	(148,118)
Total net position	\$ 432,738,891	\$ 30,277,106	\$ 946,383	\$ 463,962,380	\$ 754,508
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.				1,359,948	
Net position of business-type activities				\$ 465,322,328	

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS**

For the Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Sewer	Stormwater	Other Enterprise Funds	Total	
OPERATING REVENUES					
Charges for services	\$ 81,804,350	\$ 14,385,987	\$ 2,620,420	\$ 98,810,757	\$ 33,138,583
Other revenue	1,076,338	203,868	1,262	1,281,468	1,926,401
Total operating revenues	<u>82,880,688</u>	<u>14,589,855</u>	<u>2,621,682</u>	<u>100,092,225</u>	<u>35,064,984</u>
OPERATING EXPENSES					
Salaries, wages and employee benefits	24,521,300	8,443,757	1,031,645	33,996,702	6,313,463
Contractual services, materials and supplies	20,769,222	3,563,057	1,536,585	25,868,864	8,619,065
Claims and claims adjustments	-	-	-	-	21,283,503
Depreciation	33,843,141	1,722,374	148,568	35,714,083	330,729
Total operating expenses	<u>79,133,663</u>	<u>13,729,188</u>	<u>2,716,798</u>	<u>95,579,649</u>	<u>36,546,760</u>
Operating income (loss)	<u>3,747,025</u>	<u>860,667</u>	<u>(95,116)</u>	<u>4,512,576</u>	<u>(1,481,776)</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenue					
Interest income	8,121,295	98,313	4,854	8,224,462	94,877
Interest expense	(24,344,365)	-	-	(24,344,365)	-
Debt service costs	(3,015,175)	-	-	(3,015,175)	-
Gain (loss) on sale of capital assets	67,337	200,245	10,794	278,376	29,000
Loss on stopped project	(7,028,906)	-	-	(7,028,906)	-
Total nonoperating revenues (expenses)	<u>(26,199,814)</u>	<u>298,558</u>	<u>15,648</u>	<u>(25,885,608)</u>	<u>123,877</u>
Income (loss) before contributions and transfers	<u>(22,452,789)</u>	<u>1,159,225</u>	<u>(79,468)</u>	<u>(21,373,032)</u>	<u>(1,357,899)</u>
Capital contributions					
Special assessments	35,301,039	-	-	35,301,039	-
Developer contributions	1,862,403	229,821	-	2,092,224	-
Impact fees and contribution in aid of construction	8,590,160	-	-	8,590,160	-
Total capital contributions	<u>45,753,602</u>	<u>229,821</u>	<u>-</u>	<u>45,983,423</u>	<u>-</u>
Transfers					
Transfers in	348,915	86,020	893,896	1,328,831	1,000,000
Transfers out	(5,235,301)	(2,155,573)	(115,000)	(7,505,874)	-
Total transfers	<u>(4,886,386)</u>	<u>(2,069,553)</u>	<u>778,896</u>	<u>(6,177,043)</u>	<u>1,000,000</u>
Change in net position	18,414,427	(680,507)	699,428	18,433,348	(357,899)
Total net position - beginning	414,324,464	30,957,613	246,955	445,529,032	1,112,407
Total net position - ending	<u>\$ 432,738,891</u>	<u>\$ 30,277,106</u>	<u>\$ 946,383</u>	<u>\$ 463,962,380</u>	<u>\$ 754,508</u>
Change in net position of business-type activities				\$ 18,433,348	
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.				(336,363)	
Change in net position of business-type activities				<u>\$ 18,096,985</u>	

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Sewer	Stormwater	Other Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 80,544,614	\$ 14,588,163	\$ 2,464,991	\$ 97,597,768	\$ 34,554,665
Cash payments for claims	-	-	-	-	(19,591,000)
Cash payments to suppliers	(15,409,602)	(2,350,015)	(1,102,200)	(18,861,817)	(8,844,760)
Cash payments to employees	(22,667,036)	(8,712,248)	(1,502,490)	(32,881,774)	(5,201,482)
Cash payments for interfund services	(5,266,111)	-	(428,334)	(5,694,445)	-
Net cash provided (used) by operating activities	37,201,865	3,525,900	(568,033)	40,159,732	917,423
CASH FLOWS FROM NONCAPITAL FINANCING					
Transfers in	348,915	86,020	893,896	1,328,831	1,000,000
Transfers out	(5,235,301)	(2,155,573)	(115,000)	(7,505,874)	-
Due from other funds	-	-	200,347	200,347	-
Net cash provided (used) by noncapital financing activities	(4,886,386)	(2,069,553)	979,243	(5,976,696)	1,000,000
CASH FLOWS FROM CAPITAL AND RELATED					
Acquisition and construction of capital assets	(15,364,021)	(2,233,408)	(333,619)	(17,931,048)	(319,150)
Proceeds from sale of capital assets	67,337	200,245	10,794	278,376	29,000
Issuance of long-term debt	(6,903,960)	-	-	(6,903,960)	-
Principal payments on long-term debt	(14,971,401)	-	-	(14,971,401)	-
Collection of special assessments	41,105,179	-	-	41,105,179	-
Transfer out for the acquisition of capital assets	-	-	-	-	-
Impact fees and contribution in aid of construction	9,435,247	-	-	9,435,247	-
Interest paid	(25,348,948)	-	-	(25,348,948)	-
Debt service costs	(754,258)	-	-	(754,258)	-
Net cash used by capital and related financing activities	(12,734,825)	(2,033,163)	(322,825)	(15,090,813)	(290,150)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment Earnings	1,835,623	142,020	3,695	1,981,338	67,138
Net cash provided by investing activities	1,835,623	142,020	3,695	1,981,338	67,138
Net increase (decrease) in cash	21,416,277	(434,796)	92,080	21,073,561	1,694,411
Cash and investments - beginning	114,291,742	11,651,170	749,619	126,692,531	17,803,525
Cash and investments - ending	<u>\$ 135,708,019</u>	<u>\$ 11,216,374</u>	<u>\$ 841,699</u>	<u>\$ 147,766,092</u>	<u>\$ 19,497,936</u>
CLASSIFIED AS:					
Cash and investments	\$ 20,833,622	\$ 11,216,374	\$ 841,699	\$ 32,891,695	\$ 19,497,936
Restricted cash and investments	114,874,397	-	-	114,874,397	-
Total cash and investments	<u>\$ 135,708,019</u>	<u>\$ 11,216,374</u>	<u>\$ 841,699</u>	<u>\$ 147,766,092</u>	<u>\$ 19,497,936</u>

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (continued)
For the Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer	Stormwater	Other Enterprise Funds	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 3,747,026	\$ 860,667	\$ (95,116)	\$ 4,512,577
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	33,843,141	1,722,374	148,568	35,714,083
Accounts receivable, net	(806,390)	3,429	(222)	(803,183)
Intergovernmental receivable	-	(5,121)	-	(5,121)
Inventories	25,442	-	9,229	34,671
Prepaid items	(2,242)	(1,134)	568	(2,808)
Increase (decrease) in liabilities:				
Accounts payable and other accrued liabilities	70,309	(35,731)	(3,746)	30,832
Accrued payroll	63,012	16,760	298	80,070
Compensated absences	720,043	201,089	40,701	961,833
OPEB obligation	1,797,065	1,111,010	(452,999)	2,455,076
Net Pension Liability	(2,440,830)	(920,793)	(147,177)	(3,508,800)
Change in Deferred inflows	671,120	204,476	30,493	906,089
Change in Deferred outflows	1,043,854	368,874	57,839	1,470,567
Claims liability	-	-	-	-
Deposits	(58,890)	-	-	(58,890)
Unearned revenue	(1,470,795)	-	(156,469)	(1,627,264)
Total adjustments	33,454,839	2,665,233	(472,917)	35,647,155
Net cash provided (used) by operating activities	<u>\$ 37,201,865</u>	<u>\$ 3,525,900</u>	<u>\$ (568,033)</u>	<u>\$ 40,159,732</u>

Supplemental disclosure of noncash investing, capital and financing activities:

Water and Sewer decrease in fair value of investments of \$672,426.
Water and Sewer recognized a \$7,028,906 loss on abandoned projects.
Water and Sewer recognized \$2,759,019 capital asset contributions.
Water and Sewer had \$1,516,045 of capital related accounts payable.
Water and Sewer recognized a \$4,721,350 loss on refunding.
Water and Sewer issued special assessment debt of \$100,568,030.
Water and Sewer refunded special assessment debt of \$99,820,093.
Stormwater had a decrease in fair value of investments of \$48,735.
Stormwater had \$216,724 of capital related accounts payable.
Other Enterprise Funds decrease in fair value of investments of \$3,469.
Other Enterprise Funds had \$9,846 of capital related accounts payable.
Internal Service Funds decrease in fair value of investments of \$73,426.
Internal Service Funds had \$103,416 of capital related accounts payable.

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

City of Cape Coral, Florida

STATEMENT OF NET POSITION
FIDUCIARY FUNDS
September 30, 2017

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 13,466,939	\$ 3,906,831
Receivables		
Member contributions	230	-
Employer contributions	991,280	-
Due from brokers	949,102	-
Investment income	384,420	9,618
Total receivables	2,325,032	9,618
Intergovernmental receivable	-	39,307
Investments, at fair value:		
Certificates of deposit	339,135	-
US Government Obligations and		
Federal Agency Guaranteed Securities	27,136,003	-
Mortgage Backed Securities	8,949,405	-
Collateralized Mortgage Obligations	4,419,771	-
Corporate Bonds	25,766,967	-
Municipal obligations	263,342	-
Stocks	201,380,767	-
Unit Investment Trusts	1,219,086	-
Mutual and ETF funds		
Equity	73,337,791	-
Balanced	29,577,860	-
Pooled/common/commingled funds		
Equity	142,527,375	-
Real Estate	33,968,032	-
Partnerships	29,413,524	-
Total investments	578,299,058	-
Prepaid expenses	5,856	-
Total assets	594,096,885	3,955,756
LIABILITIES		
Accounts payable	566,919	
Due to broker for securities purchased	1,291,885	
Prepaid contributions	8,071	
Due to others	-	\$ 3,955,756
Total liabilities	1,866,875	
NET POSITION RESTRICTED FOR PENSIONS	<u>\$ 592,230,010</u>	

City of Cape Coral, Florida

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2017

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 34,616,245
Plan members	7,880,720
Member buybacks	116,662
State of Florida	2,768,901
Total contributions	45,382,528
Investment income (expenses)	
Investment income	10,090,518
Net appreciation (depreciation) in fair	
value of investments	54,769,633
Less: investment expenses	(2,133,782)
Net Investment Income (Loss)	62,726,369
Total additions	108,108,897
DEDUCTIONS	
Benefits and refunds	28,228,297
Administrative expenses	491,314
Total deductions from net pension	28,719,611
Net increase in net position	79,389,286
Net position - beginning	512,840,724
Net position - ending	<u>\$ 592,230,010</u>

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

Notes to Financial Statements

City of Cape Coral
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

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NOTES TO THE FINANCIAL STATEMENTS

September 30, 2017

NOTE I. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization

The City of Cape Coral, Florida (the City) was incorporated in 1970 pursuant to the laws of Florida, Chapter 70-623. The City operates under the Council-Manager form of government, which is comprised of an elected City Council (eight members) including an elected mayor, and a City Manager appointed by the City Council. The City provides the following services: public safety (police and fire), recreation, cultural, community development, transportation, planning and zoning, water, wastewater, reclaimed water services, stormwater utility services, and general administrative services.

For financial reporting purposes, the accompanying financial statements include all the operations of the City for which the City is financially accountable. The City is financially accountable for organizations that make up its legal entity, as well as legally separate organizations that meet certain criteria. The criteria for inclusion in the reporting entity entails those cases where the City or its officials appoint a voting majority of an organization's governing body and is able to impose its will on the organization or there is a potential for the organization to provide specific financial benefits or burdens to the City.

The blended component unit, although a legally separate entity, in substance, is part of the government's operations. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Blended component unit. The Cape Coral Community Redevelopment Agency (CRA) was created in 1986 by Ordinance 51-87 of the City of Cape Coral, Florida, pursuant to Section 163.356 of the Florida Statutes. The City Council appoints the CRA's Board of Directors. The CRA provides services for the benefit of the City. The CRA's projects result in capital assets (mainly infrastructure) being owned by the City. The CRA's transactions are recorded and reported by the City. The CRA does not publish individual component unit financial statements.

Discretely presented component unit. The Cape Coral Charter School Authority (Authority) was created for the purpose operating and managing, on behalf of the City, all charter schools for which a charter is held by the City. The powers of the Authority are exercised through a governing board, which is known as the Cape Coral Charter School Authority Board which provides governance of the charter schools. There are ten (10) members of the governing board. The members of the Board are as follows: a City Councilmember, a member from the business community, a member from the education community, and three (3) members from the community at large that shall be appointed by the City Council. Parent members from each school shall be chosen by and from parent organizations. The positions on the board for parents from each charter school are considered to be "ex officio" positions as non-voting members. According to Governmental Accounting Standards Board (GASB) Statement No. 61: *The Financial Reporting Entity: Omnibus*, the Authority is reported as a discretely presented component units because it is legally separate, the City Council appoints a majority of the Authority's board members, and the City can modify and approve the Authority's budget. In addition, all debt issuances must be approved by City Council.

The Cape Coral Charter School Authority was audited by independent auditors for the fiscal year ended June 30, 2017, and their report dated November 7, 2017, was previously issued under separate

cover. The financial statements for the Authority may be obtained through the Financial Services Department of the City of Cape Coral, 1015 Cultural Park Blvd., Cape Coral, FL 33990.

2. Related Organization

The City's officials are responsible for appointing the members of the Board of the City of Cape Coral Health Facilities Authority. The City's accountability for this organization does not extend beyond making these appointments; therefore, there is no blended or discrete financial presentation for this entity.

3. Summary of Significant Accounting Policies

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

Basic Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements along with the notes to the financial statements. The focus of the financial statements is on either the City as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the Statement of Net Position, both the governmental and business-type activities columns are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Government-wide financial statements report information on all of the non-fiduciary activities of the City.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function (Public Safety, Parks and Recreation, etc.). Program revenues are defined as charges for services, operating grants and contributions, and capital grants and contributions directly associated with a given function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The Statement of Activities reflects both the gross and net costs per function (Public Safety, Parks and Recreation, etc.) which are otherwise being supported by general government revenues (property taxes, franchise fees, gas taxes, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer, stormwater and various other functions of the government.

This government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The emphasis of the fund financial statements is on the major funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns and the nonmajor funds are summarized into a single column.

Measurement Focus and Basis of Accounting

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. Since by definition the fiduciary funds' assets are being held for the benefit of a third party (other local governments and other entities) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. Since agency funds report only assets and liabilities they do not have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities of the government-wide presentation.

The focus of the GASB No. 34 model is on the City as a whole and the fund financial statements. The focus of the Fund Financial Statements is on the major funds of the governmental and business-type activities. Each presentation provides valuable information that can be analyzed to enhance the usefulness of the information.

Basis of accounting refers to when revenue and expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Government-wide Financial Statements and the Proprietary and Fiduciary Fund Financial Statements are presented on an accrual basis of accounting. The Governmental Funds in the Fund Financial Statements are presented on a modified accrual basis of accounting.

1. Accrual:

Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Proprietary funds record both operating and non-operating revenues and expenses. Operating revenues are those that are obtained from the operations of the proprietary fund that include charges for services and user fees. Operating expenses represent the cost of operations, which includes depreciation. Non-operating revenues and expenses are not related to the operations of the proprietary fund and include interest earnings and gain and loss on sale of capital assets.

2. Modified Accrual:

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., both measurable and available). "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days after year-end. Primary revenue sources that have been treated as susceptible to accrual include intergovernmental revenue, franchise fees, communication taxes and charges for services, when material. Property taxes are accounted for when measurable and available as described in Note II. Grant revenue is considered earned and is accrued when all eligibility requirements are met.

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions* (the City may act as either provider or recipient), the provider should recognize liabilities and expenses and the recipient should recognize receivables

and revenue when the applicable eligibility requirements including time requirements, are met. Resources transmitted before the eligibility requirements are met should, under most circumstances, be reported as advances by the provider and unearned revenue by recipient.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, as under accrual accounting. Exceptions to this general rule include principal and interest on general obligation long-term debt, as well as expenditures related to compensated absences and claims and judgments which are recognized when due.

Basis of Presentation

The financial transactions of the City are recorded in individual funds. The operations for each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses. 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.

GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City's major funds are presented in separate columns on the governmental fund financial statement and the proprietary fund financial statement. The funds that do not meet the criteria of a major fund are considered nonmajor funds and are combined into a single column in the fund financial statements and detailed in the combining section.

The following major funds are used by the City:

1. Governmental Funds:

The focus of Governmental Fund measurement (in the Fund Financial Statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the major Governmental Funds of the City:

- a. **General Fund** is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.
- b. **Transportation Capital Improvements Fund** is used to account for the following projects:
 - Road Resurfacing – paving residential streets.
 - Sidewalks – construction of sidewalks on Sands Boulevard North, Palm Tree Boulevard, Eldorado Parkway, Skyline Boulevard North, Skyline Boulevard South, and Chiquita Boulevard North.
 - Other Transportation Capital Improvements – improvements to various roadways including miscellaneous road resurfacing, median curbing, turn lane improvements, and purchase of road widening right of way.
- c. **Community Redevelopment Agency Fund** is used to account for monies received from tax incremental revenue by certain taxing authorities in the community redevelopment area.
- d. **Debt Service Fund** is used to account for the accumulation of resources for, and payment of, general long-term debt principal and interest.

2. Proprietary Funds:

The City of Cape Coral maintains two different types of Proprietary Funds: Enterprise Funds and Internal Service Funds. Enterprise Funds are used to account for activity for which a fee is charged to external users for goods or services. In the government-wide financial statements the

Enterprise Funds are presented as business-type activities. Internal Service Funds are used to account for activity that provide goods or services to other funds, departments or agencies of the primary government and its component units on a cost-reimbursement basis. Four Internal Service Funds are utilized: 1) The Workers Compensation Insurance Fund is used to account for the self-insurance of workers compensation. 2) The Property and Casualty Insurance Fund is used to account for the City's risk management activity for auto liability, property and contents loss, and general liability. 3) The Facilities and Fleet Management Fund is used to account for the costs of operation for the repair and maintenance of city owned/leased vehicles, equipment and buildings. 4) The Self-funded Health Insurance Fund is used to account for the self-funded medical insurance plan. The Internal Service Funds have been included within governmental-type activities in the government-wide financial statements because they primarily benefit governmental funds.

The focus of Proprietary Fund measurement is based upon determination of operating income, changes in net position, financial position, and cash flows, which is similar to businesses. The following is a description of the major Proprietary Funds of the City:

- a. **Water and Sewer Fund** is used to account for the activities of the City's water and sewer utility programs. This includes special assessments, impact fees, contribution in aid of construction (CIAC), capital facility expansion charge (CFEC), etc. Activity for only water and sewer operations can be found in Note 13: Segment Information.
- b. **Stormwater Fund** is used to account for the activities of the City's Stormwater drainage program in compliance with the Environmental Protection Agency, and local and state regulations.

3. Other Funds:

Additionally, the City reports the following Funds:

- a. **Pension Trust Funds** are used to account for three defined benefit plans which accumulate resources for pension benefit payments to its employees/retirees.
- b. **Agency Funds** are used to account for the City's collection of school impact fees at the time of building permit issuance for the Lee County School Board and the collection of solid waste fees.

Assets, Liabilities and Net Position or Equity, Revenues, and Expenditures/Expenses

1. Cash and Investments

Section 218.415, Florida Statutes, limits the types of investments that a government can invest in unless specifically authorized in an investment policy. The City adopted Ordinance 63-13 on December 9, 2013 which amended the City's comprehensive investment policy. The investment policy applies to all cash and investments held or controlled by the City with the exception of Pension Funds and funds related to the issuance of debt. The investment policy allows the City to invest surplus funds. For accounting and investment purposes, the City maintains a pooled cash and investments account (the "Pool"). This gives the City the ability to invest large amounts of cash to maximize earning potential. Interest income is allocated based upon each funds proportionate balance in the pooled cash fund. All funds participate in the Pool. Each fund's individual equity in the Pool is considered to be a cash equivalent since the funds can deposit or effectively withdraw cash at any time without prior notice or penalty. This methodology is also used in the statement of cash flows for the Proprietary funds.

The City participates in three local government investment pools (LGIP), Florida PRIME administered by the Florida State Board of Administration (SBA), Florida Class administered by Public Trust Advisors, and Florida Asset Fund Trust (FLSAFE) administered by a five member board of trustees.

The SBA was created by Section 218.405, Florida Statutes and FLSAFE was created pursuant to Florida Statutes 163.01 and 218.415. The investment pools (Securities and Exchange Commission Rule 2a7-like external investment pools) operate under investment guidelines established by Section 215.47, Florida Statutes and are reported at amortized cost.

The City's investments are reported at fair value and are generally based on quoted market prices. The City measures and records its investment using fair value measurement guidelines established by the generally accepted accounting principles. The guidelines recognize a three-tier fair value hierarchy, as follows:

- Level 1: Quoted prices in active markets for identical assets
- Level 2: Significant other observable inputs
- Level 3: Significant unobservable inputs

Florida PRIME is considered a qualifying external investment pool that meets all of the necessary criteria to elect to measure all of the investments at amortized cost. Therefore, the fair value of the City's position in the pool is the same as the value of the pool shares. The Florida PRIME investments are not categorized because they are not evidenced by securities that exist in physical or book entry form. Throughout the year, and as of September 30, 2017, Florida PRIME contained certain floating and adjustable rate securities. These investments represented 31% percent of Florida PRIME's portfolio at September 30, 2017.

In accordance with Governmental Accounting Standards Board Statement No. 79, Certain External Investment Pools and Pool Participants, as a participant in a qualifying external investment pool, the City should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements.

With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the monies in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest monies entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council."

The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.

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

As of September 30, 2017, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Detailed information on allowable investments and actual holdings can be found in Note IV Detailed Note 1: Cash and Investments.

2. Receivables and Payables

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

Accounts Receivable - The general fund accounts receivable includes gas, electric and solid waste franchise fees, public service tax, lot mowing fees, and other miscellaneous receivables.

The other governmental funds accounts receivables are for false alarm, lot mowing, seawall fees, child care meals, voluntary pre-kindergarten, and purchasing card rebate.

Assessments receivable - the City levies a special assessment against benefited property owners for construction of water, wastewater and irrigation utility extension, in certain areas of the City. The City also levies a special assessment against benefited property owners for the construction of seawalls and parking lot improvements. In addition the City levies a fire services assessment to fund fire-rescue services. The City utilizes the uniform collection method for collecting the assessments. The receivable reported is the assessment amount that has a lien and is unpaid. There are no unbilled receivables for governmental activities and \$363,112,018 for business-type activities.

Intergovernmental Receivable - The general fund intergovernmental receivable includes communication service tax, half cent revenue, recycling revenue, police task force reimbursements, occupational tax, firefighter’s supplemental education, alcoholic beverage license, fuel tax rebate, grant reimbursements and a receivable due from component unit - Cape Coral Charter School Authority, at September 30, 2017 of \$10,916. The Cape Coral Charter School reports a receivable from the primary government at June 30, 2017 of \$12,202. The Cape Coral Charter School Authority also reports a payable to the primary government at June 30, 2017 of \$30,973.

The Transportation Capital Improvement Fund intergovernmental receivable is for pending reimbursements due from the State of Florida related to the local agency program agreement for sidewalk construction.

The Other Governmental Funds intergovernmental receivables are for pending receipt of the August and September 2017 fuel tax collections, Florida Medicaid reimbursement for special populations, and collections due from the Lee County Tax Collector, the Lee County Clerk of Courts, and Lee County Public Safety. In addition, grant reimbursements are receivable for the Community Development Block Grant (CDBG).

Other governmental funds have a payable, due to component unit - Cape Coral Charter School Authority, at September 30, 2017 of \$42,565. This is for use of busses for summer camp, a portion of the custodial costs for the gym that is used by Parks and Recreation programs, and a share of the profit from after school programs.

All trade receivables are reported net of an allowance for uncollectible. Uncollectible is defined as any account that is greater than or equal to 120 days delinquent from the general ledger date. Additionally, 1% of receivables less than 120 days are considered uncollectible.

Noncurrent portions of interfund receivables classified as advances between funds, as reported in the fund financial statements, are offset equally by a non-spendable fund balance amount in applicable governmental funds which indicates that they do not constitute expendable available financial resources, and therefore, are not available for appropriation.

3. Inventories and Prepaid Items

Inventories, consisting primarily of expendable supplies held for consumption, are stated at either weighted average or cost (first-in, first-out method). The City utilizes the consumption method of accounting, which provides that expenditures are recognized when inventory is used. The General Fund maintains inventories for fuel; Water and Sewer maintains inventories of materials and parts; Parks and recreation programs maintain inventories consisting of concession and vending items, restaurant and food supplies, and items for resale. Both the Waterpark and Golf Course maintain a restaurant inventory and an inventory of items available for resale.

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

4. Capital Assets

Capital assets include property, buildings, improvement other than buildings, equipment, infrastructure and certain intangible assets. Infrastructure assets are defined as public domain capital assets such as roads, bridges, sidewalks, traffic signals, and similar items that are immovable and of value only to the governmental unit. Capital assets are reported in the government-wide financial statements in the applicable governmental or business-type activities columns, as well as the proprietary fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and a useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized, but are expensed as incurred.

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

<u>Asset</u>	<u>Years</u>
Buildings	20-40
Building improvements	10
Improvements other than buildings	10-20
Equipment	3-10
Intangibles	3
Infrastructure	
Traffic signals	15
Parking Lots	20
Roads	30
Sidewalks	30
Bridges	40
Utility extension lines	40

5. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition

of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The City has the following deferred outflows/inflows:

1. Deferred charge (gain/loss) on refunding - reported in the government-wide statements of net position. A deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price and amortized over the shorter of the life of the refunded or refunding debt.
2. Unavailable revenue - The three sources of unavailable revenue are recycling revenue, grant reimbursements, and charter school bus leases. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available.
3. Pension related:
 - Pension earnings - Difference between projected and actual earnings on investments. These amounts will be recognized as reductions in pension expense in future years.
 - Pension experience - Differences between expected and actual experience with regard to economic or demographic factors. These amounts are amortized to pension expense over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions.
 - Pension assumptions - Change in assumptions about future economic or demographic factors.

6. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation benefits, which will be paid to employees upon separation from City service if they meet certain criteria. Compensated absences are accrued and reported in the proprietary funds and governmental-wide financial statements; and is a reconciling item between the governmental funds and the government-wide presentation.

7. Long-term Obligations

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

8. Bond Discounts, Bond Premiums, Bond Issuance Costs, and Bond Insurance Costs

In governmental funds the face amount of debt issued is reported as other financing sources. Issuance costs, bond premiums and discounts, whether or not withheld from the actual debt proceeds received, are reported as other financing sources (uses).

In the government-wide financial statements and proprietary funds, bond premiums and discounts, and bond insurance costs, are amortized over the life of the bonds using the straight-line method, which does not result in a material difference from the effective interest method. The deferred gain and loss is amortized over the shorter of the original life or the life of the new debt. The face amount of the debt issued is reported net of bond premiums and discounts whereas insurance costs are recorded as other assets.

9. Utility Capital Expansion Fee (Impact Fee)

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

10. Special Assessments

The City levies the following special assessments against benefited property owners: Governmental Activities – parking lot improvements, seawall construction, and fire rescue services; and Business-type Activities - construction of water, wastewater and irrigation utility extension.

11. Unearned Revenue

Unearned revenue recorded in the general fund relates to planned development project fees and planning and zoning fees collected at time of application that are not earned until next fiscal year, business taxes, and tower lease payments.

Unearned revenue recorded in the special revenue funds relates to fees collected at permit issue date for residential and commercial construction that are not earned until next fiscal year, lot mowing fees, and prepayment of parks and recreation class registration fees.

Water & Sewer has unearned revenue from water, sewer, and irrigation impact fees that have been collected from property owners in advance of the city installing services. Unearned revenue in the golf course fund is for golf course memberships, rain checks and gift certificates that will be redeemed in the next fiscal year.

12. Intergovernmental Allocation of Administrative Expenses

The general fund incurs certain administrative expenses for other funds, including accounting, legal, data processing, personnel administration, and other services. The governmental funds that received these services were charged \$1,089,459 for fiscal year 2017. These amounts are eliminated in the statement of activities. The enterprise funds that received these services were charged \$4,393,554 for fiscal year 2017. These amounts are recorded as revenue in the general fund and operating expenses in the enterprise funds.

13. State Pension Contributions

The State of Florida makes contributions from taxes on casualty insurance premiums. The State of Florida's contribution to the Municipal Police Officers' Plan for the year ended September 30, 2017 was \$1,323,470. The State of Florida's contribution to the Municipal Firefighters' Plan for the year ended September 30, 2017 was \$1,410,145. The City recognized these on-behalf payments from the State as revenues and expenditures in the governmental fund financial statements.

14. Fund Balance

Beginning with fiscal year 2011, the City implemented GASB Statement No. 54; Fund Balance Reporting and Governmental Fund Type Definitions. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints.

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

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

Committed Fund Balance - Amounts that can be used only for the specific purposes determined by a formal action of the City Council, the City's highest level of decision making authority. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally, which is by resolution.

Assigned Fund Balance - Portion that reflects a government's intended use of resources. Such intent has to be established by the Finance Director pursuant to the Financial Management Policies (Resolution 109-14) approved by City Council. Includes spendable fund balance amounts established by management of the City that are intended to be used for specific purposes that are neither considered restricted or committed.

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

Unrestricted Fund Balance - The total of committed fund balance, assigned fund balance, and unassigned fund balance.

The City spends restricted amounts first when both restricted and unrestricted fund balance are available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

In the general fund, the City strives to maintain an unassigned balance of two months operating expenditures of the general fund. This is the target that the unassigned fund balance should not fall below without establishing a replenishment plan. Detailed information on fund balances can be found in Note 12: Fund Balances.

15. Net Position

Net position of the government-wide and proprietary funds are categorized as net investment in capital assets, restricted or unrestricted. The first category represents net position related to capital assets. 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 position category represents all other net assets that do not meet the definition of "restricted" or "net investment in capital assets".

16. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

NOTE II. PROPERTY TAXES

Property taxes are levied on November 1st of each year, and are due and payable upon receipt of the notice of levy. The Lee County, Florida Tax Collector's office bills and collects property taxes on behalf of the City. The total tax rate of 6.750 mills per \$1,000 of assessed taxable property value consists of 6.750 mills to finance general governmental services for the fiscal year ended September 30, 2017. Property tax revenue is recognized in the fiscal year for which the taxes are levied. On May 1 of each year, unpaid taxes become a lien on the property. The past due tax certificates are sold at public auction prior to June 1, and the proceeds collected are remitted to the City.

No accruals for the property tax levy becoming due in November 2017 are included in the accompanying financial statements since such taxes are levied for the subsequent fiscal year and are not considered earned or available at September 30, 2017.

NOTE III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1) Compliance with Finance-Related Legal and Contractual Provisions

The City is not aware of any violations of finance-related legal and contractual provisions.

2) Deficit Fund Balance/Net Position

The following individual funds had deficit fund balances as of September 30, 2017:

Fund	Type	Amount
City Centrum ¹	Governmental	\$ 204
Waterpark ²	Governmental	167,865
Golf Course ³	Enterprise	203,234
Facilities Management ⁴	Internal Service	5,878,507
Fleet Management ⁴	Internal Service	1,474,534

¹ The deficit is a result of incurring ongoing maintenance expenses but earning no rental revenue.

² The deficit is a result of increased expenses to replace the main building due to a fire in 2016.

³ The deficit is due to the renovations at the course that resulted in the refund of memberships and the decrease in sales.

⁴ The deficit is a result of unfunded Pension and OPEB expenses.

3) Expenditures in Excess of Appropriations

The following individual funds had excess expenditures over appropriations as of September 30, 2017.

Governmental activities:

Road Impact Fee Fund ¹	\$ (56,353)
Public Safety Impact Fee ¹	(9)
Do the Right Thing ²	(3,620)
Park Recreational Facilities Impact Fee ¹	(7,702)
Community Development Block Grant Program ³	(212,447)
State Housing Initiative Partnership Program ³	(428,975)
Residential Construction Mitigation Program ³	(39,330)

¹ Credit card fees were under budgeted.

² Public relations expenses were under budgeted.

³ Expenditures were budgeted in the year the funding is allocated and are not re-budgeted in subsequent years.

NOTE IV. DETAILED NOTES

1. Cash and Investments

As of September 30, 2017 the City had the following cash and investment amounts:

Category	Fair Value
Checking and savings accounts	\$ 35,951,461
Cash on hand	9,965
Cash with fiscal agent	6,973,548
LGIP- Florida PRIME (SBA)	30,153,786
Intergovernmental Investment Pools	40,706,335
Money Market Funds	217,590
Investments	194,059,690
Total	<u>\$ 308,072,375</u>

Reconciliation of cash and investments to the basic financial statements:

	Cash and Investments		
	Unrestricted	Restricted	Total
Governmental Funds	\$ 136,901,516	\$ -	\$ 136,901,516
Business-Type Activities -			
Enterprise Funds	32,891,695	114,874,397	147,766,092
Governmental Activities -			
Internal Service Funds	19,497,936	-	19,497,936
Agency Funds	3,906,831	-	3,906,831
Total	<u>\$ 193,197,978</u>	<u>\$ 114,874,397</u>	<u>\$ 308,072,375</u>

Governmental and Business-type Activities:

A. Cash and Cash Equivalents

The City maintains a cash and investment pool that is available for use by all funds except for monies legally restricted. Investment earnings are allocated to the individual funds based on the fund's percentage to the entire portfolio. The City's cash deposits are held by a bank that qualifies as a public depository under the Florida Security for Public Deposits Act as required by Chapter 280, Florida Statutes.

B. Investment Portfolio

Section 218.415, Florida Statutes, limits the types of investments that a government can invest in unless specifically authorized in an investment policy. The City adopts a comprehensive investment policy by ordinance that establishes permitted investments, asset allocation limits, issuer limits, credit rating requirements, and maturity limits to protect the City's cash and investment assets. The investment policy applies to all cash and investments held or controlled by the City with the exception of Pension Funds and funds related to the issuance of debt. Ordinance 63-13 amending the City's investment policy was adopted on December 9, 2013.

The City's investment policy allows for the following investments:

- Florida PRIME
- United States Government Securities unconditionally guaranteed by the United States Government
- United States Government Agencies issued or guaranteed by the United States Government agencies
- Federal Instrumentalities issued or guaranteed by United States Government sponsored agencies
- Non-Negotiable Interest Bearing Time Certificates of Deposit or Saving Accounts, in banks organized under the laws of the state and/or in national banks organized under the laws of the United States and doing business and situated in the State of Florida

- Repurchase Agreements
- Commercial Paper of any United States company that is rated at the time of purchase
- Bankers' Acceptances issued by a domestic bank or a federally chartered domestic office of a foreign bank
- State and/or Local Government Taxable and/or Tax-Exempt Debt
- Registered Investment Companies (Mutual Funds) that are registered under the Federal Investment Company Act of 1940 and operated in accordance with 17 C.F.R § 270.2a-7
- Intergovernmental Investment Pools that are authorized pursuant to the Florida Inter-local Cooperation Act, as provided in Section 163.01, Florida Statutes Intergovernmental Investment Pools
- Corporate Notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States
- Corporate Obligations issued by financial institutions that participate in the FDIC's Temporary Liquidity Guarantee Program and are fully insured by the FDIC a guaranteed by the United States Government
- Mortgage-Backed Securities (MBS) that are based on mortgages that are guaranteed by a government agency or GSE for payment
- Asset-Backed Securities (ABS) that are backed by financial assets
- Bond Funds

As of September 30, 2017, interest receivable on the City's investment portfolio amounted to \$758,669.

As of September 30, 2017, the City had the following investment types and effective duration presented in terms of years:

Security Type	Fair Value	Weighted Average Duration (Years)
Corporate Notes	\$ 21,806,108	1.72
Federal Agencies - Bond/Note	35,719,724	1.91
US Treasury - Bond/Note	135,335,850	2.15
Municipal - Bond/Note	1,198,008	1.32
LGIP- Florida PRIME (SBA)	30,153,786	0.14
Intergovernmental Investment Pool-FL CLASS	19,493,221	0.15
Intergovernmental Investment Pool - FL SAFE	21,213,114	0.10
Money Market Funds	217,590	0.09
Total Fair Value	<u>\$ 265,137,401</u>	
Portfolio Weighted Average Duration		1.52

C. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available: Market approach — This uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE. Cost approach — This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures. Income approach — This approach converts future amounts (such as cash flows) into a current discounted amount. Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs should be maximized in fair value measures, and unobservable inputs should be minimized.

GASB 72 *Fair Value Measurement and Application* establishes a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

Level 1 — Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 — These are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.

Level 3 — These are unobservable inputs, such as a property valuation or an appraisal.

As of September 30, 2017, the City had the following investment measurements by security type:

		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment By Fair Value Level	Fair Value			
Corporate Notes	\$ 21,806,108	\$ -	\$ 21,806,108	\$ -
Federal Agencies - Bond/Note	35,719,724	-	35,719,724	-
US Treasuries - Bond/Note	135,335,850	-	135,335,850	-
Municipal Bond/Note	1,198,008	-	1,198,008	-
Total Investment By Fair Value Level	\$194,059,690	\$ -	\$194,059,690	\$ -
Cash Equivalents Measured at Amortized Cost				
LGIP - FL Prime	30,153,786			
Intergovernmental Investment Pool - FL Safe	21,213,114			
Money Market Funds	217,590			
Total Cash Equivalents Measured at Amortized Cost	\$ 51,584,490			
Cash Equivalents Measured at Net Asset Value (NAV)				
Intergovernmental Investment Pool - FL Class	19,493,221			
Total Cash Equivalents and Investments	\$265,137,401			

Other information for investments measured at the NAV or its equivalent is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled/Common/Comingled Funds:				
FL CLASS	\$ 19,493,221	\$ -	Daily	1-Day
Total Investment Measured at NAV	\$ 19,493,221			

The FLCLASS investment pool seeks to generate competitive market returns in a manner that will provide safety of principal while meeting the liquidity needs of Participant.

Florida PRIME (SBA) and FL SAFE manage billions of dollars for Florida local governments and purchase investments consistent with Chapter 215.47, Florida Statutes. Florida PRIME and FL SAFE currently meet all of the necessary criteria to elect to measure all of the investments at amortized cost. Thus, the pool operates essentially as a money market fund, but is classified as an external investment pool.

Qualifying local government investment pools in the state of Florida must comply with applicable Florida statutory requirements. Chapter 218.409(8)(a), Florida Statutes states that the principal balance within a LGIP trust fund is subject to withdrawal at any time. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest in the monies entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council.

With regard to liquidity fees, Chapter 218.409(4) provides authority for an LGIP to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made by the FL PRIME (SBA) or FL SAFE.

At September 30, 2017, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participants daily access to 100% of their account value within FL PRIME and FL SAFE.

D. Interest Rate Risk

The City's investment policy sets limits for investment maturities to match known cash needs and anticipated cash flow requirements. Investments of current operating funds shall have maturities of no longer than twenty-four (24) months. Investments of bond reserves, construction funds, and other non-operating funds, "core funds", shall have a term appropriate to the need for funds and in accordance with debt covenants, but in no event shall exceed five (5) years. The maturities of the underlying securities of a repurchase agreement will follow the requirements of the Master Repurchase Agreement.

The City utilizes "effective duration" as a measurement of interest rate risk and as of September 30, 2017 the investment portfolio had an effective duration of 1.52 years.

Included in the investment portfolio, the City has \$777,138 of Corporate Notes that have embedded options consisting of the option at the discretion of the issuer to call their obligation or pay a stated increase in the interest rate. These securities have various call dates, and mature on August 23, 2019.

The dollar weighted average days to maturity (WAM) of Florida PRIME at September 30, 2017, is 51 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Florida PRIME at September 30, 2017, is 80 days.

E. Credit Risk

The City's investment policy permits the following investments, which are limited to credit quality ratings from nationally recognized rating agencies as follows:

Florida PRIME

- Shall be rated AAAm by Standard & Poor's or the equivalent by another rating agency.

Commercial Paper

- Shall be rated, at the time of purchase, "Prime-1" by Moody's and "A-1" by Standard & Poor's (prime commercial paper).
- If the commercial paper is backed by a letter of credit ("LOC"), the long-term debt of the LOC provider must be rated "A" or better by at least two nationally recognized rating agencies.

Bankers' Acceptances

- At the time of purchase, the short-term paper is rated, at a minimum, "P-1" by Moody's Investors Services and "A-1" by Standard & Poor's.
- Issued by a domestic bank or a federally chartered domestic office of a foreign bank, which are eligible for purchase by the Federal Reserve System.

State and/or Local Government Taxable and/or Tax-Exempt Debt

- Rated at least a minimum "Aa" by Moody's and "AA" by Standard & Poor's for long-term debt, or rated at least "VMIG2" by Moody's or "A-2" by Standard & Poor's for short-term debt.

Registered Investment companies (Mutual Funds)

- Rated AAAM by Standard & Poor's or the equivalent by another rating agency.
- Are in open-end, no-load provided such funds are registered under the Federal Investment Company Act of 1940 and operated in accordance with 17 C.F.R. § 270.2a-7.
- In addition, the Financial Services Director may invest in other types of mutual funds provided such funds are registered under the Federal Investment Company Act of 1940, invest exclusively in the securities specifically permitted under this investment policy, and are similarly diversified.

Intergovernmental Investment Pools

- Rated AAAM by Standard & Poor's or the equivalent by another rating agency.
- Are authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01, Florida Statutes and provided that said funds contain no derivatives.

Corporate Notes

- Shall have a minimum long term debt rating of "A" by Moody's and "A" by Standard & Poor's.

Asset-backed securities (ABS)

- Shall be Double-A rated or better by Standard & Poor's, or the equivalent by another rating agency.

Bond funds

- Shall be Double-A rated or better by Standard & Poor's, or the equivalent by another rating agency.

As of September 30, 2017, the City had the following credit exposure as a percentage of total investments:

<u>Security Type</u>	<u>S&P Credit Rating</u>	<u>% of Portfolio</u>
Corporate Notes	AAA	0.77%
Corporate Notes	AA+	2.33%
Corporate Notes	AA-	1.49%
Corporate Notes	AA	1.28%
Corporate Notes	A+	1.96%
Corporate Notes	A	0.39%
Federal Agencies - Bond/Note	AA+	13.47%
US Treasuries - Bond/Note	AA+	51.05%
Municipal Bond/Note	AA	0.45%
Intergovernmental Investment Pools	AAAM	26.73%
Money Market Funds	AAAM	0.08%
Total		<u>100.00%</u>

As of September 30, 2017, the City's investment deposit in Florida Prime, Florida Class, and Florida Asset Fund Trust (FLSAFE) investment pool was \$30,153,786, \$19,493,221, and \$21,213,114, respectively. These qualify as 2a7-like external investment pools. As of September 30, 2017, all pools were rated AAAM by Standard & Poor's.

F. Custodial Credit Risk

The City's investment policy, pursuant to Section 218.415(18), Florida Statutes, requires securities, with the exception of certificates of deposits, shall 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. Certificates of deposits will be placed in the provider's safekeeping department for the term of the deposit.

As of September 30, 2017, the City's investment portfolio was held with a third-party custodian as required by the City's investment policy.

G. Concentration of Credit Risk

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

Florida PRIME

- A maximum of 25% of available funds may be invested in Florida PRIME.

United States Government Securities

- A maximum of 100% of available funds may be invested in United States Government Securities.

United States Government Agencies

- A maximum of 50% of available funds may be invested in United State Government Agencies.
- No more than 25% of available funds may be invested in an individual United States Government agency.

Federal Instrumentalities

- A maximum of 80% of available funds may be invested in Federal Instrumentalities.
- No more than 25% of available funds may be invested in any one issuer.

Interest Bearing Time Deposit or Saving Accounts

- A maximum of 10% of available funds may be invested in non-negotiable interest bearing time certificates of deposit.
- No more than 5% of available funds may be deposited with any one issuer.

Repurchase Agreements

- A maximum of 25% of available funds may be invested in repurchase agreements excluding one (1) business day agreements and overnight sweep agreements.
- No more than 10% of available funds may be invested with any one institution.

Commercial Paper

- A maximum of 25% of available funds may be invested in prime commercial paper.
- No more than 10% of available funds may be invested with any one issuer.

Bankers' Acceptances

- A maximum of 25% of available funds may be directly invested in Bankers' acceptances.
- No more than 10% of available funds may be invested with any one issuer.

State and/or Local Government Taxable and/or Tax-Exempt Debt

- A maximum of 20% of available funds may be invested in taxable and tax-exempt debts.
- No more than 5% of available funds may be invested with any one issuer.

Registered Investment Companies (Mutual Funds)

- A maximum of 25% of available funds may be invested in mutual funds.
- No more than 10% of available funds may be invested with any one non-SEC Rule 2a-7 investment mutual fund.

Intergovernmental Investment Pools

- A maximum of 25% of available funds may be invested in intergovernmental investment pools.

Corporate Notes

- A maximum 25% of available funds may be directly invested in corporate notes.
- No more than 5% of available funds may be invested with any one issuer.

Corporate Obligations

- A maximum of 50% of available funds with may be directly invested in corporate obligations.
- No more than 25% of available funds may be invested with any one issuer.

Mortgage-Backed Securities (MBS)

- A maximum of 20% of available funds may be invested in mortgage-backed securities.
- No more than 5% of available funds may be invested with any one MBS.

Asset-Backed Securities (ABS)

- A maximum of 10% of available funds may be invested in asset-backed securities.
- No more than 5% of available funds may be invested with any one ABS.

Bond Funds

- A maximum of 25% of available funds may be invested in bond funds.
- No more than 10% of available funds may be invested with any one bond fund.

As of September 30, 2017, the City had the following issuer concentration based on fair value:

Issuer	Fair Value	Percentage of Portfolio
Apple Inc	\$ 4,931,798	1.86%
Berkshire Hathaway	1,895,226	0.71%
Chevron	599,934	0.23%
Cola-Cola Company	1,497,975	0.56%
Exxon Mobil	1,250,718	0.47%
Fannie Mae (FNMA)	5,486,367	2.07%
Federal Home Loan Bank (FHLB)	6,136,154	2.31%
Federal Home Loan Mtg Corp	8,816,518	3.33%
Federal National Mtg Assn	14,520,537	5.48%
Fidelity Prime money market fund	217,590	0.08%
FL CLASS	19,493,221	7.35%
FL SAFE	21,213,114	8.00%
Florida PRIME (SBA)	30,153,786	11.37%
Gilead Science Inc	1,045,826	0.39%
Government National Mortgage Assoc (GNMA)	760,149	0.29%
IBM	1,872,394	0.71%
Intel Corp	826,741	0.31%
JP Morgan Chase	777,138	0.29%
Microsoft	2,036,407	0.77%
Mississippi ST	1,198,008	0.45%
Morgan Stanley	1,728,640	0.65%
US Treasury	135,335,846	51.06%
Walmart	1,497,990	0.56%
Wells Fargo & Company	1,845,324	0.70%
Total	\$ 265,137,401	100.00%

Pension Trust Funds:

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

A. Cash and Cash Equivalents

At September 30, 2017, the carrying amount of the Pension Funds' cash and cash equivalents was \$13,446,939.

B. Investment Portfolio

Each Board of Trustees of the City's Pension Funds adopted a revised 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.

The revised investment policies were adopted as follows: General Pension – September 11, 2014; Police Pension – February 23, 2016; and Fire Pension – November 24, 2015.

As of September 30, 2017, interest and dividend receivable on the Pension Funds' investment portfolio amounted to \$384,420

As of September 30, 2017, the City's Pension Funds had the following investment types and effective duration presented in terms of years:

General Employees' Pension Investments

Security Type	Fair Value	Percentage of Portfolio	Weighted Average Maturity (years)
Cash and Cash Equivalents	\$ 5,299,966	2.02%	N/A
Investments:			
Stock	90,827,208	34.79%	N/A
Unit investment trusts	1,219,086	0.47%	N/A
Mutual Funds:			
Equity	27,228,078	10.43%	N/A
Pooled/Common/Commingled Funds	107,120,914	41.03%	N/A
Partnerships	29,413,524	11.26%	N/A
Total Investments	<u>\$ 261,108,776</u>	<u>100.00%</u>	

Police Officers' Pension Investments

Security Type	Fair Value	Percentage of Portfolio	Weighted Average Maturity (years)
Cash and Cash Equivalents	\$ 3,783,321	2.34%	N/A
Investments:			
Certificates of deposit	172,025	0.11%	0.48
U.S. Government Obligations and Federal agency securities	12,550,161	7.77%	10.31
Mortgage Backed Securities	4,049,856	2.51%	
Collateralized Mortgage Obligations	2,147,623	1.33%	
Corporate Bonds	12,109,274	7.49%	
Subtotal MBS, CMO, and Corporate Bonds	<u>18,306,753</u>		10.07
Stocks	57,564,386	35.63%	N/A
Municipal obligations	119,701	0.07%	22.68
Mutual Funds:			
Balanced	14,101,530	8.73%	N/A
Equity	22,900,463	14.17%	N/A
Pooled/Common/Commingled Funds:			
Equity	15,083,260	9.34%	N/A
Real Estate	16,984,016	10.51%	N/A
Total Investments	<u>\$ 161,565,616</u>	<u>100.00%</u>	

Firefighters' Pension Investments

Security Type	Fair Value	Percentage of Portfolio	Weighted Average Maturity (years)
Cash and Cash Equivalents	\$ 4,383,652	2.59%	N/A
Investments:			
Certificates of deposit	167,110	0.10%	0.48
U.S Government Obligations and Federal Agency Securities	14,585,842	8.63%	8.73
Mortgage Backed Securities	4,899,549	2.90%	
Collateralized Mortgage Obligations	2,272,148	1.34%	
Corporate Bonds	13,657,693	8.08%	
Subtotal MBS, CMO, and Corporate Bonds	20,829,390		10.31
Stock	52,989,173	31.34%	N/A
Municipal obligations	143,641	0.08%	22.68
Mutual Funds:			
Balanced	15,476,330	9.15%	N/A
Equity	23,209,250	13.73%	N/A
Pooled/Common/Commingled Funds:			
Equity	20,323,201	12.02%	N/A
Real Estate	16,984,016	10.04%	N/A
Total Investments	<u>\$ 169,091,605</u>	<u>100.00%</u>	

C. Interest Rate Risk

The investment policies for the pension funds do not address interest rate risk. The Pension Funds utilize “effective duration” as a measurement of interest rate risk and as of September 30, 2017.

D. Credit Risk

The Pension Funds’ investment policy permits the following investments, which are limited as described as follows:

Equity Securities

General Pension Funds:

- Investments in equity securities shall be limited to no more than 70% (at market) of the Fund's total asset value.
- All equity investments shall be limited to fully and easily negotiable equity securities.
- No more than 5% at cost value of an investment manager's equity portfolio may be invested in the shares of a single corporate issuer.
- No more than 15% at cost value of the plan's total assets may be invested in foreign equity securities. Investment in foreign companies is limited to those traded on a national exchange and /or American Depositary Receipts (ADRs).
- Investment in equity securities whose market capitalization is less than \$3 billion dollars shall be limited to 25% of the total equity portfolio.
- Investment in those corporations whose stock has been publicly traded for less than one year are limited to 15% of the equity portfolio.
- Equities may be managed through the purchase of open-end, no-load mutual funds or commingled funds as long as these funds in aggregate adhere to the equity guidelines herein.

Police and Fire Pension Funds:

- Investments in equity securities shall be limited to no more than 70% at market value of the Fund's total asset value.
- All equity investments shall be limited to fully and easily negotiable equity securities.
- No more than 5% at cost value of an investment manager's equity portfolio may be invested in the shares of a single corporate issuer.
- Investments in stocks of foreign companies shall be limited to 25% (at market) of the total investment portfolio.
- No more than 25% of the equity securities (at market valuation) are to be invested in small or mid-cap stocks. The Board defines small and mid-cap stocks the stocks whose market capitalization is less than \$5 billion dollars.

Fixed Income Securities

General Pension Fund:

The fixed income portfolio shall comply with the following guidelines:

- The average credit quality of the bond portfolio shall be "BBB" or higher.
- Must be issued by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia.

Investments in all corporate fixed income securities shall be limited to:

- The portfolio must have at least 70% of securities purchased at cost be those securities rated "BAA" or higher by Moody's or "BBB" or higher by Standard & Poor's rating services.
- No more than 30% at cost can be invested in non-investment grade/non-US fixed income commingled vehicles.
- Securities issued by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia. no more than 10% at cost of an investment manager's total fixed income portfolio shall be invested in the securities of any single corporate issuer.
- Investments in Collateralized Mortgage Obligations (CMO's) shall be limited to 20% of the market value of the investment managers' total portfolio and shall be restricted to issues which meet all of the following criteria:
- The portfolio must have at least 90% at cost of all issues backed by mortgage securities issued, guaranteed, or fully insured by the Government National Mortgage Association (GNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA) or that are rated "AAA" by Moody's or "AAA" by Standard & Poor's rating services.
- No more than 10% at cost of issues can be rated below "AAA" by Moody's or "AAA" by Standard & Poor's rating services.
- There is no limit imposed on investments in fixed income securities issued directly by the United States Government or any agency or instrumentality thereof.
- Fixed income securities maybe managed through the purchase of open-end, no-load mutual funds or commingled funds as long as these funds in aggregate adhere to the fixed income guidelines herein.

- All approved institutions and dealers transacting in repurchase agreements are required to execute and perform as stated in the Master Repurchase Agreement. All repurchase agreement transactions shall adhere to the requirements of the Master Repurchase Agreement. The Board shall determine the approximate maturity date based on cash flow needs and market conditions, analyze and select one or more optimal types of investment, and competitively bid the security in question when feasible and appropriate. Except as otherwise required by law, the most economically advantageous bid must be selected.

Police and Fire Pension Funds:

The fixed income portfolio shall comply with the following guidelines:

- The average credit quality of the bond portfolio shall be "A" or higher.
- The duration of the fixed income portfolio shall not exceed 135% of the duration of the market index. The market index is defined as the Barclays Aggregate Bond index.

Investments in all corporate fixed income securities shall be limited to:

- Those securities rated below "BBB" shall not exceed 15% of the entire fixed income portfolio.
- Securities issued by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia.
- No more than 5% at cost of an investment manager's total fixed income portfolio shall be invested in the securities of any single corporate issuer.

Cash Equivalent Securities

The fund may invest only in the following short term investment vehicles:

General Pension Fund:

- The money market of Short Term Investment Fund (STIF) provided by the Plan's custodian.
- Direct obligations of the United States Government with a maturity of one year or less.
- Commercial paper with a maturity of 270 days or less that is rated A-1 by Standard & Poor's or P-1 by Moody's.
- Bankers Acceptances by the largest 50 banks in the United States (in terms of total assets).

Police and Fire Pension Funds:

- The money market of Short Term Investment Fund (STIF) provided by the Plan's custodian.
- Direct obligations of the United States Government with a maturity of one year or less.
- Commercial paper with a maturity of 270 days or less that is rated A-1 by Standard & Poor's or P-1 by Moody's.
- Bankers Acceptances by the largest 50 banks in the United States (in terms of total assets).

Real Estate

General Pension Fund:

- The Real Estate portion of the Fund's assets may be invested in pooled Real Estate vehicles, limited partnerships, or other types of Real Estate investments as determined by the Board in consultation with Investment Consultant.
- Investment in real estate shall be limited to no more than 15% (at market) of the Fund's total asset value.

Police and Fire Pension Funds:

- All real estate investments shall be made through participation in diversified commingled funds of real properties.
- Investments in real estate shall not exceed 15% (at market valuation) of the value of the total Fund assets.
- Experienced and professional real property investment managers shall manage all real estate investments.

As of September 30, 2017, the Pension Funds had the following credit exposure as a percentage of total fixed income investments:

Standard & Poor's Credit Rating	General Employees'	Police Officers'	Firefighters'
AAA	N/A	2.16%	2.19%
AA+	N/A	57.11%	56.27%
AA	N/A	2.60%	2.21%
AA-	N/A	4.05%	2.80%
A+	N/A	4.70%	3.78%
A	N/A	6.90%	7.86%
A-	N/A	5.34%	6.23%
A-1+	N/A	0.06%	0.06%
BBB+	N/A	7.01%	7.25%
BBB	N/A	0.80%	0.80%
BBB-	N/A	0.25%	0.12%
not rated	100.00%	9.02%	10.43%
Total	100.00%	100.00%	100.00%

The following lists investments that represent 5% or more of the Plan's fiduciary net position as of September 30, 2017:

General Employee's Pension Investments

Investment	Amount
Wells Fargo Emerging Markets Equity Fund	\$ 20,426,175
Fidelity Core Plus Commingled Pool	41,689,606
Total	<u><u>\$ 62,115,781</u></u>

Police Officers' Pension Investments

Investment	Amount
American Core Reality Fund	\$ 16,984,016
PIMCO All Asset Fund	14,101,530
Oakmark International Fund	8,471,972
Rhumbine Russell 1000 Pooled Index Fund	15,083,260
Total	<u><u>\$ 54,640,778</u></u>

Firefighters' Pension Investments

Investment	Amount
PIMCO All Asset Fund	\$ 15,476,330
Oppenheimer International Growth Fund	8,600,908
American Core Reality Fund	16,984,016
Rhumbine Russell 1000 Pooled Index Fund	20,323,201
Total	<u>\$ 61,384,455</u>

E. Fair Value Measurement

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan had the following recurring fair value measurements comprised of investments as of September 30, 2017:

General Employees' Pension Investments

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment by Fair Value Level				
Investments:				
Stocks	\$ 90,827,208	\$ 90,827,208	\$ -	\$ -
Unit Investment Trust	1,219,086	1,219,086	-	-
Mutual Funds:				
Equity	27,228,078	27,228,078	-	-
	<u>\$ 119,274,372</u>	<u>\$ 119,274,372</u>	<u>\$ -</u>	<u>\$ -</u>
Investment Measured at Net Asset Value (NAV)				
Pooled/common/commingled funds	\$ 107,120,914			
Partnerships	29,413,524			
Total Investments Measured at the NAV	<u>136,534,438</u>			
Total Investments Measured at Fair Value	<u>\$ 255,808,810</u>			
Investments Measured at Amortized Cost				
Money Market Funds	5,299,966			
Total cash, cash equivalents, and investments	<u>\$ 261,108,776</u>			

Firefighters' Pension Investments

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
Investment by Fair Value Level				
Investments:				
Certificates of Deposit	\$ 167,110	\$ -	\$ 167,110	\$ -
U.S. Government Obligations and Federal Agency Securities	14,585,842	-	14,585,842	-
Mortgage Backed Securities	4,899,549	-	4,899,549	-
Coolateralized Mortgage Obligations	2,272,148	-	2,272,148	-
Corporate Bonds	13,657,693	-	13,657,693	-
Stocks	52,989,173	52,989,173	-	-
Municipal Obligations	143,641	-	143,641	-
Mutual Funds:				
Balanced	15,476,330	15,476,330	-	-
Equity	23,209,250	23,209,250	-	-
	<u>\$ 127,400,736</u>	<u>\$ 91,674,753</u>	<u>\$ 35,725,983</u>	<u>\$ -</u>
Investment Measured at Net Asset Value (NAV)				
Pooled/common/commingled funds				
Equity Index Fund	\$ 20,323,201			
Real Estate Commingled Fund	16,984,016			
Total Investments Measured at the NAV	<u>37,307,217</u>			
Total Investments Measured at Fair Value	<u>164,707,953</u>			
Investments Measured at Amortized Cost				
Money Market Funds	4,383,652			
Total cash, cash equivalents, and investments	\$ 169,091,605			

Police Officers' Pension Investments

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment by Fair Value Level				
Investments:				
Certificates of Deposit	\$ 172,025	\$ -	\$ 172,025	\$ -
U.S. Government Obligations and Federal Agency Securities	12,550,161	-	12,550,161	-
Mortgage Backed Securities	4,049,856	-	4,049,856	-
Coolateralized Mortgage Obligations	2,147,623	-	2,147,623	-
Corporate Bonds	12,109,274	-	12,109,274	-
Stocks	57,564,386	57,564,386	-	-
Municipal Obligations	119,701	-	119,701	-
Mutual Funds:				
Balanced	14,101,530	14,101,530	-	-
Equity	22,900,463	22,900,463	-	-
	<u>\$ 125,715,019</u>	<u>\$ 94,566,379</u>	<u>\$ 31,148,640</u>	<u>\$ -</u>
Investment Measured at Net Asset Value (NAV)				
Pooled/common/commingled funds				
Equity Index Fund	\$ 15,083,260			
Real Estate Commingled Fund	16,984,016			
Total Investments Measured at the NAV	<u>32,067,276</u>			
Total Investments Measured at Fair Value	<u>157,782,295</u>			
Investments Measured at Amortized Cost				
Money Market Funds	3,783,321			
Total cash, cash equivalents, and investments	\$ 161,565,616			

Debt and equity securities classified as Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt Securities classified as Level 2 of the fair value hierarchy are valued using quoted prices for similar assets in active markets. The pricing methodology involves the use of evaluation models such as matrix pricing, which is based on the securities relationship to benchmark quoted prices.

Other information for investment measured at the NAV or its equivalent follows:

General Employees' Pension Investments

	Fair Value	Unfunded Commitments	Redemption Frequency	Notice Period
Pooled/Common/Commingled Funds				
Equity	\$ 20,426,175	\$ -	Daily	3 Days
Fixed Income	51,940,023	-	Daily	5 Days
Private Equity	8,396,403	3,186,772	N/A	N/A
Real Estate	26,358,313	902,700	Quarterly	45 Days
Partnerships				
Alternative (Hedge Fund/GTAA)	19,335,299	-	Qtrly/Mthly	90/30 Days
Real Estate	3,939,725	2,067,657	N/A	N/A
Farmland	5,129,524	-	N/A	N/A
Private Equity	1,008,976	17,017,500	Monthly	N/A
Total Investment Measured at the NAV	<u>\$ 136,534,438</u>			

Police Officers' Pension Investments

	Fair Value	Unfunded Commitments	Redemption Frequency	Notice Period
Pooled/Common/Commingled Funds				
Equity Index Fund	\$ 15,093,260	\$ -	Monthly	Daily
Real Estate Commingled Fund	16,984,016	173,071	Quarterly	Daily
Total Investment Measured at the NAV	<u>\$ 32,077,276</u>			

Firefighters' Pension Investments

	Fair Value	Unfunded Commitments	Redemption Frequency	Notice Period
Pooled/Common/Commingled Funds				
Equity Index Fund	\$ 12,730,288	\$ -	Monthly	Daily
Real Estate Commingled Fund	15,971,274	173,071	Quarterly	Daily
Total Investment Measured at the NAV	<u>\$ 28,701,562</u>			

For additional information relating to these investments, see the respective Plan's separately issued financial statements

F. 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, 2017, the Pension Funds' investment portfolio was held with a third-party custodian as required by Florida Statute

G. 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 Pension Fund:

- A maximum of 70% at market value of the Funds' total asset value may be invested in equity securities.
- All equity investments shall be limited to fully and easily negotiable equity securities.
- No more than 5% at cost value of an investment manager's equity portfolio may be invested in a single corporate issuer.
- No more than 15% at cost value of the plan's total assets may be invested in foreign equity securities.
- 25% of the total equity portfolio may be invested in equity securities whose market capitalization is less than \$3 billion.
- No more than 15% of the equity portfolio may be invested in those corporations whose stock has been publicly traded for less than one year.
- Equities may be managed through the purchase of open-end, no-load mutual funds or commingled funds as long as these funds in aggregate adhere to the equity guidelines herein.

Police and Fire Pension Funds:

- Investments in equity securities shall be limited to no more than 70% at market value of the Fund's total asset value.
- All equity investments shall be limited to fully and easily negotiable equity securities.
- No more than 5% at cost value of an investment manager's equity portfolio may be invested in a single corporate issuer.
- Investments in stocks of foreign companies shall be limited to 25% (at market) of the total investment portfolio.
- No more than 25% of the equity securities (at market) are to be invested in small or mid-cap stocks. The Board defines small and mid-cap stocks whose market capitalization is less than \$5 billion.

Fixed Income Securities

General Pension Fund:

- The average credit quality of the bond portfolio shall be "BBB" or higher.
- The duration of the fixed income portfolio shall not exceed 150% of the duration of the market index. The market Index is defined as the Barclays Aggregate Bond Index.
- At Least 70% of securities purchased at cost must be rated "BAA" or higher by Moody's or "BBB" or higher by Standard & Poor's rating services.
- No more than 30% at cost can be invested in non-investment grade/non-US fixed income commingled vehicles.
- No more than 10% at cost of an investment manager's total fixed income portfolio shall be invested in the securities of any single corporate issuer.
- No more than 20% of the market value of the investment manager's portfolio shall be invested in collateralized mortgage obligations (CMO's) with the following restrictions:
 - At least 90% at cost of all issues backed by mortgage securities issued, guaranteed, or fully insured by the Government National Mortgage Association (GNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Federal nation Mortgage Association (FNMA) or that are rated "AAA" by Moody's or "AAA" by Standard & Poor's rating services.
 - No more than 10% at cost of issues can be rated below "AAA" by Moody's or "AAA" by Standard & Poor's rating services.

- No limit on fixed income securities issued directly by the United States Government or any agency or instrumentality thereof.
- Fixed income securities may be managed through the purchase of open-end, no-load mutual funds as long as these funds in aggregate adhere to the fixed income guidelines herein.
- All approved institutions and dealers transacting in repurchase agreements are required to execute and perform as stated in the Master Repurchase Agreement. All repurchase agreement transactions shall adhere to the requirements of the Master Repurchase Agreement. The Board shall determine the approximate maturity date based on cash flow needs and market conditions, analyze and select one or more optimal types of investment, and competitively bid the security in question when feasible and appropriate. Except as otherwise required by law, the most economically advantageous bid must be selected.

Police and Fire Pension Funds:

- The fixed income portfolio shall comply with the following guidelines:
 - The average credit quality of the bond portfolio shall be “A” or higher.
 - The duration of the fixed income portfolio shall not exceed 135% of the duration of the market index. The market index is defined as the Barclays Aggregate Bond Index.
- Investment in all corporate fixed income securities shall be limited to:
 - Those securities rate below “BBB” shall not exceed 15% of the entire fixed income portfolio.
 - Securities issued by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia.
 - No more than 5% at cost of an investment manager’s total fixed income portfolio shall be invested in the securities of any single corporate issuer.
- Private security Collateralized Mortgage Obligations (CMOs) shall be limited to 15% of the market value of the investment managers’ total fixed income portfolio. Agency CMOs may be purchased without restriction.
- Futures contracts may be used on a non-leveraged basis for duration adjustment and yield curve -positioning purposes.
- There is no limit imposed on investments in fixed income securities issued directly by the United Stated Government or any agency or instrumentality thereof.

Real Estate

General Pension:

- The Real Estate portion of the Fund’s assets may be invested in pooled Real Estate vehicles, limited partnerships, or other types of Real Estate Investments as determined by the Board in consultation with the Investment Consultant.
- Limited to no more than 15% (at market) of the Funds’ total asset value.

Police and Fire Pension Funds:

- Investments in real estate shall not exceed 15% (at market valuation) of the total Fund assets.
- All real estate investments shall be made through participation in diversified commingled fund of real properties. These funds shall be broadly diversified as to property type and location.
- Experienced and professional real property investment managers shall manage all real estate investments.

Hedge Fund of Funds

General Pension:

- For purposes of this policy the term “hedge fund investments” means and includes investments in both U.S. and non-U.S. private investment companies and funds (including fund of funds) which invest directly and indirectly primarily in the liquid global securities and derivatives markets using various investment strategies including, but not limited to, such strategies and styles as “market *neutral”, “arbitrage”, “long bias equity”, “distressed securities”, “event driven”, “opportunistic” and

“absolute return” strategies, both on a leveraged and unleveraged basis. These investment strategies and styles share in common the characteristic of low correlation to traditional investments and are used to diversify overall portfolio risk.

- The Manager will invest the assets with multiple investment managers through fund of fund private investment companies, each of which in turn will invest in and allocate to a portfolio of hedge fund vehicles with various investment strategies and objectives. These fund of funds may be broadly diversified or occupy a specific niche.
- Limited to no more than 10% (at market) of the Funds’ total asset value.

Cash Equivalent Securities

General Pension:

- Limited to no more than 10% (at market) of the Funds’ total asset value.

2. Restricted Cash and Investments

Restricted cash and investments of the proprietary funds represent resources to be restricted for capital improvements, debt service, renewal and replacement, and deposits.

	Water and Sewer
Debt service	\$ 27,213,858
Capital improvements	79,239,765
Renewal and replacement	5,990,833
Deposits	2,429,941
Total restricted cash and investments	<u>\$ 114,874,397</u>

3. Receivables

Governmental activities:

	General Fund	Transportation Capital Improvements	Community Redevelopment Agency	Debt Service Fund	Other Governmental Funds	Total
Unrestricted:						
Interest	\$ 125,314	\$ 63,476	\$ 596	\$ 590	\$ 132,136	\$ 322,112
Gross assessments receivable ¹	114,290	-	-	-	91,452	205,742
Less: allowance for uncollectibles	(113,806)	-	-	-	(91,337)	(205,143)
Intergovernmental	3,271,562	79,323	-	684,786	1,919,166	5,954,837
Gross accounts receivable	1,640,834	-	46	-	450,584	2,091,464
Less: allowance for uncollectibles	(103,074)	-	-	-	(405,812)	(508,886)
Notes Receivable	102,762	-	-	-	-	102,762
Total net receivables	<u>\$ 5,037,882</u>	<u>\$ 142,799</u>	<u>\$ 642</u>	<u>\$ 685,376</u>	<u>\$ 2,096,189</u>	<u>\$ 7,962,888</u>

¹ During FY2001, the City changed the method of collecting for new special assessments. The amortized assessment is collected pursuant to the Uniform Assessment Collection Act under Florida Statutes 197.3632 and 197.3635. The Uniform Assessment Collection Act authorizes the collection of non-ad valorem assessments on the same bill as ad valorem taxes. The uniform collection method offers the City the greatest assurance of collecting all of its billed special assessment revenue. For financial statement reporting, the receivable is recorded at the time of the levy which is each year when the assessment is billed on the tax roll and the enforceable legal claim arises. The total original tax billed assessment for all projects is \$1,217,856. As of September 30, 2017, there are no unbilled amounts.

Business-type activities:

	Water and Sewer	Stormwater	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
Unrestricted:					
Interest	\$ 51,208	\$ 27,615	\$ 2,058	\$ 80,881	\$ 44,730
Intergovernmental	-	74,921	-	74,921	-
Gross accounts receivable	9,967,584 ¹	167,089	591	10,135,264	649,021
Less: allowance for uncollectibles	(719,510) ²	(161,421)	-	(880,931)	(10)
Total net unrestricted	9,299,282	108,204	2,649	9,410,135	693,741
Restricted:					
Interest	301,328	-	-	301,328	-
Intergovernmental	1,330,044	-	-	1,330,044	-
Gross accounts receivable	546,566 ⁴	-	-	546,566	-
Less: allowance for uncollectibles	(338,584) ²	-	-	(338,584)	-
Gross assessments receivable ^{3,4}	3,715,969 ⁴	-	-	3,715,969	-
Less: allowance for uncollectibles	(2,118,036) ²	-	-	(2,118,036)	-
Total net restricted	3,437,287	-	-	3,437,287	-
Total net receivables	\$ 12,736,569	\$ 108,204	\$ 2,649	\$ 12,847,422	\$ 693,741

¹ Includes unbilled receivables of \$3,913,794.

² The City bills users for water and sewer services monthly; before the end of each fiscal year the allowance for uncollectibles is adjusted to include all unpaid balances over 180 days past due. City policy states all finaled accounts 90 days past due are sent to a collection agency.

³ During FY2001, the City changed the method of collecting for new special assessments. The amortized assessment is collected pursuant to the Uniform Assessment Collection Act under Florida Statutes 197.3632 and 197.3635. The Uniform Assessment Collection Act authorizes the collection of non-ad valorem assessments on the same bill as ad valorem taxes. The uniform collection method offers the City the greatest assurance of collecting all of its billed special assessment revenue. For financial statement reporting, the receivable is recorded at the time of the levy which is each year when the assessment is billed on the tax roll and the enforceable legal claim arises. The total assessment for all projects is \$597,745,914. As of September 30, 2017, the unbilled amount is \$363,112,018.

⁴ The City has a law firm under contract to assist in collection of delinquent utility assessment, impact fee loans, CIAC fee loans, and stormwater utility accounts. The firm specializes in such services and is working on foreclosing on delinquent utility assessment and stormwater accounts. The City monitors the accounts on a monthly basis. As of September 30, 2017, the delinquent amounts were \$23,968 for assessments, \$63,870 for impact loans, and \$292,305 for CIAC loans.

4. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2017 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Purpose for Balance	Amount
General	Other governmental funds (Waterpark)	Operations	\$ 197,187
	Other governmental funds (CDBG)	Awaiting grant reimbursement	319,104
			<u>\$ 516,291</u>

Advances to/from other funds:

Receivable Fund	Payable Fund	Purpose for Balance	Amount
General	Other enterprise funds (Golf Course)	Operations	\$ 765,256
Total Governmental Funds			<u>\$ 1,281,547</u>

Interfund Transfers:

Transfers Out	Transfers In									
	General Fund	Transportation Capital Improvements	Community Redevelopment Agency	Debt Service Fund	Other Governmental Funds	Water and Sewer	Stormwater	Other Enterprise Funds	Internal Service Funds	Total
General Fund	\$ -	\$ 7,316,000 ³	\$ 1,001,219 ⁵	\$ 6,722,391 ⁶	\$ 5,251,244 ¹⁰	\$ -	\$ -	\$ 893,896 ¹⁷	\$ 1,000,000 ¹⁸	\$ 22,184,750
CRA	-	-	-	414,790 ⁷	2,937,156 ¹¹	-	-	-	-	3,351,946
Debt Service Fund	2,216,046 ¹	-	-	-	-	-	-	-	-	2,216,046
Other Governmental	4,733,901 ²	850,000 ⁴	-	9,924,573 ⁸	-	-	-	-	-	15,508,474
Water and Sewer	-	-	-	96,241 ⁹	5,053,040 ¹²	-	86,020 ¹⁶	-	-	5,235,301
Stormwater	-	-	-	-	1,806,658 ¹³	348,915 ¹⁵	-	-	-	2,155,573
Other Enterprise	-	-	-	-	115,000 ¹⁴	-	-	-	-	115,000
Total	\$ 6,949,947	\$ 8,166,000	\$ 1,001,219	\$ 17,157,995	\$ 15,163,098	\$ 348,915	\$ 86,020	\$ 893,896	\$ 1,000,000	\$ 50,767,090

- 1 Debt Service fund transferred \$2,216,046 from the escrow account due to the 2007 Special Obligation Debt Service maturing. The funds were transferred into the general fund since that is where the reserves were funded from originally.
- 2 Various Other governmental fund transferred \$1,310,140 to the general fund for reimbursement of budgetary established levels for administrative services.
Other governmental fund (Gas Tax) transferred \$3,237,574 to the general fund for budgetary established levels to support public works services division's operations.
- Other governmental fund (All Hazards) transferred \$180,000 to the general fund for reimbursement of incentive pays for hazmat response.
- Other governmental fund (Police Confiscation State) transferred \$4,311 to the general fund for reimbursement of equipment purchased for drug prevention. Additionally, \$300 was transferred for a Candlelight Ceremony supporting and honoring Cape Coral victims and their families, \$800 was transferred for Water Safety Day, a City-wide event educating community members on water safety and drowning prevention, and \$776 was transferred for the new youth Bicycle Safety Program.
- 3 General fund transferred \$6,500,000 to the transportation capital improvement fund to support local road resurfacing.
General fund transferred \$510,000 to the transportation capital improvement fund to support alley resurfacing.
General fund transferred \$306,000 to the transportation capital improvement fund to support median landscaping.
- 4 Other governmental fund (Five Cent Gas Tax) transferred \$150,000 to the transportation capital improvements fund to support the cost of sidewalk installation.
Other governmental fund (Six Cent Gas Tax) transferred \$700,000 to the transportation capital improvements fund for paving in the North 1 Utility Extension Area.
- 5 General fund transferred \$1,001,219 to the community redevelopment agency for established Tax Increment Financing (TIF) funding.
- 6 General fund transferred \$6,722,391 to the debt service fund for annual debt service payments.
- 7 Community Redevelopment Agency fund transferred \$414,790 to the debt service fund for annual debt service payments.
- 8 Other governmental fund (Road Impact) transferred \$6,734,091 to the debt service fund for annual debt service payments.
Other governmental fund (Fire Impact) transferred \$338,152 to the debt service fund for annual debt service payments.
Other governmental fund (Building) transferred \$22,015 to the debt service fund for annual debt service payments.
- Other governmental fund (Waterpark) transferred \$173,184 to the debt service fund for annual debt service payments.
- Other governmental fund (Park Impact) transferred \$2,657,131 to the debt service fund for annual debt service payments.
- 9 Water and sewer fund transferred \$96,241 to the debt service fund for annual debt service payments.
- 10 General fund transferred \$802,577 to other governmental fund (Waterpark) for budgetary established support of annual operations.
General fund transferred \$4,150,000 to other governmental fund (Parks and Recreation) for budgetary established support of annual operations.
- General fund transferred \$152,861 to other governmental fund (Public Works Capital Projects) for the CRA Streetscape project.
- General fund transferred \$74,806 to other governmental fund (Public Safety Capital Projects) for the Academic Village project.
- General fund transferred \$71,000 to other governmental fund (City Centrum) for budgetary established support of annual operations.
- 11 Community Redevelopment Agency fund transferred \$2,397,156 to other governmental fund (CRA Streetscape Capital Project) for the CRA Streetscape project.
- 12 Water and sewer fund transferred \$5,053,040 to the other governmental fund (CRA Streetscape Capital Project) for the CRA Streetscape project.
- 13 Stormwater fund transferred \$1,806,658 to the governmental fund (CRA Streetscape Capital Project) for the CRA Streetscape project.
- 14 Other enterprise fund (Yacht Basin) transferred \$115,000 to other governmental fund (Parks and Recreation) as an operating subsidy for the shared facilities at the Yacht Club area.
- 15 Stormwater fund transferred \$348,915 to Water and sewer for SRF debt funding.
- 16 Water and sewer fund transferred \$96,020 to Stormwater fund for State Revolving Loan Grants to be used for Southwest 677 utility improvements.
- 17 General fund transferred \$893,896 to other enterprise fund (Golf Course) for budgetary established support of annual operations.
- 18 General fund transferred \$1,000,000 to the internal service fund (Self-Insured Health Plan) for budgetary established support of annual operations.

5. Capital Assets

Capital asset activity for the year ended September 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land				
Governmental	\$ 150,714,638	\$ 172,735	\$ (15,720)	\$ 150,871,653
Construction in progress				
Governmental	6,419,293	6,656,050	(9,639,568)	3,435,775
Internal Service	-	19,664	-	19,664
Total construction in progress	6,419,293	6,675,714	(9,639,568)	3,455,439
Total capital assets, not being depreciated	157,133,931	6,848,449	(9,655,288)	154,327,092
Capital assets, being depreciated:				
Buildings				
Governmental	129,407,631	-	(231,906)	129,175,725
Internal Service	794,507	-	-	794,507
Total buildings	130,202,138	-	(231,906)	129,970,232
Building improvements				
Governmental	5,008,130	-	-	5,008,130
Internal Service	117,477	-	-	117,477
Total building improvements	5,125,607	-	-	5,125,607
Improvements other than buildings				
Governmental	60,060,109	1,647,792	-	61,707,901
Internal Service	63,796	-	-	63,796
Total improvements other than buildings	60,123,905	1,647,792	-	61,771,697
Equipment				
Governmental	44,522,104	4,281,398	(4,980,822)	43,822,680
Internal Service	1,591,118	400,678	(135,101)	1,856,695
Total equipment	46,113,222	4,682,076	(5,115,923)	45,679,375
Intangible computer software				
Governmental	2,876,267	335,854	-	3,212,121
Internal Service	705,245	-	-	705,245
Total intangible computer software	3,581,512	335,854	-	3,917,366
Infrastructure				
Governmental	190,555,154	12,869,816	-	203,424,970
Total capital assets, being depreciated	435,701,538	19,535,538	(5,347,829)	449,889,247
Less accumulated depreciation for:				
Buildings				
Governmental	(41,240,403)	(3,090,234)	190,770	(44,139,867)
Internal Service	(447,493)	(25,735)	-	(473,228)
Total buildings	(41,687,896)	(3,115,969)	190,770	(44,613,095)
Building improvements				
Governmental	(2,056,447)	(301,309)	-	(2,357,756)
Internal Service	(100,858)	(2,822)	-	(103,680)
Total building improvements	(2,157,305)	(304,131)	-	(2,461,436)
Improvements other than buildings				
Governmental	(30,804,114)	(2,495,417)	-	(33,299,531)
Internal Service	(57,446)	(1,710)	-	(59,156)
Total improvements other than buildings	(30,861,560)	(2,497,127)	-	(33,358,687)
Equipment				
Governmental	(31,386,052)	(3,443,573)	4,971,376	(29,858,249)
Internal Service	(1,195,970)	(127,257)	113,194	(1,210,033)
Total equipment	(32,582,022)	(3,570,830)	5,084,570	(31,068,282)
Intangible computer software				
Governmental	(2,700,870)	(113,126)	-	(2,813,996)
Internal Service	(532,040)	(173,205)	-	(705,245)
Total intangible computer software	(3,232,910)	(286,331)	-	(3,519,241)
Infrastructure				
Governmental	(58,779,728)	(6,038,837)	-	(64,818,565)
Total accumulated depreciation	(169,301,421)	(15,813,225)	5,275,340	(179,839,306)
Total capital assets, being depreciated, net	266,400,117	3,722,313	(72,489)	270,049,941
Governmental activities capital assets, net	\$ 423,534,048	\$ 10,570,762	\$ (9,727,777)	\$ 424,377,033

(continued on next page)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land				
Water and Sewer	\$ 24,522,078	\$ 551,982	\$ -	\$ 25,074,060
Stormwater	6,355,077	14,899	-	6,369,976
Other enterprise funds	1,817,726	-	-	1,817,726
Total land	32,694,881	566,881	-	33,261,762
Construction in progress				
Water and Sewer	120,561,959	11,352,256	(105,552,522) ¹	26,361,693
Stormwater	4,043,567	940,899	(2,945,747)	2,038,719
Total construction in progress	124,605,526	12,293,155	(108,498,269)	28,400,412
Total capital assets, not being depreciated	157,300,407	12,860,036	(108,498,269)	61,662,174
Capital assets, being depreciated:				
Buildings				
Water and Sewer	384,287,160	683,967	-	384,971,127
Stormwater	83,408	-	-	83,408
Other enterprise funds	1,338,450	-	-	1,338,450
Total buildings	385,709,018	683,967	-	386,392,985
Building improvements				
Water and Sewer	1,938,029	580,511	-	2,518,540
Stormwater	1,833,038	-	-	1,833,038
Other enterprise funds	40,729	-	-	40,729
Total building improvements	3,811,796	580,511	-	4,392,307
Improvements other than buildings				
Water and Sewer	291,642,310	6,153,462	-	297,795,772
Stormwater	21,560,642	2,915,452	-	24,476,094
Other enterprise funds	3,439,916	289,367	-	3,729,283
Total improvements other than buildings	316,642,868	9,358,281	-	326,001,149
Equipment				
Water and Sewer	29,109,276	2,431,459	(638,292)	30,902,443
Stormwater	7,427,275	1,527,436	(669,185)	8,285,526
Other enterprise funds	755,506	43,117	(32,762)	765,861
Total equipment	37,292,057	4,002,012	(1,340,239)	39,953,830
Infrastructure				
Water and Sewer	578,483,079	91,686,305	-	670,169,384
Stormwater	14,272,054	229,821	-	14,501,875
Other enterprise funds	286,049	-	-	286,049
Total Infrastructure	593,041,182	91,916,126	-	684,957,308
Total capital assets, being depreciated	1,336,496,921	106,540,897	(1,340,239)	1,441,697,579
Less accumulated depreciation for:				
Buildings				
Water and Sewer	(70,424,701)	(9,331,637)	-	(79,756,338)
Stormwater	(54,523)	(3,627)	-	(58,150)
Other enterprise funds	(859,706)	(36,428)	-	(896,134)
Total buildings	(71,338,930)	(9,371,692)	-	(80,710,622)
Building improvements				
Water and Sewer	(1,500,689)	(169,146)	-	(1,669,835)
Stormwater	(662,357)	(177,488)	-	(839,845)
Other enterprise funds	(59,262)	(1,674)	-	(60,936)
Total building improvements	(2,222,308)	(348,308)	-	(2,570,616)
Improvements other than buildings				
Water and Sewer	(167,565,478)	(8,865,961)	-	(176,431,439)
Stormwater	(8,030,979)	(744,313)	-	(8,775,292)
Other enterprise funds	(3,146,586)	(41,741)	-	(3,188,327)
Total improvements other than buildings	(178,743,043)	(9,652,015)	-	(188,395,058)
Equipment				
Water and Sewer	(22,144,510)	(2,315,170)	527,664	(23,932,016)
Stormwater	(5,476,461)	(538,112)	575,370	(5,439,203)
Other enterprise funds	(546,661)	(54,373)	32,761	(568,273)
Total equipment	(28,167,632)	(2,907,655)	1,135,795	(29,939,492)
Infrastructure				
Water and Sewer	(209,282,942)	(13,161,227)	-	(222,444,169)
Stormwater	(8,788,533)	(258,834)	-	(9,047,367)
Other enterprise funds	-	(14,352)	-	(14,352)
Total Infrastructure	(218,071,475)	(13,434,413)	-	(231,505,888)
Total accumulated depreciation	(498,543,388)	(35,714,083)	1,135,795	(533,121,676)
Total capital assets, being depreciated, net	837,953,533	70,826,814	(204,444)	908,575,903
Business-type activities capital assets, net	\$ 995,253,940	\$ 83,686,850	\$ (108,702,713)	\$ 970,238,077

¹ During FY2017, the North 2 Utilities Expansion project restarted after the project was put on hold in 2009. All expenses incurred prior to the stop date were for the design of the project. Since the project was on hold for 8 years, the Utilities Project Manager and the Utilities Extension Manager evaluated the costs to determine that of the \$10,443,612 in expenses only \$3,414,706 were for pre-design work that was still able to be utilized. As a result, the costs previously capitalized needed to be removed from work in progress, resulting in the City recognizing a loss of \$7,028,906.

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

Governmental activities:

General Government	\$ 5,188,437
Public Safety:	
Police	1,283,179
Fire	1,529,209
Public Works	4,982,044
Community Development	118,874
Parks and Recreation	2,380,753
Internal Service	330,729
Total depreciation expense - governmental activities	<u>\$ 15,813,225</u>

Business-type activities:

Water and Sewer	\$ 33,843,141
Stormwater	1,722,374
Other enterprise funds	148,568
Total depreciation expense - business-type activities	<u>\$ 35,714,083</u>

6. Construction Project Interest Cost

Financial Accounting Standard Board Statement No. 62, *Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants* requires that the difference between interest expense on debt and interest earnings on reinvested debt proceeds be capitalized.

In addition, Financial Accounting Standard Board Statement No. 34, "Capitalization of Interest Cost", requires that interest be capitalized even when no new debt is issued to finance a project. This amount is calculated by multiplying the weighted average construction expenditures by the weighted average interest rate of outstanding debt in the fund that used its existing resources to finance the expenses.

	Water and Sewer
Actual interest cost	\$ 14,810
Imputed interest cost	382,586
Net interest capitalized	<u>\$ 397,396</u>

7. Accounts Payable and Other Accrued Liabilities

Accounts payable and other accrued liabilities at September 30, 2017 are as follows:

Governmental activities:

	General Fund	Transportation Capital Improvements	Community Redevelopment Agency	Other Governmental Funds	Total
Accounts payable and other accrued liabilities	\$ 3,115,885	\$ 1,762,373	\$ 82,285	\$ 619,161	\$ 5,579,704
Retainage payable	9,807	320,125	2,882	-	332,814
Intergovernmental payable	48,044	-	-	114,124	162,168
Total	<u>\$ 3,173,736</u>	<u>\$ 2,082,498</u>	<u>\$ 85,167</u>	<u>\$ 733,285</u>	<u>\$ 6,074,686</u>

Business-type activities:

	Water and Sewer	Stormwater	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
Accounts payable and other accrued liabilities	\$ 2,925,982	\$ 305,475	\$ 165,895	\$ 3,397,352	\$ 1,569,102
Retainage payable	699,915	15,485	-	715,400	-
Total	<u>\$ 3,625,897</u>	<u>\$ 320,960</u>	<u>\$ 165,895</u>	<u>\$ 4,112,752</u>	<u>\$ 1,569,102</u>

8. Long-term Liabilities

The following is a summary of changes in the City's Bonded and other indebtedness for the year ended September 30, 2017:

	Long-term Debt			
	Revenue Bonds*	Notes Payable	Special Assessments	Capital Leases
Governmental Activities:				
Original amounts	\$ 280,057,950	\$ 13,675,000	\$ 1,500,000	\$ 3,658,462
Debt payable - beginning	194,470,804	12,092,000	1,405,000	1,062,786
Debt issued	62,595,000	-	-	-
Debt issued premium	8,041,561	-	-	-
Debt payments made	(9,302,600)	(1,618,000)	(275,000)	(610,772)
Debt refunded	(64,560,000)	-	-	-
Debt refunded amortization balances	229,530	-	-	-
Amortization of discount (premium)	(419,873)	-	-	-
Debt payable - ending	191,054,422	10,474,000	1,130,000	452,014
Less amounts recorded as	(9,568,620)	(1,652,000)	(275,000)	(178,554)
current liabilities	\$ 181,485,802	\$ 8,822,000	\$ 855,000	\$ 273,460
Long-term debt - ending				\$ 203,110,436
				(11,674,174)
				\$ 191,436,262

* The Community Redevelopment Agency's portion of the Special Obligation Revenue Bond, Series 2012 is \$2,653,820.

	Long-term Debt		
	Revenue Bonds	Notes Payable	Special Assessment Debt
Business-type Activities:			
Original amounts	\$ 459,155,000	\$ 145,947,718	\$ 351,095,000
Debt payable - beginning	447,666,810	69,578,289	107,587,751
Debt issued	-	1,287,158	101,155,000
Debt payments made	(9,960,000)	(3,006,400)	(2,005,000)
Debt Refunding	-	-	(107,587,751)
Amortization of discount (premium)	(477,690)	-	(569,577)
Debt payable - ending	437,229,120	67,859,047	98,580,423
Less amounts recorded as	(10,215,000)	(3,110,298)	(10,835,000)
current liabilities	\$ 427,014,120	\$ 64,748,749	\$ 87,745,423
Long-term debt - ending			\$ 24,160,298
			\$ 579,508,292

Long-term Debt at September 30, 2017 is comprised of the following:

General Long-term Debt

Revenue Bonds

\$28,200,000 Capital Improvement Revenue Bond, Series 2008, issued to finance and refinance the cost of acquisition, construction and equipping of a new police headquarters facility. Principal and interest on the obligations is secured by the half-cent sales tax. Principal is paid annually through 2019 with interest paid semiannually at 5.67%.	\$ 2,290,000
\$6,185,000 Gas Tax Revenue Bonds, Series 2010A issued to finance and refinance the cost of acquisition, construction, and reconstruction of transportation improvements. Principal and interest on the obligations is secured by gas tax revenues and non-ad valorem funds budgeted and appropriated by City Council. Principal is paid annually through 2019 with interest paid semiannually at rates ranging from 4.250% to 4.375%.	1,555,000
\$33,815,000 Gas Tax Revenue Bonds, (Federally Taxable Build America Bonds - Direct Payment), Series 2010B issued to finance and refinance the cost of acquisition, construction, and reconstruction of transportation improvements. Principal and interest on the obligations is secured by gas tax revenues and non-ad valorem funds budgeted and appropriated by City Council. Principal is paid annually from October 2020 to October 2030 with interest paid semiannually at rates ranging from 5.849% to 7.147%.	33,815,000
\$17,690,000 Special Obligation Revenue Bonds, Series 2011 issued to finance and refinance the cost of acquisition, construction, and equipping of various capital improvements to the City's Charter Schools. Principal and interest on the obligations is secured by non-ad valorem funds budgeted and appropriated by City Council. Principal is paid annually through 2021 with interest paid semiannually at rates ranging from 4.00% to 4.75%.	1,595,000
\$17,669,950 Special Obligation Revenue Bonds, Series 2012 issued to refund \$12,928,555 of outstanding Series 2009 Special Obligation Revenue Notes plus accrued interest due on 4/01/2012 and \$4,500,000 of commercial paper obligations issued to finance and refinance the acquisition, construction and equipping of various capital improvements with the City. The City refunded the 2009 Series to reduce its debt service payment over 13 years by \$1,978,440 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,696,880. Principal and interest on the new obligation is secured by non-ad valorem funds budgeted and appropriated by City Council. Principal is paid annually through 2024 with interest paid semiannually at 2.43%. The Community Redevelopment Agency's portion is \$2,653,820.	10,164,590
\$5,300,000 Capital Improvement Refunding Revenue Bonds, Series 2014, issued to refund a portion of the City's outstanding Capital Improvement Revenue Bonds, Series 2005. The City refunded the 2005 Series to reduce its debt service payment over 11 years by \$355,537 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$316,378. Principal and interest on the obligations is secured by gas tax revenues and non-ad valorem funds budgeted and appropriated by City Council. Principal is paid annually through 2024 with interest paid semiannually at 2.31%.	4,155,000
\$21,433,000 Gas Tax Refunding Revenue Bonds, Series 2014, issued to refund all of the City's outstanding Gas Tax Revenue Bonds, Series 2009. The City refunded the 2009 Series to reduce its debt service payment over 10 years by \$1,921,763 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,724,892. Principal and interest on the obligations is secured by gas tax revenues and non-ad valorem funds budgeted and appropriated by City Council. Principal is paid annually through 2023 with interest paid semiannually at 2.20%.	14,512,000
\$51,790,000 Special Obligation Revenue Bonds, Series 2015 was issued to refund a portion of the City's Special Obligation Revenue, Series 2006 and finance the cost of acquisition and equipping various vehicles for Police, Fire, Code Compliance, Public Works, Parks and Recreation, and the acquisition and installation of certain equipment. The City refunded the 2006 Series to reduce its debt service payment over 22 years by \$6,919,935 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$4,976,052. Principal and interest on the obligations is secured by non-ad valorem funds budgeted and appropriated by City Council. Principal is paid annually through 2036 with interest paid semiannually at rates ranging from 3.625% to 5.0%.	48,765,000

\$62,595,000 Special Obligation Revenue Bonds, Series 2017 was issued to refund \$26,360,000 of the outstanding Special Obligation Revenue Bonds, Series 2007; \$20,400,000 of the outstanding Special Obligation Revenue Bonds, Series 2008; and \$15,835,000 of the outstanding Special Obligation Revenue Bonds, Series 2011. The City refunded these Bond Series to reduce its debt service payment over 23 years by \$8,389,554 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$6,745,135. Principal and interest on the obligations is secured by non-ad valorem funds budgeted and appropriated by City Council. Principal is paid annually through 2040 with interest paid semiannually at rates ranging from 3.00% to 5.00%.

Less unamortized discount
Plus unamortized premium

	62,595,000
	<u>179,446,590</u>
	(22,278)
	<u>11,630,110</u>
	<u><u>\$ 191,054,422</u></u>

Notes Payable

\$13,675,000 Special Obligation Revenue Note, Series 2015 was issued to refund the City's outstanding Capital Improvement Revenue Bonds, Series 2005 and to finance the acquisition of various equipment and vehicles. The City refunded the 2005 Series to reduce its debt service payment over 10 years by \$878,414 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$803,758. Principal and interest on the obligations is secured by non-ad valorem funds budgeted and appropriated by City Council. Principal is paid annually through 2024 with interest paid semiannually at 2.1%.

	<u><u>\$ 10,474,000</u></u>
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Special Assessment

\$1,500,000 Fire Protection Assessment Revenue Note, Series 2015 issued for the purpose of financing the acquisition of certain facilities, vehicles and other equipment of the City relating to fire protection and suppression services. Principal and interest on the obligations is secured by non-ad valorem funds budgeted and appropriated by City Council. Principal is paid annually through February 2021 with interest paid semiannually at a rate of 1.65%.

	<u><u>\$ 1,130,000</u></u>
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Capital Leases

\$1,342,755 capital lease with U.S. Bancorp Government Leasing and Finance was issued to finance the acquisition of school buses for the City's Charter Schools. The lease is collateralized by the related equipment which has been subleased to the Cape Coral Charter School Authority. The lease requires semiannual debt service payments including principal and interest accruing at 1.670% through January 2020.

	<u><u>\$ 452,014</u></u>
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Proprietary Funds - Long-term Debt

Revenue Bonds

\$175,000,000 Water and Sewer Refunding Revenue Bonds, Series 2011, issued to refund on a current basis all of the City's outstanding Water and Sewer Revenue Bonds, Series 2009 and to refinance certain commercial paper obligations which were issued to finance, on an interim basis, a portion of the acquisition, construction and equipping of certain capital improvements to the City's water, wastewater, and irrigation water system. The bonds are secured by a pledge of and lien upon the water and sewer system's net revenues as defined by the Bond Resolution, and expansion fees. Principal is paid annually through 2041 with interest paid semiannually at rates ranging from 3.0% to 5.0%. The Series 2011 Bonds are issued in parity with the City's Water and Sewer Revenue Bonds, Series 2006, Water and Sewer Refunding Revenue Bonds, Series 2011A, and Water and Sewer Refunding Revenue Bonds, Series 2013, Water and Sewer Refunding Revenue Bonds, Series 2015, and Water and Sewer Refunding Revenue Bonds, Series 2015A.

\$ 164,125,000

\$106,560,000 Water and Sewer Refunding Revenue Bonds, Series 2011A, issued to refinance \$107,438,000 of commercial paper obligations issued to finance on an interim basis, a portion of the cost of the acquisition, construction, and equipping of certain capital improvements to the City's water, wastewater, and irrigation water system. The bonds are secured by a pledge of and lien upon the water and sewer system's net revenues as defined by the Bond Resolution, and expansion fees. Principal is paid annually through 2042 with interest paid semiannually at rates ranging from 4.0% to 5.0%. The Series 2011A Bonds are issued in parity with the City's Water and Sewer Revenue Bonds, Series 2006, Water and Sewer Refunding Revenue Bonds, Series 2011, Water and Sewer Refunding Revenue Bonds, Series 2015, and Water and Sewer Refunding Revenue Bonds, Series 2015A.

99,280,000

\$10,440,000 Water and Sewer Refunding Revenue Bond, Series 2013, issued to refund on a current basis \$10,970,000 of outstanding Series 2003 Water and Sewer Refunding Revenue Bonds. The City refunded the 2003 Series to reduce its debt service payment over 5 years by \$1,121,727 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,080,589. The bonds are secured by a pledge of and lien upon the water and sewer system's net revenues as defined by the Bond Resolution, and expansion fees. Principal is paid annually through 2018 with interest paid semiannually at 1.39%. The Series 2013 Bonds are issued in parity with the City's Water and Sewer Revenue Bonds, Series 2006, and Water and Sewer Refunding Revenue Bonds, Series 2011, and Water and Sewer Refunding Revenue Bonds, Series 2011A, Water and Sewer Refunding Revenue Bonds, Series 2015, and Water and Sewer Refunding Revenue Bonds, Series 2015A.

2,145,000

\$72,415,000 Water and Sewer Refunding Revenue Bond, Series 2015, issued to refund a portion of the Series 2006 Water and Sewer Refunding Revenue Bonds. The bonds are secured by a pledge of and lien upon the water and sewer system's net revenues as defined by the Bond Resolution. The City refunded the 2006 Series to reduce its debt service payment over 21 years by \$5,429,134 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$3,716,201. Principal is paid annually from 2030 to 2036 with interest paid semiannually rates ranging from 4.0% to 5.0%. The Series 2015 Bonds are issued in parity with the City's Water and Sewer Revenue Bonds, Series 2006, and Water and Sewer Refunding Revenue Bonds, Series 2011, and Water and Sewer Refunding Revenue Bonds, Series 2011A, and Water and Sewer Refunding Revenue Bonds, Series 2013, Water and Sewer Refunding Revenue Bonds, Series 2015, and Water and Sewer Refunding Revenue Bonds, Series 2015A.

72,415,000

\$94,740,000 Water and Sewer Refunding Revenue Bond, Series 2015A, issued to refund a portion of the Series 2006 Water and Sewer Refunding Revenue Bonds. The bonds are secured by a pledge of and lien upon the water and sewer system's net revenues as defined by the Bond Resolution. The City refunded the 2003 Series to reduce its debt service payment over 21 years by \$15,191,723 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$10,103,869. Principal and interest is paid quarterly through 2029. Interest rates range from 2.21% to 3.0%. The Series 2015A Bonds are issued in parity with the City's Water and Sewer Revenue Bonds, Series 2006, and Water and Sewer Refunding Revenue Bonds, Series 2011, and Water and Sewer Refunding Revenue Bonds, Series 2011A, and Water and Sewer Refunding Revenue Bonds, Series 2013, and Water and Sewer Refunding Revenue Bonds, Series 2015.

89,095,000

427,060,000

10,169,120

\$ 437,229,120

Plus unamortized premium

Notes Payable

\$13,856,923 State Revolving Fund Loan Agreement #7516P payable to the State with principal and interest payable semiannually at 3.16% through 2024. The security is a lien on the net revenues of the water and sewer system and impact fees and is junior and subordinate to the water and sewer revenue bonds.

\$ 1,062,671

\$7,224,652 State Revolving Fund Loan Agreement #7516L 01 (Pine Island Water) payable to the State with principal and interest payable semiannually at 2.93% through December 2023. The security is a lien on the net revenues of the water and sewer system and impact fees and is junior and subordinate to the water and sewer revenue bonds.

268,149

\$35,848,122 State Revolving Fund Loan Agreement #7516L 02 (Southwest 1 Water) payable to the State with principal and interest payable semiannually at 2.93% through June 2024. The security is a lien on the net revenues of the water and sewer system and impact fees and is junior and subordinate to the water and sewer revenue bonds.

1,312,523

\$16,668,746 State Revolving Fund Loan Agreement DW#360103 (Southwest 6 & 7 Drinking Water) payable to the State with principal and interest payable semiannually at 2.12% through 2036. The current principal amount includes actual draws and a 2% loan service fee. The security is a lien on the special assessment proceeds, sewer expansions fees, irrigation expansion fees, capital facility expansion charges and net revenues of the water and sewer system. The lien is junior and subordinate to the water and sewer revenue bonds.

12,401,582

\$72,349,275 State Revolving Fund Loan Agreement WW#360100 (Southwest 6 & 7 Clean Water) payable to the State with principal and interest payable semiannually at rates ranging from 1.93% to 2.42% through 2036. The current principal amount includes actual draws and capitalized interest. The security is a lien on the special assessment proceeds, sewer expansions fees, irrigation expansion fees, capital facility expansion charges and net revenues of the water and sewer system. The lien is junior and subordinate to the water and sewer revenue bonds.

	52,814,122
\$	<u>67,859,047</u>

Special Assessment Debt with Government Commitment

In order to fund construction of the City's water and wastewater utility expansion in certain areas of the City, the City has issued Special Assessment Improvement Debt. The City is acting as agent in the collection of the special assessments levied and in the payment of the Special Assessment Bonds outstanding. Such bonds are collateralized by special assessments levied against the benefited property owners. The City will assume responsibility in the event of default on the outstanding Special Assessment Bonds. Current year special assessment collections were sufficient to meet fiscal year 2017 debt service requirements.

\$101,155,000 Utility Improvement Refunding Assessment Bonds (Various Areas), Series 2017 was issued to refund all of the City's outstanding utility improvement special assessment debt. The City refunded the bonds to reduce its debt service payment over 20 years by \$10,850,993 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$9,939,840. Principal and interest on these bonds are secured by special assessment proceeds and to pay any deficiencies from the net revenue of its water and sewer system. Principal is paid annually through September 2028 with interest paid semiannually at rates ranging from 1.40% to 3.00%.

Less unamortized discount

Total Special Assessment Debt

\$	99,150,000
	(569,577)
\$	<u>98,580,423</u>

Summary of Debt Service Requirements by Maturity

Governmental Activities

Year ending September 30,	Governmental Activities					
	Revenue Bonds		Notes Payable		Special Assessment Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 9,568,620	\$ 8,233,507	\$ 1,652,000	\$ 219,954	\$ 275,000	\$ 16,376
2019	9,906,410	7,893,113	1,689,000	185,262	280,000	11,798
2020	10,222,010	7,514,032	1,726,000	149,793	285,000	7,136
2021	10,599,420	7,116,849	1,760,000	113,547	290,000	2,393
2022	10,177,650	6,700,501	1,799,000	76,587	-	-
2023 - 2027	56,637,480	26,320,027	1,848,000	58,443	-	-
2028 - 2032	42,655,000	11,009,353	-	-	-	-
2033 - 2037	26,365,000	3,650,902	-	-	-	-
2038 - 2040	3,315,000	263,075	-	-	-	-
	<u>179,446,590</u>	<u>78,701,359</u>	<u>10,474,000</u>	<u>803,586</u>	<u>1,130,000</u>	<u>37,703</u>
Unamortized discount	(22,278)	-	-	-	-	-
Unamortized premium	11,630,110	-	-	-	-	-
Total	<u>\$ 191,054,422</u>	<u>\$ 78,701,359</u>	<u>\$ 10,474,000</u>	<u>\$ 803,586</u>	<u>\$ 1,130,000</u>	<u>\$ 37,703</u>

Business-type Activities

Year Ending September 30,	Business-type Activities					
	Revenue Bonds		Notes Payable		Special Assessment Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 10,215,000	\$ 18,628,438	\$ 3,110,298	\$ 1,454,825	\$ 10,835,000	\$ 2,173,420
2019	10,760,000	18,310,854	3,292,540	1,383,908	10,980,000	2,021,730
2020	11,045,000	18,023,711	3,365,055	1,311,393	11,165,000	1,840,560
2021	11,405,000	17,664,738	3,439,204	1,237,242	10,870,000	1,628,425
2022	11,780,000	17,292,228	3,515,026	1,161,421	10,140,000	1,411,025
2023 - 2027	65,045,000	80,298,227	17,530,146	4,654,093	42,495,000	3,713,026
2028 - 2032	77,935,000	67,264,289	18,515,988	2,787,850	2,665,000	79,950
2033 - 2037	98,915,000	47,186,250	15,090,790	776,448	-	-
2038 - 2040	129,960,000	20,127,500	-	-	-	-
	<u>427,060,000</u>	<u>304,796,235</u>	<u>67,859,047</u>	<u>14,767,180</u>	<u>99,150,000</u>	<u>12,868,136</u>
Unamortized discount	-	-	-	-	(569,577)	-
Unamortized premium	10,169,120	-	-	-	-	-
Total	<u>\$ 437,229,120</u>	<u>\$ 304,796,235</u>	<u>\$ 67,859,047</u>	<u>\$ 14,767,180</u>	<u>\$ 98,580,423</u>	<u>\$ 12,868,136</u>

Capital Leases - The capital leases are recorded at the present value of future minimum lease payments. The following schedule shows the present value of these payments at September 30, 2017.

Fiscal Year	Governmental Activities
2018	\$ 185,360
2019	185,360
2020	92,680
Total Payments	463,400
Less interest	(11,386)
	<u>\$ 452,014</u>

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Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Governmental Funds					
Long-term debt	\$ 205,273,976	\$ 62,595,000	\$ (76,366,372)	\$ 191,502,604	\$ 11,674,174
Bond discount and premium	3,756,614	8,041,561	(190,343)	11,607,832	-
Total bonds and notes payable	209,030,590	70,636,561	(76,556,715)	203,110,436	11,674,174
Compensated absences ¹	4,544,928	4,454,577	(1,386,680)	7,612,825	-
Net Pension Liability ²	121,728,311	26,890,102	(51,110,856)	97,507,557	-
OPEB obligation ³	111,355,210	14,963,704	(5,916,695)	120,402,219	-
Total Governmental Funds	<u>\$ 446,659,039</u>	<u>\$ 116,944,944</u>	<u>\$ (134,970,946)</u>	<u>\$ 428,633,037</u>	<u>\$ 11,674,174</u>
Internal Service Funds					
Claims Liability	\$ 7,068,694	\$ 5,576,277	\$ (3,883,775)	\$ 8,761,196	\$ 2,817,196
Compensated absences	223,067	272,382	(48,712)	446,737	43,218
Net Pension Liability	5,260,522	1,602,669	(2,224,686)	4,638,505	-
OPEB obligation	5,029,363	1,367,365	(271,047)	6,125,681	-
Total Internal Service Funds	<u>\$ 17,581,646</u>	<u>\$ 8,818,693</u>	<u>\$ (6,428,220)</u>	<u>\$ 19,972,119</u>	<u>\$ 2,860,414</u>
Total Governmental					
Long-term debt	\$ 205,273,976	\$ 62,595,000	\$ (76,366,372)	\$ 191,502,604	\$ 11,674,174
Less bond discount, premium	3,756,614	8,041,561	(190,343)	11,607,832	-
Total bonds payable	209,030,590	70,636,561	(76,556,715)	203,110,436	11,674,174
Claims Liability	7,068,694	5,576,277	(3,883,775)	8,761,196	2,817,196
Compensated absences	4,767,995	4,726,959	(1,435,392)	8,059,562	43,218
Net Pension Liability	126,988,833	28,492,771	(53,335,542)	102,146,062	-
OPEB obligation	116,384,573	16,331,069	(6,187,742)	126,527,900	-
Total Governmental	<u>\$ 464,240,685</u>	<u>\$ 125,763,637</u>	<u>\$ (141,399,166)</u>	<u>\$ 448,605,156</u>	<u>\$ 14,534,588</u>
Business-type activities:					
Water and Sewer					
Long-term debt	\$ 615,088,289	\$ 102,088,743	\$ (123,107,985)	\$ 594,069,047	\$ 24,160,298
Bond discount and premium	9,744,561	1,181,868	(1,326,886)	9,599,543	-
Total bonds and notes payable	624,832,850	103,270,611	(124,434,871)	603,668,590	24,160,298
Compensated absences	1,129,941	959,732	(239,689)	1,849,984	280,742
Net Pension Liability	22,795,596	6,288,965	(8,729,795)	20,354,766	-
OPEB obligation	23,370,125	3,037,739	(1,240,674)	25,167,190	-
Total Water and Sewer	<u>672,128,512</u>	<u>113,557,047</u>	<u>(134,645,029)</u>	<u>651,040,530</u>	<u>24,441,040</u>
Stormwater					
Compensated absences	395,034	278,550	(77,461)	596,123	82,927
Net Pension Liability	7,156,849	2,372,486	(3,293,279)	6,236,056	-
OPEB obligation	7,494,691	1,490,776	(379,766)	8,605,701	-
Total Stormwater	<u>15,046,574</u>	<u>4,141,812</u>	<u>(3,750,506)</u>	<u>15,437,880</u>	<u>82,927</u>
Other Enterprise Funds					
Compensated absences	55,664	52,233	(11,532)	96,365	13,660
Net Pension Liability	1,079,082	379,212	(526,389)	931,905	-
OPEB obligation	1,822,345	-	(452,999)	1,369,346	-
Total Other Enterprise	<u>2,957,091</u>	<u>431,445</u>	<u>(990,920)</u>	<u>2,397,616</u>	<u>13,660</u>
Total Business-type					
Long-term debt	615,088,289	102,088,743	(123,107,985)	594,069,047	24,160,298
Bond discount, premium and deferred amount on refunds	9,744,561	1,181,868	(1,326,886)	9,599,543	-
Total bonds and notes payable	624,832,850	103,270,611	(124,434,871)	603,668,590	24,160,298
Compensated absences	1,580,639	1,290,515	(328,682)	2,542,472	377,329
Net Pension Liability	31,031,527	9,040,663	(12,549,463)	27,522,727	-
OPEB obligation	32,687,161	4,528,515	(2,073,439)	35,142,237	-
Total Business-type	<u>\$ 690,132,177</u>	<u>\$ 118,130,304</u>	<u>\$ (139,386,455)</u>	<u>\$ 668,876,026</u>	<u>\$ 24,537,627</u>

¹ Compensated absences were liquidated as follows: General Fund 88%, Special Revenue Funds 09%, and Internal Service Funds 3%.

² Net pension liability is typically liquidated as follows: General Fund 72%, Special Revenue Funds 15%, Capital Projects Funds 2%, and Internal Service Funds 11%.

³ OPEB obligation is typically liquidated as follows: General Fund 84%, Special Revenue Funds 11%, Capital Projects Funds 1%, and Internal Service Funds 4%.

Bond Resolution – Resolutions for various debt obligations established certain funds and accounts and determined 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 special revenue sources to pay the various debt obligations when due. All required balances at year end were maintained.

Any holder of bonds has the right to compel the performance of all duties required by the bond resolution, including the appointment of a receiver.

Conduit Debt Obligation – To provide financing of the construction of a new building that will house 80 residential-style assisted living suites and 48 memory support assisted living suites, as well as converting existing space to provide an additional skilled nursing dining space, 24 rental independent living units and 20 skilled nursing beds within the City, the City of Cape Coral Health Facilities Authority has issued a series of Senior Housing Revenue Bonds, Series 2015. These bonds do not constitute a debt or pledge of the full faith and credit of the City, and accordingly, they have not been reported in the accompanying financial statements. At September 30, 2017, Health Facility Revenue Bonds outstanding aggregated \$79,385,000.

9. Defeased Debt Issues

Financial Accounting Standard Board Statement No. 7, Advance Refundings Resulting in Defeasance of Debt, states when debt is defeased, it is no longer reported as a liability on the face of the balance sheet; only the new debt, if any, is reported as a liability.

Governmental Fund Debt:

Capital Improvement Revenue Bonds, Series 2008	\$21,615,000
Special Obligation Revenue Bonds, Series 2011	\$14,395,000

10. Operating Leases

The City currently has various lease agreements for copiers, fax machines and golf carts. These leases are accounted for as operating leases. The leases are generally for a 3 or 5 year term and include renewal options. The following schedule reflects the operating lease obligations for governmental activities and business-type activities for the next three years. As of September 30, 2017 there are no operating lease commitments that extend beyond 2020. Lease expense for fiscal year 2017 reported in the Governmental Activities and the Business-type Activities were \$58,828 and \$85,779 respectively.

Year Ending September 30,	Governmental Activities	Business-Type Activities	Total
2018	\$ 34,012	\$ 82,494	\$ 116,506
2019	8,694	75,175	83,869
2020	129	73,690	73,819
Total	<u>\$ 42,835</u>	<u>\$ 231,359</u>	<u>\$ 274,194</u>

11. Construction and Other Significant Commitments

Construction Commitments. As of September 30, 2017 major outstanding construction commitments (in excess of \$1 million) were as follows:

	<u>Spent To Date</u>	<u>Remaining Commitment</u>
Governmental activities:		
General Fund:		
Lot Mowing Services ¹	\$ 1,475,942	\$ 746,058
Hurricane Irma Debris Removal Services ²	171,989	3,828,011
Transportation Fund:		
Road Improvements ³	3,867,505	4,631,167
Total governmental activities	<u>5,515,436</u>	<u>9,205,236</u>
Business-type activities:		
Water & Sewer Fund:		
Galvanized Pipe Replacement ⁴	468,418	2,232,984
Lift Station Improvements ⁴	531,790	797,941
Utility Extension Program: Area - Southwest 6 & 7 ⁵	51,183,671	4,074,691
SW WTP Underground Injection ⁴	5,621,027	1,051,047
Utility Extension Program: Area - North 2 ⁵	7,920,416	16,271,836
Stormwater Utility Fund:		
Drainage Improvements Southwest 6 & 7 Utility Area ⁵	2,064,685	422,817
Total business-type activities	<u>67,790,007</u>	<u>24,851,316</u>
Total	<u>\$ 73,305,443</u>	<u>\$ 34,056,552</u>

¹ Projects are being funded by lot mowing fees.

² Projects are being funded by General Fund.

³ Projects are being funded by the appropriation of General Fund reserves, gas taxes, and settlement proceeds.

⁴ Projects are being funded by water and sewer user fees.

⁵ Projects are being funded by State Revolving Fund loans with debt service being paid by special assessments and stormwater user fees.

Encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$ 10,562,270
Transportation Capital Improvements	335,732
Community Redevelopment Agency	426,737
Nonmajor governmental funds	2,116,153
Total encumbrances	<u>\$ 13,440,892</u>

12. Fund Balances

Fund balances for governmental funds at September 30, 2017 are as follows:

	General	Transportation Capital Improvements	Community Redevelopment Agency	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:						
Nonspendable						
Inventory	\$ 33,940	\$ -	\$ -	\$ -	\$ 71,021	\$ 104,961
Prepaid items	562,453	-	-	-	27,869	590,322
Advance to other funds	765,256	-	-	-	-	765,256
Total Nonspendable	1,361,649	-	-	-	98,890	1,460,539
Restricted						
Housing and community development	-	-	-	-	2,345,845	2,345,845
Building code enforcement	-	-	-	-	6,863,864	6,863,864
Law enforcement - forfeiture funds	-	-	-	-	868,880	868,880
Law enforcement - Do the Right Thing	-	-	-	-	17,570	17,570
Law enforcement training	-	-	-	-	20,602	20,602
Police projects	-	-	-	-	3,143,337	3,143,337
Fire projects	-	-	-	-	3,199,154	3,199,154
Seawalls	-	-	-	-	229,408	229,408
Parks projects	-	-	-	-	3,311,849	3,311,849
Community redevelopment	-	-	156,635	-	-	156,635
Santa Barbara Boulevard project	-	2,792,047	-	-	-	2,792,047
Del Prado Boulevard project	-	3,162,958	-	-	-	3,162,958
Access management/acquisition project	-	1,006,195	-	-	-	1,006,195
Other transportation projects	-	2,897,592	-	-	18,609,857	21,507,449
Debt service	-	-	-	4,425,888	-	4,425,888
Total Restricted	-	9,858,792	156,635	4,425,888	38,610,366	53,051,681
Committed						
City auditor - professional services	41,209	-	-	-	-	41,209
City clerk - vehicles	23,333	-	-	-	-	23,333
Community development - vehicles	74,080	-	-	-	-	74,080
Computer equipment	5,893	-	-	-	-	5,893
Computer software	478,869	-	-	-	-	478,869
Fire - equipment	4,735	-	-	-	-	4,735
Fire - small equipment	659,283	-	-	-	-	659,283
Fire - vehicles	255,690	-	-	-	-	255,690
Fleet - equipment rental	75,415	-	-	-	-	75,415
Fleet - small equipment	13,059	-	-	-	-	13,059
Fleet - vehicles	297,243	-	-	-	-	297,243
General government - operating supplies	7,616	-	-	-	-	7,616
General government - professional services	85,135	-	-	-	-	85,135
General government - projects	74,302	-	-	-	-	74,302
Hurricane Irma - cleanup	2,158,738	-	-	-	-	2,158,738
Hurricane Irma - professional services	647,385	-	-	-	-	647,385
Parks - equipment	153,727	-	-	-	-	153,727
Parks - maintenance	13,836	-	-	-	-	13,836
Parks - vehicles	163,810	-	-	-	-	163,810
Police - vehicles	185,725	-	-	-	-	185,725
Public works - professional services	125,125	-	-	-	-	125,125
Public works - operating supplies	439	-	-	-	-	439
Public works - road maintenance	278,082	-	-	-	-	278,082
Public works - vehicles	226,537	-	-	-	-	226,537
Tornado cleanup	633,071	-	-	-	-	633,071
Law enforcement - alarm fees	-	-	-	-	27,710	27,710
Lot mowing program	-	-	-	-	1,253,180	1,253,180
Del Prado mall parking lot	-	-	-	-	98,028	98,028
Parks and recreation - parks programs	-	-	-	-	138,616	138,616
Santa Barbara Boulevard project	-	985,275	-	-	-	985,275
Del Prado Boulevard project	-	3,344,688	-	-	-	3,344,688
Road resurfacing project	-	9,315,608	-	-	-	9,315,608
Other transportation projects	-	1,365,006	-	-	-	1,365,006
Parks projects	220,007	-	-	-	267,000	487,007
Fire projects	-	-	-	-	262,257	262,257
CRA streetscape	-	-	-	-	9,625,178	9,625,178
Capital projects	-	-	-	-	113,668	113,668
Chiquita boat lock	-	-	-	-	927,391	927,391
Public works projects	-	-	-	-	862,185	862,185
Academic village	-	-	-	-	77,660	77,660
Computer system	-	-	-	-	635,554	635,554
Economic development incentives	544,000	-	-	-	-	544,000
Capital equipment	1,500,000	-	-	-	-	1,500,000
Facilities maintenance	500,000	-	-	-	-	500,000
Disaster reserve	2,000,000	-	-	-	-	2,000,000
Total Committed	11,446,344	15,010,577	-	-	14,288,427	40,745,348

	<u>General</u>	<u>Transportation Capital Improvements</u>	<u>Community Redevelopment Agency</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assigned						
City attorney - building maintenance	8,375	-	-	-	-	8,375
City council - dues	35,586	-	-	-	-	35,586
City manager - professional services	26,372	-	-	-	-	26,372
City manager - public relations	18,750	-	-	-	-	18,750
City manager - small equipment	10,377	-	-	-	-	10,377
Code compliance - debris cleanup	13,148	-	-	-	-	13,148
Computer equipment	102,497	-	-	-	-	102,497
Computer software	66,584	-	-	-	-	66,584
Fire - building improvement	76,721	-	-	-	-	76,721
Fire - building maintenance	18,144	-	-	-	-	18,144
Fire - computer equipment	3,535	-	-	-	-	3,535
Fire - equipment	53,247	-	-	-	-	53,247
Fire - professional services	11,219	-	-	-	-	11,219
Fire - small equipment	19,350	-	-	-	-	19,350
Fire - vehicles	12,879	-	-	-	-	12,879
Fleet - equipment	20,340	-	-	-	-	20,340
Fleet - small equipment	6,133	-	-	-	-	6,133
General government - employee benefits	27,791	-	-	-	-	27,791
General government - operating supplies	4,225	-	-	-	-	4,225
General government - outside services	2,462	-	-	-	-	2,462
General government - professional services	25,013	-	-	-	-	25,013
General government - various fees	8,354	-	-	-	-	8,354
Government services - building maintenance	17,680	-	-	-	-	17,680
Government services - improvements	18,810	-	-	-	-	18,810
Government services - operating supplies	1,046	-	-	-	-	1,046
Government services - professional services	111,866	-	-	-	-	111,866
Hurricane Irma - operating supplies	21,669	-	-	-	-	21,669
Hurricane Irma - professional services	2,885	-	-	-	-	2,885
Information technology - operating supplies	1,126	-	-	-	-	1,126
Information technology - professional services	10,351	-	-	-	-	10,351
Information technology - training	9,140	-	-	-	-	9,140
Miscellaneous government expenses	280	-	-	-	-	280
Parks - chemicals	5,366	-	-	-	-	5,366
Parks - equipment	7,909	-	-	-	-	7,909
Parks - equipment repair and maintenance	20,667	-	-	-	-	20,667
Parks - improvements	49,738	-	-	-	-	49,738
Parks - landscape materials	19,736	-	-	-	-	19,736
Parks - maintenance	10,578	-	-	-	-	10,578
Parks - operating supplies	3,361	-	-	-	-	3,361
Parks - outside services	1,735	-	-	-	-	1,735
Parks - professional services	35,200	-	-	-	-	35,200
Police - computer equipment	542	-	-	-	-	542
Police - equipment	30,737	-	-	-	-	30,737
Police - vehicles	2,970	-	-	-	-	2,970
Public works - bridge maintenance	38,138	-	-	-	-	38,138
Public works - equipment	57,459	-	-	-	-	57,459
Public works - navigational aids	12,675	-	-	-	-	12,675
Public works - operating supplies	13,736	-	-	-	-	13,736
Public works - outside services	11,533	-	-	-	-	11,533
Public works - professional services	26,023	-	-	-	-	26,023
Public works - road maintenance	20,271	-	-	-	-	20,271
Total Assigned	1,134,329	-	-	-	-	1,134,329
Unassigned	36,568,335	-	-	-	(202,173)	36,366,162
Total fund balances	\$ 50,510,657	\$ 24,869,369	\$ 156,635	\$ 4,425,888	\$ 52,795,510	\$ 132,758,059

13. Segment Information

The City issued revenue bonds to finance its water and sewer division. The water and sewer division and the special assessment funds are accounted for in a single fund in the financial statements. However, investors in the revenue bonds rely solely on the revenue generated by the water and sewer activity for repayment. Financial information for the water and sewer division is presented below:

BALANCE SHEET

ASSETS

Current assets:

Cash & investments	\$ 20,798,519
Interest receivable	41,916
Accounts receivable, net	9,248,074
Inventories	1,706,718
Prepaid items	4,058

Restricted:

Cash and cash equivalents	37,716,869
Interest receivable	96,167
Total restricted assets	<u>37,813,036</u>
Total current assets	69,612,321

Noncurrent assets:

Unamortized bond insurance costs	2,350,527
Advances to other funds	3,071,113
Capital assets, net	509,351,541
Total noncurrent assets	<u>514,773,181</u>
Total assets	<u>584,385,502</u>

Deferred Outflows of Resources

Loss on refunding	3,913,345
Pension assumption	3,780,631
Pension experience	1,641,218
Total deferred outflows of resources	<u>\$ 9,335,194</u>

LIABILITIES

Current liabilities:

Accounts payable and other accrued liabilities	\$ 2,517,479
Accrued retainage	340,525
Accrued payroll	361,892
Accrued interest payable	16,790
Deposits	2,552,167
Unearned revenue	360
Compensated absences	280,742

Debt:

Revenue bonds	10,215,000
Notes	137,911
Total debt	<u>10,352,911</u>
Total current liabilities	16,422,866

Noncurrent liabilities:

Compensated absences	1,569,242
OPEB obligation	25,167,190
Net Pension Liability	20,354,766

Debt:

Revenue bonds	427,014,120
Notes	924,760
Total debt	<u>427,938,880</u>
Total noncurrent liabilities	<u>475,030,078</u>
Total liabilities	<u>491,452,944</u>

Deferred Inflows of Resources

Pension earnings	719,844
Pension experience	100,779
Total deferred inflows of resources	<u>820,623</u>

NET POSITION

Net investment in capital assets	75,787,963
Restricted for:	
Debt service	1,584,637
Capital improvement	29,478,175
Renewal and replacement	5,990,833
Unrestricted	<u>(11,394,479)</u>
Total net position	<u>\$ 101,447,129</u>

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**OPERATING REVENUES**

Charges for services	\$ 81,804,351
Other revenue	739,709
Total operating revenues	<u>82,544,060</u>

OPERATING EXPENSES

Salaries, wages and employee benefits	24,436,798
Contractual services, materials and supplies	20,715,685
Depreciation	21,915,166
Total operating expenses	<u>67,067,649</u>
Operating income	<u>15,476,411</u>

NONOPERATING REVENUES (EXPENSES)

Interest income	550,437
Interest expense and bond discount amort	(18,342,539)
Debt service costs	(97,143)
Gain on sale of capital assets	67,337
Total nonoperating revenues (expenses)	<u>(17,821,908)</u>
Income (loss) before contributions and transfers	<u>(2,345,497)</u>

Capital Contributions

Developer contributions	1,862,403
Total capital contributions	<u>1,862,403</u>

Transfers

Transfers in	426,305
Transfers out	<u>(5,802,814)</u>
Total transfers	<u>(5,376,509)</u>
Change in net assets	(5,859,603)
Total net position - beginning	107,306,732
Total net position - ending	<u><u>\$ 101,447,129</u></u>

Condensed Statement of Cash Flows

New cash provided (used) by:	
Operating activities	\$ 17,518,779
Nonoperating financing activities	(5,376,509)
Capital and related financing activities	(17,762,983)
Investing activities	644,769
Net increase (decrease)	<u>(4,975,944)</u>
Beginning cash and investments	63,491,332
Ending cash and investments	<u><u>\$ 58,515,388</u></u>

14. Future Revenues that are Pledged

The City has pledged various future revenue sources for various debt issues. For the water and sewer system, the City has pledged future water and sewer customer revenues, net of certain operating expenses. The following table provides a summary of the pledged revenues for the City's outstanding debt issues.

Pledged Revenue	Total Principal and Interest Outstanding	Current Year Principal and Interest Paid	Current Year Revenue	Coverage
Special Assessment ¹	\$ 191,597,714	\$ 8,090,062	\$ 18,379,985	227.19%
Half-cent Sales Tax	18,311,866	4,995,734	14,107,953	282.40%
Gas Tax	73,744,550	5,761,045	8,956,009	155.46%

¹ Includes \$245,270 collected for two (2) SRF loans that are funded by special assessment proceeds but have a pledge of water and sewer net revenues and impact fees.

Covenant to Budget and Appropriate Debt (000)	\$ 179,000	
Historical Non Ad-Valorem Revenue Debt (000)	\$ 271,057	
Legally Available Non-Ad Valorem Revenues (000)		\$ 81,247
Average of current and prior year		\$ 78,755 (A)
Maximum Annual Debt Service (MADS)		\$ 19,393 (B)
MADS coverage (A ÷ B)		4.06
MADS required coverage		1.50
Governmental Revenues		\$ 205,122 (C)
Governmental Revenues percentage (B ÷ C)		9.45%
Required Coverage		not to exceed 20%

Water & Sewer Debt (000)	\$ 733,049	
Operating Revenue (000)		\$ 82,544
Operating Expenses (net of depreciation) (000)		(45,152)
Net Operating Revenues (000)		\$ 37,392
Interest Income (000)		550
Net Revenues Available for Debt Service (000)		\$ 37,942
Capital Expansion Fees (000)		15,381
Net Revenues and Expansion Fees Available for Debt Service (000)		\$ 53,323

Test 1

Net Revenues Available for Debt Service (000)	\$ 37,942
Annual Debt Service (Senior Lien) (000)	\$ 28,849
Calculated Coverage Factor	1.32
Required Coverage	1.00

Test 2

Net Revenues & Expansion Fees (000)	\$ 53,323
Annual Debt Service (Senior Lien) (000)	\$ 28,849
Calculated Coverage Factor	1.85
Required Coverage	1.00

Test 3

Total Revenues after Senior Lien Debt Service (000)	\$ 23,748
Annual Debt Service (Subordinate) (000)	\$ 4,108
Calculated Coverage Factor	5.78

15. Intergovernmental Revenue

Intergovernmental revenue as of September 30, 2017 is as follows:

Governmental activities:

	<u>General Fund</u>	<u>Transportation Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Operating Grants and State Shared Revenues				
Parks and Recreation	\$ 73,867	\$ -	\$ 524,360	\$ 598,227
Public Safety: Police	509,973	-	-	509,973
Public Safety: Fire	71,772	-	-	71,772
Public Works	103,309	-	757,999	861,308
Local shared revenue	630,997	-	-	630,997
State shared revenue	2,733,615	-	-	2,733,615
Capital Grants				
Community Development	-	-	2,295,104	2,295,104
Parks and Recreation	-	-	151,405	151,405
Public Works	-	2,231,146	-	2,231,146
Total	<u>\$ 4,123,533</u>	<u>\$ 2,231,146</u>	<u>\$ 3,728,868</u>	<u>\$ 10,083,547</u>

16. Interest Income

Interest income as of September 30, 2017 is as follows:

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Total</u>
Investment income	\$ 925,119	\$ 1,197,892	\$ 94,877	\$ 2,217,888
Interest on advances	3,627	165,880	-	169,507
Interest billed on assessment, contribution in aid of construction, impact fee, CFEC and UCEF loans	4,836	6,850,111	-	6,854,947
Interest received from tax collector	29,290	10,579	-	39,869
Total	<u>\$ 962,872</u>	<u>\$ 8,224,462</u>	<u>\$ 94,877</u>	<u>\$ 9,282,211</u>

17. Other Revenue

	General Fund	Transportation Capital Improvements	Community Redevelopment Agency	Debt Service Fund	Other Governmental Funds	Total
NSP Program Income	\$ -	\$ -	\$ -	\$ -	\$ 561,524	\$ 561,524
State Housing Program Income (SHIP)	-	-	-	-	112,117	112,117
CDBG Program Income	-	-	-	-	160,902	160,902
RCMP Program Income	-	-	-	-	12,584	12,584
Blue Cross Blue Shield Wellness Payment	100,000	-	-	-	-	100,000
School impact administrative fee	83,441	-	-	-	-	83,441
Lee County Tax Collector Refund of Estimated Fee	79,912	-	-	-	27,610	107,522
Permissive use fees	400	-	-	-	-	400
Sales of surplus material	5,388	-	-	-	-	5,388
Purchase card rebate	96,804	-	46	-	6,989	103,839
Legal settlements	50	-	-	-	-	50
Police confiscation	-	-	-	-	63,291	63,291
Insurance recovery	46,100	-	-	-	-	46,100
Reimbursable charges	65,822	36,395	-	-	-	102,217
Lamar annual fee	54,200	-	-	-	-	54,200
Hurricane Matthew reimbursement from state	29,307	-	-	-	-	29,307
Pepsi rebate	-	-	-	-	12,615	12,615
Staff uniforms	-	-	-	-	6,010	6,010
Other	24,405	-	-	75	13,447	37,927
	<u>\$ 585,829</u>	<u>\$ 36,395</u>	<u>\$ 46</u>	<u>\$ 75</u>	<u>\$ 977,089</u>	<u>\$1,599,434</u>

18. Building and Vehicle Leases

Building Leases

The City of Cape Coral has entered into four lease agreements with the Cape Coral Charter School Authority for the operation of two elementary, one middle school, and one high school. The current leases extend to 2020 for Oasis Elementary, and 2021 for Christa McAuliffe Elementary School and Oasis Middle School. The lease amount of all four leases shall be equal to the debt service, cost of commercial general liability insurance on the building, and one dollar. For fiscal year 2017, the lease payments totaled \$3,862,677 which included \$3,577,982 for debt service and \$104,695 for insurance. The insurance cost for fiscal year 2018 will be \$101,469. The insurance cost for subsequent years is not available.

The Charter School Authority accounts for this lease as an operating lease. The following schedule shows the debt portion of the lease payments that will be received from the Charter School Authority.

Year Ending September 30,	Amount
2018	\$ 3,190,113
2019	3,190,613
2020	3,192,288
2021	3,194,813
2022	3,192,875
	<u>\$ 15,960,702</u>

The construction cost of the charter school buildings was \$42,804,057, accumulated depreciation as of September 30, 2017 was \$12,514,798 for a net carrying amount of \$30,289,259.

The City has entered into an Interlocal Agreement with Lee County Emergency Medical Services for portions of various City owned fire stations. The lease amount for fire stations constructed prior to 2004 is \$2 per square foot per year. Lee County currently leases space in two fire stations under this arrangement. Annual revenue from the lease is \$5,936. The agreement shall automatically renew on a yearly basis although either party may, upon written notice, terminate this agreement.

For fire stations constructed after 2004, the lease amount is based on the cost to construct the fire station divided by 25 years multiplied by the percentage of space occupied. Currently Lee County Emergency Medical Services is leasing space in three fire stations under this agreement. Annual revenue from the lease is \$82,933. The agreement shall automatically renew on a yearly basis although either party may, upon written notice, terminate this agreement. The cost of these buildings was \$15,716,786, accumulated depreciation as of September 30, 2017 was \$3,855,634 for a net carrying amount of \$11,861,152.

Vehicle Leases

The amount of the lease is the sum of the debt service for the buses, including all debt service related costs. For fiscal year 2017, the lease payments totaled \$252,284.

The following schedule shows the debt portion of the lease payments that will be received from the Charter School Authority.

Year Ending September 30,	Amount
2018	\$ 252,186
2019	252,415
2020	159,694
2021	66,830
	<u>\$ 731,125</u>

NOTE V. OTHER INFORMATION

1. 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 has two internal service funds (Risk Management Funds): the workers compensation insurance fund and the property and casualty insurance fund to account for and finance its uninsured risks of loss. Under this program, the funds provide coverage for up to a maximum of \$350,000 for each worker's compensation claim, \$100,000 for each general liability claim, and \$25,000 for each property damage claim. The City purchases commercial insurance for claims in excess of coverage provided by the funds and for all other risks of loss. Settled claims have not exceeded this commercial coverage in this fiscal year, nor has it had any settlements in excess of insurance coverage in the past three years.

The workers compensation internal service fund allocates the cost of providing claims servicing and claims payment by charging a premium to each applicable fund based on the State of Florida mandated per \$100 rate of salary by employee classification. The property and casualty insurance fund charges a premium to the applicable funds based on the value of capital assets in each fund.

The self-funded health insurance plan was implemented on January 1, 2016. Coverage under the Plan is a benefit available to employees and retirees of the City of Cape Coral. The coverage provides comprehensive medical benefits to the employees and their dependents. It is funded through contributions from the City, employees, and retirees. The coverage has specific and aggregate reinsurance coverages

underwritten by Blue Cross and Blue Shield. Administration under the plan is handled by Blue Cross and Blue Shield of Florida.

The claims liabilities reported in the worker's compensation fund, property and casualty insurance fund, and self-funded health insurance fund at September 30, 2017 are based on requirements of Governmental Accounting Standards Board Statement No. 30, which requires that a liability for claims be reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be estimated. This includes claims that have been incurred but not reported (IBNR) and allocated loss adjustment expenses.

Changes in the funds' claims liability amount in fiscal years 2015, 2016 and 2017 were:

	Beginning-of-Fiscal-Year Claims Liability	Current-Year Claims and Changes in Estimates	Claims Payments	End-of-Fiscal-Year Claims Liability
Workers Compensation				
2016 - 2017	\$ 5,438,000	\$ 2,803,332	\$ (2,015,332)	\$ 6,226,000
2015 - 2016	5,579,000	1,785,122	(1,926,122)	5,438,000
2014 - 2015	5,405,000	1,928,683	(1,754,683)	5,579,000
Property and Casualty				
2016 - 2017	\$ 1,133,000	\$ 1,080,442	\$ (756,442)	\$ 1,457,000
2015 - 2016	1,531,000	(24,718)	(373,282)	1,133,000
2014 - 2015	1,522,000	555,285	(546,285)	1,531,000
Self-funded Health Insurance				
2016 - 2017	\$ 497,694	\$ 17,399,728	\$ (16,819,226)	\$ 1,078,196
2015 - 2016	-	11,239,932	(10,742,238)	497,694

2. Chiquita Boat Lock-South Spreader Waterway

During fiscal year 2013 the City was authorized for up to \$187,302 from the Gulf American Corporation (GAC) restricted account to fund repairs and upgrades to the City's Chiquita Boat Lock for the improvement in navigation safety and reliability needed due to the increase in boat traffic through the lock. The City has requested the funds on a reimbursement basis.

The City has received \$87,907 to date as of September 30, 2017. The monies in the account are held by the state on a first come, first served basis. In the future, the City may define a project that would be eligible for reimbursement from these funds. However, the funds held by the state may be depleted at that time.

The City operates and maintains the Chiquita Boat Lock on the South Spreader Waterway. The Chiquita Boat Lock separates the southern half of the City's canal system from the open waters of the State at the Caloosahatchee River. The Chiquita Lock provides navigational access to canal front residents. The lock and canal system were constructed as part of a 1977 DER Consent Order with GAC Properties, the developers of Cape Coral.

The same Consent Order required the sum of \$1,000,000 to be placed into a restricted, interest bearing account for future environmental needs and projects for developmental concerns for Cape Coral in Lee County and Golden Gates Estates in Collier County. This GAC restricted account is within the Ecosystem Management and Restoration Trust Fund. In the past, approved funded projects have been infrastructure based and include park construction, storm water projects and previous repairs and upgrades on the Chiquita Lock.

3. Pension Plans

The City has three defined benefit single-employer pension plans:

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

Assets are held separately and may be used only for the payment of benefits to the members of the respective plans. Each plan's financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee contributions are due and a formal commitment has been made by the employer. Benefits and refunds are recognized when due and payable in accordance to the terms of each plan. The plans issue financial reports that include financial statements and required supplementary information. The reports may be obtained from the City of Cape Coral.

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City of Cape Coral, Florida

COMBINING STATEMENT OF NET POSITION
FIDUCIARY FUNDS
September 30, 2017

	Pension Trust Funds			Total Pension Trust Funds
	Municipal General Employees'	Municipal Police Officers'	Municipal Firefighters'	
ASSETS				
Cash and cash equivalents	\$ 5,299,966	\$ 3,783,321	\$ 4,383,652	\$ 13,466,939
Receivables:				
Member contributions	230	-	-	230
Employer contributions	991,280	-	-	991,280
Due from brokers	350,140	423,789	175,173	949,102
Investment income	54,122	152,057	178,241	384,420
Total receivables	1,395,772	575,846	353,414	2,325,032
Investments, at fair value:				
Certificates of deposit	-	172,025	167,110	339,135
US Government Obligations and Federal Agency Guaranteed Securities	-	12,550,161	14,585,842	27,136,003
Mortgage Backed Securities	-	4,049,856	4,899,549	8,949,405
Collateralized Mortgage Obligations	-	2,147,623	2,272,148	4,419,771
Corporate Bonds	-	12,109,274	13,657,693	25,766,967
Municipal obligations	-	119,701	143,641	263,342
Stocks	90,827,208	57,564,386	52,989,173	201,380,767
Unit Investment Trusts	1,219,086	-	-	1,219,086
Mutual and ETF funds				
Equity	27,228,078	22,900,463	23,209,250	73,337,791
Balanced	-	14,101,530	15,476,330	29,577,860
Pooled/common/commingled funds				
Equity	107,120,914	15,083,260	20,323,201	142,527,375
Real Estate	-	16,984,016	16,984,016	33,968,032
Partnerships	29,413,524	-	-	29,413,524
Total investments	255,808,810	157,782,295	164,707,953	578,299,058
Prepaid expenses	-	-	5,856	5,856
Total assets	262,504,548	162,141,462	169,450,875	594,096,885
LIABILITIES				
Accounts payable	259,460	175,834	131,625	566,919
Due to broker for securities purchased	377,382	595,988	318,515	1,291,885
Prepaid contributions	-	8,071	-	8,071
Total liabilities	636,842	779,893	450,140	1,866,875
NET POSITION RESTRICTED FOR PENSIONS	\$ 261,867,706	\$ 161,361,569	\$ 169,000,735	\$ 592,230,010

City of Cape Coral, Florida

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2017

	Pension Trust Funds			Total Pension Trust Funds
	Municipal General Employees'	Municipal Police Officers'	Municipal Firefighters'	
ADDITIONS				
Contributions:				
Employer	\$ 18,745,017	\$ 7,111,509	\$ 8,759,719	\$ 34,616,245
Plan members	4,575,868	1,854,246	1,450,606	7,880,720
Member buybacks	116,662	-	-	116,662
State of Florida	-	1,323,470	1,445,431	2,768,901
Total contributions	23,437,547	10,289,225	11,655,756	45,382,528
Investment income (expense):				
Investment income	2,539,314	3,603,524	3,947,680	10,090,518
Net appreciation (depreciation) in fair value of investments	26,145,758	14,734,150	13,889,725	54,769,633
Less: investment expenses	(1,052,098)	(580,940)	(500,744)	(2,133,782)
Net Investment Income (Loss)	27,632,974	17,756,734	17,336,661	62,726,369
Total additions to Net Position	51,070,521	28,045,959	28,992,417	108,108,897
DEDUCTIONS				
Benefits and refunds	13,516,268	6,778,799	7,933,230	28,228,297
Administrative expenses	211,781	117,560	161,973	491,314
Total deductions from net position	13,728,049	6,896,359	8,095,203	28,719,611
Net increase in net position	37,342,472	21,149,600	20,897,214	79,389,286
Net position - beginning	224,525,234	140,211,969	148,103,521	512,840,724
Net position - ending	\$ 261,867,706	\$ 161,361,569	\$ 169,000,735	\$ 592,230,010

(A) Defined Benefit Plans

(1) Municipal General Employees' Pension Plan

At September 30, 2017, the Plan's membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	677
Inactive plan members entitled to but not yet receiving benefits	134
Active plan members	791
Total	<u>1,602</u>

Plan Description – General Employees' Pension Plan

The City's Municipal General Employees' Pension Plan (Plan) is a defined benefit pension plan covering all full time general employees of the City. Participation in the Plan is required as a condition of employment. The Plan provides for pension and death benefits, and is subject to the provisions of the Florida Statutes and ordinance of the City of Cape Coral. Certain employees may opt-out and participate in the City's defined contribution plan instead.

The Plan, in accordance with the above statute, is governed by a five member pension board. The board is comprised as follows: two members must be legal residents of the City, and are appointed by City Council; two members must be participants in the Plan, and are elected by a majority of Plan participants; the final is elected by a majority of the other four board members. Each board member services a four year period. The board has engaged the services of a third party administrator, Pension Resource Center, to administer the Plan.

Benefits Provided - General Employees' Pension Plan

The plan provides retirement, termination, disability and death benefits.

Normal Retirement. Earlier of: 1) the attainment of age 60 or 2) the completion of 25 years of service, regardless of age. For members hired on and after October 1, 2013 the earlier of: 1) the attainment of age 62 with 10 years of credited service or 2) the completion of 27 years of service regardless of age.

Benefits terms provide for 2.50% of average final compensation times credited service for the first 20 years of credited service plus 2.75% of average final compensation times each year in excess of 20 years. Benefit accrues at 2.60% for the first 20 years for members who terminate with 20 or more years of credited services. Maximum benefit the lesser of 80% of Final Compensation and \$95,000 annually (or the accrued benefit as of October 1, 2013).

Early Retirement. Attainment of age 50 and completion of 10 years of credited service. Benefits are determined as for normal retirement and actuarially reduced.

Pre-Retirement Death Benefits. Actuarial equivalent of participant's accrued benefit payable to designated beneficiary as a Ten Year Certain and Life Annuity or on such other basis as approved by the Board.

Termination of Employment. Vesting schedule (for terminations prior to October 1, 2013):

<u>Years of Service</u>	<u>Vested %</u>
Less than 5	0
5	50
6	60
7	70
8	80
9	90
10 or more	100

For terminations on and after October 1, 2013, a member shall be 100% vested upon the completion of 10 years of service. A member with more than 5 but less than 10 years as of October 1, 2013 shall retain their vested percentage as provided prior to the plan change.

Benefits:

Less than 5 years: refund of member contributions with 3.5% interest per annum.

5 or more years: refund of contributions, with interest or vested accrued benefit payable a normal (unreduced) or early (reduced) retirement date.

Death prior to benefit commencement: beneficiary will receive the actuarial equivalent of the participant's monthly retirement income on the ten year certain and life basis.

Pre-retirement death benefits are the actuarial equivalent of participant's accrued benefit payable to designated beneficiary as a ten year certain and life annuity or on such other basis as approved by the board.

Cost-of-Living-Adjustment: Benefit increased 3% annually beginning the first October 1st following one year of retirement. Members who did not elect the buy-up (pay an additional 1.6% in member contributions) will have a 2.5% cost of living adjustment beginning the third October 1st following retirement for benefits accrued on and after October 1, 2013.

Deferred Retirement Option Program: The plan provides a Deferred Retirement Option Plan (DROP) for member having satisfied the normal retirement requirements (earlier of age 60, or the completion of 25 years of credited service, regardless of age). When the DROP period ends, not to exceed 60 months, employment must be terminated. The member must make an election of 1) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited for each fiscal quarter, or 2) 6.5% per annum compounded monthly. Members may elect to change form of return 2 times during each 12 month period of DROP participation. The DROP balance at September 30, 2017 is \$15,849,799.

Investments – General Employees' Pension Plan

Rate of Return: For the year ended September 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.13%.

Investment Policy and Concentrations: Detailed information can be found in Note IV Detailed Notes 1. Cash and Investments.

Contributions - General Employees' Pension Plan

City of Cape Coral, Florida Code of Ordinances §2-123.5 requires all plan members to make contributions in the amount of 9.90% of salary (an additional 1.60% for members electing the buy-up option). The effective Member Contribution rate will vary each year as new members enter and members electing the buy up leave the plan. The City contributes at an actuarially determined rate.

Net Pension Liability of the City - General Employees' Pension Plan

The City's net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension was determined by an actuarial valuation as of that date.

	<u>9/30/2017</u>
Total pension liability	\$ 331,935,748
Plan fiduciary net position	(261,867,706)
City's net pension liability	<u>\$ 70,068,042</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>78.89%</u>

Actuarial Assumptions - General Employees' Pension Plan

The total pension liability was determined by an actuarial valuation as of October 1, 2016 updated to September 30, 2017 using the following actuarial assumptions applied to all measurement periods.

Inflation	2.00%
Salary Increases	Service based
Discount Rate	7.65%
Investment Rate of Return	7.65%

Mortality rates were based on the following:

Mortality Rate Healthy Inactive Lives:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB.

Mortality Rate Healthy Active Lives:

Female: RP2000 Generational, 100% Combined Healthy (previously Annuitant), White Collar, Scale BB.

Male: RP2000 Generational, 50% Combined Healthy White Collar / 50% Combined Healthy Blue Collar, Scale BB.

Mortality Rate Disabled Lives :

Female: 100% RP2000 Disable Female set forward two years.

Male: 100% RP2000 Disabled Male set back four years

The actuarial assumptions used in the October 1, 2016 valuation were based on the results of an actuarial experience study dated September 27, 2017.

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

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
US Equity	6.44%
Developed Non US Equity	7.40%
Emerging Market Equity	9.42%
US Core Fixed Income	2.02%
Hedge Fund of Funds	3.75%
Real Estate	5.00%
Private Equity	10.47%
Farmland	6.63%

Discount Rate - General Employees' Pension Plan

The discount rate used to measure the total pension liability was 7.65 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension

plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - General Employees' Pension Plan

The following presents the net pension liability of the City, calculated using the discount rate of 7.65%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease 6.65%	Current Discount Rate 7.65%	1% Increase 8.65%
Net pension liability	<u>\$ 110,292,611</u>	<u>\$ 70,068,042</u>	<u>\$ 36,797,629</u>

Changes in the Net Pension Liability - General Employees' Pension Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2016	\$ 303,869,461	\$ 224,525,234	\$ 79,344,227
Changes for the year:			
Service cost	7,581,291	-	7,581,291
Interest	23,613,678	-	23,613,678
Differences between expected and actual experience	4,417,837	-	4,417,837
Changes of Assumptions	5,853,087	-	5,853,087
Contributions - Employer	-	18,745,018	(18,745,018)
Contributions - State	-	-	-
Contributions - Employee	-	4,575,819	(4,575,819)
Contributions - Buy Back	116,662	116,662	-
Net Investment Income	-	27,633,022	(27,633,022)
Benefit payments, including refunds of employee contributions	(13,516,268)	(13,516,268)	-
Administrative Expenses	-	(211,781)	211,781
Net changes	<u>28,066,287</u>	<u>37,342,472</u>	<u>(9,276,185)</u>
Balances at September 30, 2017	<u>\$ 331,935,748</u>	<u>\$ 261,867,706</u>	<u>\$ 70,068,042</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - General Employees' Pension Plan

For the year ended September 30, 2017, the City recognized pension expense of \$15,614,525. At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,649,633	\$ 346,916
Changes in Assumptions	13,014,222	-
Net difference between projected and actual earnings on investments	-	2,477,948
Total	<u>\$ 18,663,855</u>	<u>\$ 2,824,864</u>

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

Year ended September 30,		
2018	\$	6,560,542
2019		7,338,256
2020		3,911,408
2021		(1,971,215)
	\$	<u>15,838,991</u>

(2) Municipal Police Officers' Pension Plan

At September 30, 2017, the Plan's membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	133
Inactive plan members entitled to but not yet receiving benefits	28
Active plan members	<u>213</u>
Total	<u>374</u>

Plan Description – Police Officers' Pension Plan

All full-time police officers at least 18 years old are required to participate in the City's Municipal Police Officers' Pension Plan (Police Officers' Plan). The Police Officers' Plan provides retirement, termination, disability, and death benefits to plan members and beneficiaries. This plan and any amendments were adopted through a City Ordinance by the City Council of the City of Cape Coral. A Board of Trustees administers the Police Officers' Plan. All costs of administering the Police Officers' Plan are paid from plan assets.

Benefits Provided - Police Officers' Pension Plan

The plan provides retirement, termination, disability and death benefits.

Normal Retirement. Earlier of: 1) the attainment of age 50 or 2) the completion of 25 years of credited service. For members hired on and after October 1, 2013 the earlier of: 1) the attainment of age 50 with 10 years of credited service or 2) the completion of 27 years of credited service regardless of age.

Benefit terms provide for 3.25% of average final compensation times years of credited service. For all members who have not reached normal retirement eligibility as of October 1, 2013 the maximum benefit shall not exceed \$95,000 annually or the actual accrued benefit as of October 1, 2013.

Early Retirement. Attainment of age 40 and completion of 10 years of credited service. Benefits are determined as for normal retirement and actuarially reduced.

Termination of Employment. Vesting schedule (for terminations prior to October 1, 2013):

<u>Years of Service</u>	<u>Vested %</u>
Less than 5	0
5	50
6	60
7	70
8	80
9	90
10 or more	100

For members hired on or after October 1, 2013, vesting is 100% at 10 years of credited service.

Benefits:

Less than 5 years: refund of member contributions.

5 or more years: refund of contributions or vested accrued benefit payable at retirement age.

Death prior to benefit commencement: Beneficiary will receive the actuarial equivalent of the participant's monthly retirement income on a ten year certain and life basis.

Disability: Eligibility is total and permanent as determined by the Retirement Committee (medical proof required). The benefit is a percentage of average final compensation determined in accordance with the following schedule:

<u>Years of Service</u>	<u>Service Incurred</u>	<u>Non-Service Incurred</u>
Less than 5	66 2/3%	25%
5 to 10	66 2/3%	50%
10 or more	66 2/3%	66 2/3%

Pre-Retirement Death Benefits: Actuarial equivalent of participant's accrued benefit payable to designated beneficiary as a ten year certain and life annuity of on such other basis as approved by the Board.

Cost-of-Living-Adjustment: Beginning on the first October 1 following one complete year of retirement income payments, the benefit is increased 3% annually. The first increase is a pro-rata adjustment, based on the number of months benefits commenced prior to October 1. For members hired on or after October 1, 2013 the cost of living adjustment is after 3 complete years of receiving income payments.

Deferred Retirement Option Program: The plan provides a Deferred Retirement Option Plan (DROP) for member having satisfied the normal retirement requirements. When the DROP period ends, not to exceed 60 months, employment must be terminated. The member must make an election of 1) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited for each fiscal quarter, or 2) 6.5% per annum compounded monthly. Members may elect to change form of return 2 times during each 12 month period of DROP participation. The DROP balance at September 30, 2017 is \$8,499,466.

Investments – Police Officers' Pension Plan

Rate of Return: For the year ended September 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.59%.

Investment Policy and Concentrations: Detailed information can be found in Note IV Detailed Notes 1. Cash and Investments.

Contributions - Police Officers' Pension Plan

Covered employees are required to contribute 10% of their salary. The effective member contribution rate will vary each year as new members enter and members electing the buy up leave the plan. The City contributes the remaining amounts at actuarially determined rates that are designated to accumulate sufficient assets to pay benefits when due. In addition, the State of Florida contributes insurance premium taxes towards the funding of the plan.

Net Pension Liability of the City - Police Officers' Pension Plan

The City's net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension was determined by an actuarial valuation as of that date.

	<u>9/30/2017</u>
Total pension liability	\$ 183,622,802
Plan fiduciary net position	(161,409,809)
City's net pension liability	<u>\$ 22,212,993</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>87.90%</u>

Actuarial Assumptions – Police Officers' Pension Plan

The total pension liability was determined by an actuarial valuation as of October 1, 2016 updated to September 30, 2017 using the following actuarial assumptions applied to all measurement periods.

Inflation	2.25%
Salary Increases	6.00% - 10.00%
Discount Rate	7.75%
Investment Rate of Return	7.75%

Mortality Rate Healthy Lives:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB

Male: RP2000 Generational, 10% Annuitant White Collar /90% Annuitant Blue Collar, Scale BB

Mortality Rate Disabled Lives:

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.

Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

The actuarial assumptions used in the October 1, 2016 valuation were based on the results of an actuarial experience study dated May 1, 2012.

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

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
US Large Cap Stocks	6.00%
US Small / Mid Cap Stocks	6.50%
International Equity	6.25%
U.S. Direct Real Estate	5.25%
Absolute Return	3.25%
US Aggregate Bond	2.00%

Discount Rate - Police Officers' Pension Plan

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - Police Officers' Pension Plan

The following presents the net pension liability of the City, calculated using the discount rate of 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current	1% Increase
	6.75%	Discount Rate 7.75%	8.75%
Net pension liability	<u>\$ 46,721,016</u>	<u>\$ 22,212,993</u>	<u>\$ 2,279,988</u>

Changes in the Net Pension Liability - Police Officers' Pension Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2016	\$ 170,169,493	\$ 140,211,969	\$ 29,957,524
Changes for the year:			
Service cost	4,788,378	-	4,788,378
Interest	13,168,259	-	13,168,259
Change in Excess State Money	(1,653,314)	-	(1,653,314)
Share Plan Allocation	1,735,860		1,735,860
Differences between expected and actual experience	2,007,169	-	2,007,169
Contributions - Employer	-	7,111,509	(7,111,509)
Contributions - State	-	1,323,470	(1,323,470)
Contributions - Buy Back	190,028	190,028	-
Contributions - Employee	-	1,701,463	(1,701,463)
Net Investment Income	-	17,760,238	(17,760,238)
Benefit payments, including refunds of employee contributions	(6,783,071)	(6,783,071)	-
Administrative Expenses	-	(105,797)	105,797
Net changes	<u>13,453,309</u>	<u>21,197,840</u>	<u>(7,744,531)</u>
Balances at September 30, 2017	<u>\$ 183,622,802</u>	<u>\$ 161,409,809</u>	<u>\$ 22,212,993</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Police Officers’ Pension Plan

For the year ended September 30, 2017, the City recognized pension expense of \$6,754,472. At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,017,780	\$ 1,253,937
Changes in Assumptions	4,472,792	-
Net difference between Projected and Actual Earnings on Pension Plan Investments	-	2,549,455
Total	<u>\$ 7,490,572</u>	<u>\$ 3,803,392</u>

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

Year ended September 30,	
2018	\$ 1,310,588
2019	1,755,224
2020	(150,050)
2021	436,890
2022	334,528
	<u>\$ 3,687,180</u>

(3) Municipal Firefighters’ Pension Plan

At September 30, 2017 the Plan’s membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	140
Inactive plan members entitled to but not yet receiving benefits	11
Active plan members	<u>171</u>
Total	<u>322</u>

Plan Description – Firefighters’ Pension Plan

All full-time firefighters at least 18 years old are required to participate in the City’s Municipal Firefighters’ Pension Plan (Firefighters’ Plan). The Firefighters’ Plan provides retirement, termination, disability, and death benefits to plan members and beneficiaries. This plan and any amendments were adopted through a City Ordinance by the City Council of the City of Cape Coral. A Board of Trustees administers the Firefighters’ Plan. All costs of administering the Firefighters’ Plan are paid from plan assets.

Benefits Provided - Firefighters’ Pension Plan

The plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Date: The earlier of: 1) the attainment of age 50 (age 52 and 10 years of service for members hired on or after June 16, 2014 or 2) the completion of 25 years of credited service regardless of age.

Benefit: 3.25% of Average Final Compensation times Credited Service subject to a maximum of \$95,000 annually as indexed.

Early Retirement:

Attainment of age 40 and completion of 10 years of credited service.

Benefits: Determined as for Normal Retirement and actuarially reduced.

Termination of Employment Vesting Schedule:

<u>Years of Service</u>	<u>Vested %</u>
Less than 5	0
5	50
6	60
7	70
8	80
9	90
10 or more	100

For members hired after June 15, 2014, there is no vesting until members have accrued 10 years of credited service. Additionally, for members who have more than 5 years of credited service, but less than 10 years as of June 15, 2014, those members' vesting is frozen at the percentage above until such time that the member has 10 years of credited service.

Benefit:

Less than 5 years: refund of member contributions.

5 or more years: Refund of Contributions or Vested Accrued benefit payable at retirement age.

Death prior to benefit commencement: Beneficiary will receive the actuarial equivalent of the participant's monthly retirement income on a Ten Year Certain and Life Basis.

Disability: Eligibility is total and permanent as determined by the Retirement Committee (medical proof required). The benefit is a percentage of average final compensation determined in accordance with the following schedule:

<u>Years of Service</u>	<u>Service Incurred</u>	<u>Non-Service Incurred</u>
Less than 5	66 2/3%	25%
5 to 10	66 2/3%	50%
10 or more	66 2/3%	66 2/3%

Cost-of-Living-Adjustment: Beginning on the first (third for members hired after June 15, 2014) October 1st following one complete year of receiving retirement income, the benefit is creased annually by 3.0%.

Pre-Retirement Death Benefits: Actuarial equivalent of participant's accrued benefit payable to designated beneficiary as a Ten Year Certain and Life Annuity or on such other basis as approved by the Board.

Deferred Retirement Option Program: The plan provides a Deferred Retirement Option Plan (DROP) for member having satisfied the normal retirement requirements. When the DROP period ends, not to exceed 60 months, employment must be terminated. The member must make an election of 1) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited for each fiscal quarter, or 2) 6.5% per annum. Members may elect to change form of return 2 times during each 12 month period of DROP participation. The DROP balance at September 30, 2017 is \$17,222,459.

Contributions – Firefighters' Pension Plan

Employees contribute 10% of salary. The effective Member Contribution rate will vary each year as new members enter and members electing the buy up leave the plan. The City contributes the remaining amounts at actuarially determined rates that are designated to accumulate sufficient assets to pay benefits when due.

Net Pension Liability of the City - Firefighters' Pension Plan

The City's net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension was determined by an actuarial valuation as of that date.

	<u>9/30/2017</u>
Total pension liability	\$ 206,388,489
Plan fiduciary net position	<u>(169,000,735)</u>
City's net pension liability	<u>\$ 37,387,754</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81.88%</u>

Actuarial Assumptions – Firefighters' Pension Plan

The total pension liability was determined by an actuarial valuation as of October 1, 2016 updated to September 30, 2017 using the following actuarial assumptions applied to all measurement periods.

Inflation	2.25%
Salary Increases	7.50%
Discount Rate	7.70%
Investment Rate of Return	7.70%

Mortality Rate Healthy Inactive Lives:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB

Male: RP2000 Generational, 10% Annuitant White Collar /90% Annuitant Blue Collar, Scale BB

Mortality Rate Healthy Active Lives:

Female: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB

Male: RP2000 Generational, 10% Combined Healthy White Collar / 90% Combined Healthy Blue Collar, Scale BB

Mortality Rate Disabled Lives:

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.

Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

The most recent actuarial experience study used to review the other significant assumptions was dated November 30, 2017.

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

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Large Cap Stocks	35%	6.00%
US Small / Mid Cap Stocks	10%	6.50%
International Equity	15%	6.25%
U.S. Direct Real Estate	10%	5.25%
Absolute Return	10%	3.25%
US Aggregate Bond	20%	2.00%
Total	100%	

Discount Rate - Firefighters' Pension Plan

The discount rate used to measure the total pension liability was 7.70 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – Firefighters' Pension Plan

The following presents the net pension liability of the City, calculated using the discount rate of 7.70%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease 6.70%	Current Discount Rate 7.70%	1% Increase 8.70%
Net pension liability	\$ 64,172,340	\$ 37,387,754	\$ 15,684,013

Changes in the Net Pension Liability – Firefighters' Pension Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2016	\$ 196,822,130	\$ 148,103,521	\$ 48,718,609
Changes for the year:			
Service cost	4,266,311	-	4,266,311
Interest	15,178,381	-	15,178,381
Differences between expected and actual experience	1,557,771	-	1,557,771
Changes of Assumptions	(3,502,874)	-	(3,502,874)
Contributions - Employer	-	8,759,719	(8,759,719)
Contributions - State	-	1,445,431	(1,445,431)
Contributions - Employee	-	1,450,606	(1,450,606)
Net Investment Income	-	17,336,661	(17,336,661)
Benefit payments, including refunds of employees contributions	(7,933,230)	(7,933,230)	-
Administrative Expenses	-	(161,973)	161,973
Net changes	9,566,359	20,897,214	(11,330,855)
Balances at September 30, 2017	\$ 206,388,489	\$ 169,000,735	\$ 37,387,754

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Firefighters’ Pension Plan

For the year ended September 30, 2017, the City recognized pension expense of \$8,459,255. At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,054,601	\$ 173,999
Changes in Assumptions	6,702,708	3,002,466
Net difference between projected and actual earnings on investments	-	2,498,896
Total	<u>8,757,309</u>	<u>5,675,361</u>

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

Year ended September 30,	
2018	\$ 1,844,245
2019	2,202,614
2020	(368,342)
2021	(40,825)
2022	(277,872)
Thereafter	(277,872)
	<u>\$ 3,081,948</u>

(B) Defined Contribution Plan

(1) General Employees Defined Contribution Pension Plan

The City established a single-employer defined contribution pension plan for department heads and administrative management general employees on April 23, 1997. Eligible members who were current members of the Municipal General Employees’ Pension Plan were given the irrevocable election to opt out of the old plan, and their accumulated contributions or future benefits, if vested, were rolled over into the new defined contribution pension plan. The employee chooses to directly manage his/her funds or to delegate the management via a preferred fund selection.

The City contracted with ICMA-RC to provide a 401(a) plan to all positions Grade 22 or higher as an alternative “opt-out” to the defined benefit retirement plan per City Code of Ordinances 2-123.2(a)(2). Terms of the plan are identified in the ICMA Retirement Corporation Governmental Money Purchase Plan & Trust Adoption Agreement approved by council and requires council approval for all changes.

Normal retirement is age 55 (not to exceed age 65). The adoption agreement has the following provisions: immediate 100% vesting, requires contributions equal to 8% of earnings from the employee and contributions of 12% of earnings from the employer. During FY2017, the City contributed \$127,957 and the employees contributed \$191,936.

4. Other Postemployment Benefits (OPEB)

The City provides group health and life insurance benefits to its retired employees. All full-time regular employees are eligible for these benefits if actively employed by the City for 10 years, or as outlined in the personnel ordinance and union contracts, and meet the requirements as set forth by the City. As of September 30, 2017 there were 621 retirees receiving medical and life insurance benefits. The cost of these benefits is paid by the City; retirees are responsible for dependent group health coverage, if selected by the retiree. The City finances the benefits on a pay-as-you-go basis and recognizes expenditures at the time premiums are due. The premiums for these benefits, not including the retirees' costs for dependent health coverage, totaled \$7,895,347 during fiscal year 2017. The City does not issue a separate financial report for the OPEB plan.

Funding Policy. Currently, the City's OPEB benefits are unfunded. That is, City Council has not determined if a separate Trust Fund or equivalent arrangement will be established into which the City would make contributions to advance-fund the obligation. However, the City did have an Actuarial Valuation for OPEB to measure the current year's subsidies and project these subsidies for decades into the future and making an allocation of that cost to different years.

<u>Year Ended September 30,</u>	<u>Annual OPEB cost</u>	<u>Amount contributed</u>	<u>Percentage annual OPEB cost</u>	<u>Net OPEB obligation</u>
2017	\$ 20,493,750	\$ 7,895,347	38.53%	\$ 161,670,137
2016	20,870,175	6,757,912	32.38%	149,071,734
2015	19,729,414	6,560,628	33.25%	134,959,471

Annual OPEB Cost and Net OPEB Obligation. The annual OPEB cost is the amount that was expensed for the fiscal year. Since the City's OPEB plan is primarily unfunded, the offset to that expense comes from subsidies paid on behalf of the current retirees and their dependents for the current year. This offset is called the Employer Contribution, and equals the total age-adjusted premiums paid by the City for coverage for the retirees and their dependents for the year (net of the retiree's own payments for the year). The cumulative difference between the Annual OPEB Cost for the year and the Employer Contribution for the year is called the Net OPEB Obligation. The Net OPEB Obligation is reflected as a liability in the Statement of Net Position.

	<u>9/30/2017</u>
Annual required contribution	\$ 22,376,762
Interest on net OPEB	5,962,869
Adjustment to ARC	<u>(7,845,881)</u>
Annual OPEB Cost	20,493,750
Employer Contribution Toward the OPEB Cost	<u>7,895,347</u>
Yearly change in OPEB Obligation	12,598,403
Net OPEB Obligation – Beginning of Fiscal Year	149,071,734
Net OPEB Obligation – End of Fiscal Year	<u>\$ 161,670,137</u>
Per Covered Active Employee	\$ 16,074
As % of Expected Payroll	27.6%

Early Retirement Incentive Program (ERIP). Effective July 1, 2008 the City introduced an Early Retirement Incentive Program providing certain employees with additional service credits for the purpose of calculating the pension benefit eligible and for determining eligibility for Early or Normal Retirement. As a result, 197 employees retired on or before December 31, 2008.

Funded Status and Funding Progress. As of October 1, 2015, the actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$255,488,318, and the actuarial value

of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$255,488,318. The covered payroll was \$71,526,048, and the ratio of the UAAL to covered payroll was 357.20 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funding status of a plan and the annual required contributions of the employer are subject to continual revision as actual results are 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.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing of benefit costs between the employer and plan members. Actuarial calculations reflect a long-term perspective. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 1, 2017, actuarial valuation, the frozen entry age normal cost method with an increasing normal cost pattern with salary increases of 7% per year declining to 5% for employees age 60 and older for general employees and 7.5% for police officers and firefighters, was used. The actuarial assumptions included a 4.0% investment rate of return (since there are no invested plan assets held in trust to finance the OPEB obligations, the investment return discount rate is the long-term expectation of investment return on assets held in City funds pursuant to its investment policy) and an annual healthcare cost trend rate. Monthly per capita costs for medical and RX benefits are assumed to increase each year. The per capital costs and premiums are expected to increase 7% after 1/01/2017. The UAAL, as calculated pursuant to the individual entry age actuarial cost method, is being amortized as a level percent of payroll on a closed basis. The assumed rate of payroll growth is 4.0%; the assumed general inflation rate is 2.5%.

5. Contingencies

The City is currently receiving, and has received in the past, grants which are subject to special compliance audits by the grantor agency and which may result in disallowed expense amounts. These amounts, if any, constitute a contingent liability of the City. The City does not believe any contingent liabilities are material. Accordingly, such liabilities are not reflected within the financial statements.

The City currently prepares rebate calculations on all debt subject to arbitrage per the United States Department of the Treasury Regulations, Section 1.148, and the Internal Revenue Service Code of 1986. Rebates, if any, are paid to the Internal Revenue Service every fifth year after the year of issuance. Within the five-year period, any positive arbitrage (liability) can be offset by any negative arbitrage (non-liability). The City does not believe there are any arbitrage contingent liabilities that are material.

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

6. Subsequent Event

In December 2017, the City issued \$248,355,000 of Water and Sewer Refunding Revenue Bonds, Series 2017 for the purpose of refinancing a portion of the outstanding Water and Sewer Revenue Bonds, Series 2011 and Water and Sewer Revenue Bonds, Series 2011A. By refinancing the City will achieve \$26.5 million in savings through the life of the bonds through 2042. The savings in today's dollars (net present value savings) is \$18.7 million. Principal and interest on the obligations is secured by the Water and Sewer net revenues. Principal is paid annually through October 2042 with interest paid semiannually at rates ranging from 3.25% to 5.00%.

Required Supplementary Info

City of Cape Coral, Florida

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended September 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Property	\$ 79,074,379	\$ 79,074,379	\$ 79,463,250	\$ 388,871
Utility	7,621,186	7,621,186	7,103,228	(517,958)
Sales	18,803,693	18,803,693	18,646,222	(157,471)
Fuel	1,420,326	1,420,326	1,540,705	120,379
Alcohol and beverage	67,864	67,864	78,660	10,796
Franchise	6,620,787	6,620,787	6,433,799	(186,988)
Communication	5,713,396	5,713,396	5,319,563	(393,833)
Special assessments	22,590,875	22,590,875	22,496,672	(94,203)
Licenses and permits	1,482,925	1,482,925	934,149	(548,776)
Intergovernmental	3,355,103	4,100,696	4,123,533	22,837
Charges for services	6,226,087	6,238,087	6,621,804	383,717
Fines and forfeitures	656,543	656,543	776,454	119,911
Rent and royalties	457,826	477,984	432,487	(45,497)
Interest income	384,154	384,154	528,098	143,944
Contributions and donations	-	1,000	2,000	1,000
Other revenue	444,310	591,733	1,969,924	1,378,191
Cash balances brought forward	35,387,739	50,545,177	-	(50,545,177)
Total revenues	<u>190,307,193</u>	<u>206,390,805</u>	<u>156,470,548</u>	<u>(49,920,257)</u>
EXPENDITURES				
Current:				
General government	49,904,827	61,133,418	53,681,725	7,451,693
Public Safety:				
Police	33,992,324	35,769,862	34,680,077	1,089,785
Fire	27,675,360	28,747,594	27,083,417	1,664,177
Public works	11,379,399	12,626,727	9,913,321	2,713,406
Parks and recreation	6,068,993	6,652,629	6,347,882	304,747
Community development	4,593,563	4,605,511	4,210,860	394,651
Capital outlay	7,336,589	9,159,177	5,352,983	3,806,194
Total expenditures	<u>140,951,055</u>	<u>158,694,918</u>	<u>141,270,265</u>	<u>17,424,653</u>
Excess (deficiency) of revenues over (under) expenditures	<u>49,356,138</u>	<u>47,695,887</u>	<u>15,200,283</u>	<u>(32,495,604)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,634,533	6,998,921	6,949,947	(48,974)
Transfers out	(21,990,764)	(23,086,509)	(22,184,750)	901,759
Issuance of debt	750,000	750,000	-	(750,000)
Reserves	(32,749,907)	(32,358,299)	-	32,358,299
Total other financing sources (uses)	<u>(49,356,138)</u>	<u>(47,695,887)</u>	<u>(15,234,803)</u>	<u>32,461,084</u>
Net change in fund balance	-	-	(34,520)	(34,520)
Budgetary fund balance - beginning	<u>50,545,177</u>	<u>50,545,177</u>	<u>50,545,177</u>	<u>-</u>
Budgetary fund balance - ending	<u>\$ 50,545,177</u>	<u>\$ 50,545,177</u>	<u>\$ 50,510,657</u>	<u>\$ (34,520)</u>

City of Cape Coral, Florida

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For the Year Ended September 30, 2017

Explanation of differences between Budgetary Revenues, Expenditures and Other Financing Sources (Uses) and GAAP Revenues, Expenditures and Other Financing Sources (Uses)

Actual revenue amounts (budgetary basis)	\$ 156,470,548
The net proceeds from the sale of capital assets are budgetary revenues but are regarded as other financing sources, rather than revenue, for financial reporting purposes.	<u>(1,384,095)</u>
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 155,086,453</u>
Actual other financing sources (uses) (budgetary basis)	\$ (15,234,803)
The net proceeds from the sale of capital assets are budgetary revenues but are regarded as other financing sources, rather than revenue, for financial reporting purposes.	<u>1,384,095</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ (13,850,708)</u>

The accompanying notes to the required supplementary information - budget comparison are an integral part of this schedule.

City of Cape Coral, Florida

BUDGETARY COMPARISON SCHEDULE
COMMUNITY REDEVELOPMENT AGENCY SPECIAL REVENUE FUND
For the Year Ended September 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 615,653	\$ 608,802	\$ 600,820	\$ (7,982)
Interest income	5,700	5,700	20,327	14,627
Other revenue	-	-	46	46
Prior year cash balance	1,824,267	2,400,396	-	(2,400,396)
Total revenues	<u>2,445,620</u>	<u>3,014,898</u>	<u>621,193</u>	<u>(2,393,705)</u>
EXPENDITURES				
Community development	293,508	469,508	339,692	129,816
Capital outlay	<u>2,736,484</u>	<u>192,606</u>	<u>178,186</u>	<u>14,420</u>
Total expenditures	<u>3,029,992</u>	<u>662,114</u>	<u>517,878</u>	<u>144,236</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(584,372)</u>	<u>2,352,784</u>	<u>103,315</u>	<u>(2,249,469)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,001,219	1,001,219	1,001,219	-
Transfers out	<u>(416,847)</u>	<u>(3,354,003)</u>	<u>(3,351,946)</u>	<u>2,057</u>
Total other financing sources (uses)	<u>584,372</u>	<u>(2,352,784)</u>	<u>(2,350,727)</u>	<u>2,057</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(2,247,412)</u>	<u>\$ (2,247,412)</u>
Fund balances - beginning			<u>2,404,047</u>	
Fund balances - ending			<u>\$ 156,635</u>	

There are no differences between Budgetary Revenues, Expenditures and Other Financing Sources (Uses) and GAAP Revenues, Expenditures and Other Financing Sources (Uses)

The accompanying notes to the required supplementary information - budget comparisons are an integral part of this schedule.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – BUDGET COMPARISONS

September 30, 2017

Budgetary Basis

The City adopts an annual appropriated budget for the General Fund, the following Special Revenue Funds: gas tax, road impact fee, public safety impact fee, do the right thing, police confiscation-federal, police confiscation-state, criminal justice education, seawalls, park recreational facilities impact fee, community redevelopment agency (CRA), City Centrum business park, all hazards, alarm fee, Del Prado Mall parking lot, lot mowing, parks and recreation programs, waterpark, building, Community Development Block Grant, HUD Neighborhood Stabilization, local housing assistance, Residential Construction Mitigation Program, and debt service. Capital projects are budgeted over the length of the project except for the Hurricane Charley Disaster Improvement Fund. The budget to actual comparison for the general fund is presented on pages 103-104 of the required supplementary information and other governmental funds are presented on pages 128-152 of the combining statements.

Budgetary Information

The following procedures are used in establishing the legally adopted budgetary data reflected in the financial statements.

1. During July, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. On or before September 30 the budget is legally enacted by City Council through passage of an ordinance as required by City Charter, and an ordinance for setting the millage is passed as required by the State of Florida.
4. The City Manager can authorize changes within a fund. However, any other revisions require approval of the City Council. Various supplemental appropriations were approved by the Council during the fiscal year ended September 30, 2017.
5. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America except for the reporting of encumbrances, capital leases, insurance damage claims, and sale of capital assets. Estimated cash balances from previous fiscal years that are available to support the annual operating budget are included in the adopted budget reflected as Balances Forward. Consistent with guidance by the State of Florida, the use of reserves is reported as expenditures in the budget. Annual appropriated budgets are adopted for the general, certain special revenue, and the debt service fund. Project-length financial plans and budgets are adopted for the capital projects funds except for the Hurricane Charley Disaster Improvement Fund.
6. Expenditures may not legally exceed appropriations at the fund level.
7. Beginning with the first amendment for the 2008 fiscal year, all available cash (not including capital projects) is now included within the budget. This has the affect of causing the budget to be greater than would have been the case in prior years even though expenditures may be less.

City of Cape Coral, Florida

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
MUNICIPAL GENERAL EMPLOYEES
 Last 5 Fiscal Years

	2017	2016	2015	2014	2013
Total Pension Liability					
Service Cost	\$ 7,581,291	\$ 6,787,332	\$ 6,345,174	\$ 6,326,371	\$ 5,871,342
Interest	23,613,678	21,003,661	19,926,291	18,821,859	17,724,278
Differences Between Expected and Actual					
Experience	4,417,837	3,893,760	(867,289)	-	-
Changes of Assumptions ²	5,853,087	14,374,009	-	-	-
Contributions - Buy Back	116,662	73,024	248,187	-	-
Benefit Payments, Including Refunds of					
Employee Contributions	(13,516,268)	(12,979,936)	(11,406,026)	(10,426,554)	(9,350,092)
Net Change in Total Pension Liability	28,066,287	33,151,850	14,246,337	14,721,676	14,245,528
Total Pension Liability - Beginning	303,869,461	270,717,611	256,471,274	241,749,598	227,504,070
Total Pension Liability - Ending (a)	<u>\$ 331,935,748</u>	<u>\$ 303,869,461</u>	<u>\$ 270,717,611</u>	<u>\$ 256,471,274</u>	<u>\$ 241,749,598</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 18,745,018	\$ 16,703,284	\$ 15,896,933	\$ 14,847,599	\$ 11,946,344
Contributions - Employee	4,575,819	4,110,347	3,900,545	3,740,529	3,377,905
Contributions - Buy Back	116,662	73,024	248,187	-	-
Net Investment Income	27,633,022	17,442,740	(2,670,840)	17,248,123	18,720,913
Benefit Payments, Including Refunds of					
Employee Contributions	(13,516,268)	(12,979,936)	(11,406,026)	(10,426,554)	(9,350,092)
Administrative Expenses	(211,781)	(178,584)	(219,890)	(209,604)	(145,987)
Net Change in Plan Fiduciary Net Position	37,342,472	25,170,875	5,748,909	25,200,093	24,549,083
Plan Fiduciary Net Position - Beginning	224,525,234	199,354,359	193,605,450	168,405,357	143,856,274
Plan Fiduciary Net Position - Ending (b)	<u>261,867,706</u>	<u>224,525,234</u>	<u>199,354,359</u>	<u>193,605,450</u>	<u>168,405,357</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 70,068,042</u>	<u>\$ 79,344,227</u>	<u>\$ 71,363,252</u>	<u>\$ 62,865,824</u>	<u>\$ 73,344,241</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.89%	73.89%	73.64%	75.49%	69.66%
Covered Payroll ¹	\$ 43,023,377	\$ 38,839,907	\$ 43,059,029	\$ 36,210,403	\$ 33,074,042
Net Pension Liability as a Percentage of Covered Payroll	162.86%	204.29%	165.73%	173.61%	221.76%

Notes to Schedule:

¹ The covered payroll numbers shown are in compliance with GASB 82, except for the 9/30/2015 measurement period which includes DROP payroll.

² *Changes of Assumptions:*

For measurement date 9/30/2017:

- as a result of an experience study dated September 27, 2017, the Board made changes to the following assumptions with this valuation of the Plan: salary increases, mortality rates, disability rates, normal and early retirement rates, withdrawal rates, and investment return.

For measurement date 9/30/2016:

- as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees. The inflation assumption rate was lowered from 3.00% to 2.00%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

Other items:

This information is required for 10 years. However, only 5 years of information is available.

City of Cape Coral, Florida

**SCHEDULE OF CONTRIBUTIONS
MUNICIPAL GENERAL EMPLOYEES**
Last 5 Fiscal Years

	2017	2016	2015	2014	2013
Actuarially Determined Contribution	\$ 18,745,018	\$ 16,709,229	\$ 15,890,988	\$ 14,847,599	\$ 11,946,344
Contributions in Relation to the					
Actuarially Determined Contributions	18,745,018	16,703,284	15,896,933	14,847,599	11,946,344
Contribution Deficiency (Excess)	<u>-</u>	<u>\$ 5,945</u>	<u>\$ (5,945)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll ¹	\$ 43,023,377	\$ 38,839,907	\$ 43,059,029	\$ 36,210,403	\$ 33,074,042
Contributions as a Percentage of					
Covered Payroll	43.57%	43.01%	36.92%	41.00%	36.12%

¹ The covered payroll numbers shown are in compliance with GASB 82, except for the 9/30/2015 measurement period which includes DROP payroll.

Notes to Schedule:

Valuation Date: 10/01/15

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

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method.

The following loads are applied for determination of the Sponsor funding requirement:

Interest - half a year based on the current 7.75% assumption.

Salary - a full year based on the current average assumption of 6.86%.

Amortization Method: Level Percentage of Pay, Closed.

Remaining Amortization Period: 26 years (as of 10/01/2015).

Inflation: 2.00% per year.

Mortality: As disclosed in the 7/1/2015 FRS valuation report dated December 1, 2015.
Female non-disabled: RP2000 Generational, 100% annuitant white collar, scale BB.
Male non-disabled: RP2000 Generational, 50% annuitant white collar/50% annuitant blue collar, scale BB.
Female disabled: RP2000 100% disabled female set forward 2 years, no projection scale.
Male disabled: RP2000 100% disabled male set back 4 years, no projection scale.

Termination Rates:

Age	% Terminating During the Year
20	13.00%
30	10.00%
40	6.00%
50	5.70%
60	0.00%

Disability Rates:

Age	% Becoming Disabled During the Year
20	0.05%
30	0.06%
40	0.12%
50	0.43%
60	1.61%

Retirement Age:

Number of Years after First Eligibility for Normal Retirement	Probability of Retirement
0	10.00%
1	10.00%
2	10.00%
3	10.00%
4	10.00%
5	100.00%

Members with 25 or more years of Credited Service are assumed to retire immediately.

Early Retirement:

Commencing upon eligibility for Early Retirement, Members are assumed to retire with an immediate benefit at the rate of 2% per year.

Interest Rate:

7.75% per year, compounded annually, net of investment.

Salary Increases:

Age	Credit Service	Assumption
All	less than 20 years	7.00%
Under Age 50	20 or more years	5.80%
50-59	20 or more years	5.30%
60 and Older	20 or more years	5.00%

Payroll Increase:

2.08% per year.

Asset Valuation Method:

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

SCHEDULE OF INVESTMENT RETURNS
MUNICIPAL GENERAL EMPLOYEES
Last 5 Fiscal Years

	2017	2016	2015	2014	2013
Annual Money Weighted Rate of Return Net of Investment Expenses	12.13%	8.66%	-1.36%	10.04%	12.71%

Other items:

This information is required for 10 years. However, only 5 years of information is available.

City of Cape Coral, Florida

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
MUNICIPAL POLICE OFFICERS'
 Last 5 Fiscal Years

	2017	2016	2015	2014	2013
Total Pension Liability					
Service Cost	\$ 4,788,378	\$ 4,597,357	\$ 4,181,795	\$ 4,249,385	\$ 3,943,745
Interest	13,168,259	11,714,484	11,186,338	10,547,735	9,908,025
Change in Excess State Money	(1,653,314)	379,832	256,415	209,437	-
Share Plan Allocation	1,735,860	-	-	-	-
Differences Between Expected and Actual Experience	2,007,169	2,017,708	(2,507,874)	-	-
Contributions - Buy Back	190,028	105,656	-	-	-
Changes of Assumptions ²	-	6,709,188	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(6,783,071)	(6,370,968)	(6,551,123)	(6,427,849)	(5,378,316)
Net Change in Total Pension Liability	13,453,309	19,153,257	6,565,551	8,578,708	8,473,454
Total Pension Liability - Beginning	170,169,493	151,016,236	144,450,685	135,871,977	127,398,523
Total Pension Liability - Ending (a)	<u>\$ 183,622,802</u>	<u>\$ 170,169,493</u>	<u>\$ 151,016,236</u>	<u>\$ 144,450,685</u>	<u>\$ 135,871,977</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 7,111,509	\$ 6,875,656	\$ 6,995,863	\$ 6,660,536	\$ 6,260,750
Contributions - State	1,323,470	1,256,354	1,132,937	1,085,959	1,002,434
Contributions - Employee	1,701,463	1,553,768	1,454,685	1,326,883	1,414,151
Contributions - Buy Back	190,028	105,656	-	-	-
Net Investment Income	17,760,238	10,749,925	128,262	10,828,135	13,788,213
Benefit Payments, Including Refunds of Employee Contributions	(6,783,071)	(6,370,968)	(6,551,123)	(6,427,849)	(5,378,316)
Administrative Expenses	(105,797)	(112,350)	(132,861)	(112,882)	(92,544)
Net Change in Plan Fiduciary Net Position	21,197,840	14,058,041	3,027,763	13,360,782	16,994,688
Plan Fiduciary Net Position - Beginning	140,211,969	126,153,928	123,126,165	109,765,383	92,770,695
Plan Fiduciary Net Position - Ending (b)	<u>\$ 161,409,809</u>	<u>\$ 140,211,969</u>	<u>\$ 126,153,928</u>	<u>\$ 123,126,165</u>	<u>\$ 109,765,383</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 22,212,993</u>	<u>\$ 29,957,524</u>	<u>\$ 24,862,308</u>	<u>\$ 21,324,520</u>	<u>\$ 26,106,594</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.90%	82.40%	83.54%	85.24%	80.79%
Covered Payroll ¹	\$ 17,014,603	\$ 15,813,229	\$ 18,006,886	\$ 12,835,801	\$ 13,471,634
Net Pension Liability as a Percentage of Covered Payroll	130.55%	189.45%	138.07%	166.13%	193.79%

Notes to Schedule:

¹ The covered payroll numbers shown are in compliance with GASB 82, except for the 9/30/2015 measurement period which includes DROP payroll.

² *Changes of Assumptions:*

For measurement date 9/30/2017:

- as mandated by Chapter 2015-157, Laws of Florida the assumed rates of mortality were changed from the rates used by the Florida Retirement System actuary in the July 1, 2015 actuarial valuation to the rates used in the July 2, 2016 actuarial valuation for special risk lives.
- Normal retirement, disability were updated in accordance with the experience study dated November 30, 2017
 - Termination rates were changed from an age-based table to a service-based tables.
 - Normal retiree rates were reduced from members with less than 25 years of credited service. Additionally, the assumption that members currently eligible for normal retirement would retire with 100% probability was removed
 - Disability rates were doubled at each age.

For measurement date 9/30/2016:

- as a result of Chapter 2015-157, Laws of Florida the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk lives.
- The inflation assumption rate was lowered from 3.00% to 2.25%, matching the long-term inflation assumption utilized by the Plan's investment consultant.
- The investment rate of return was lowered from 7.75% to 7.70% per year compounded annually, net of investment related expenses.

Other items:

This information is required for 10 years. However, only 5 years of information is available.

City of Cape Coral, Florida

**SCHEDULE OF CONTRIBUTIONS
MUNICIPAL POLICE EMPLOYEES**
Last 5 Fiscal Years

	2017	2016	2015	2014	2013
Actuarially Determined Contribution Contributions in Relation to the	\$ 7,582,575	\$ 7,433,901	\$ 7,613,340	\$ 7,537,058	\$ 7,137,272
Actuarially Determined Contribution	8,352,433	7,752,178	7,872,385	7,537,058	7,137,272
Contribution Deficiency (Excess)	<u>\$ (769,858)</u>	<u>\$ (318,277)</u>	<u>\$ (259,045)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 17,014,603	\$ 15,813,229	\$ 18,006,886	\$ 12,835,801	\$ 13,471,634
Contributions as a Percentage of Covered Payroll	49.09%	49.02%	43.72%	58.72%	52.98%

¹ The covered payroll numbers shown are in compliance with GASB 82, except for the 9/30/2015 measurement period which includes DROP payroll.

Notes to Schedule:

Valuation Date: 10/01/15

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

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method.

The following loads are applied for determination of the Sponsor funding requirement:

Interest - half a year based on the current 7.75% assumption.

Salary - a full year based on the current average assumption of 7.42%.

Amortization Method: Level Percentage of Pay, Closed.

Remaining Amortization Period: 26 years (as of 10/01/2015).

Inflation: 2.25% per year.

Mortality: RP2000 (combined healthy with no projection). Disabled lives are set forward 5 years.

Normal Retirement:

Hired before October 1, 2013.	Number of Years after First Eligible	Retirement Probability
	0-4	50%
	5 or more	100%
Hired after October 1, 2013.	Number of Years after First Eligible	Retirement Probability
	0-2	50%
	3 or more	100%

Early Retirement: Commencing at eligibility for Early Retirement (Age 40 with 10 years of Credited Service), Members are assumed to retire with an immediate benefit at the rate of 2% per year.

Disability Rates:

<u>Age</u>	<u>Rates</u>
20	0.153%
30	0.174%
40	0.363%
50	1.287%

It is assumed that 75% of Disability Retirements are service-related.

Asset Smoothing Methodology:

The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a deminis bias that is above or below the Market Value of Assets.

Termination Rates:

<u>Credited Service</u>	<u>Termination Probability</u>
0-1	7.5%
2-5	4.0%
More than 5 years	3.5%

Salary Increases:

<u>Credited Service</u>	<u>Assumption</u>
less than 5 years	10.0%
5-15 years	7.0%
more than 15 years	6.0%

Final Year Salary Load:

<u>Years of Credited Service as of February 7, 2012</u>	<u>Assumption</u>
0	No load
Less than 10 years	5.0%
10 or more years	10.0%

Interest Rate:

7.75% per year compounded annually, net of investment related expenses.

Payroll Growth Assumption:

3.93% per year for amortization of the Unfunded Actuarial Accrued Liability. This assumption is limited by statute to the actual ten-year payroll growth average as of the valuation date

SCHEDULE OF INVESTMENT RETURNS
MUNICIPAL POLICE EMPLOYEES
Last 5 Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual Money Weighted Rate of Return Net of Investment Expenses	12.59%	8.47%	0.10%	9.77%	14.48%

Other items:

This information is required for 10 years. However, only 5 years of information is available.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
MUNICIPAL FIREFIGHTERS'
 Last 5 Fiscal Years

	2017	2016	2015	2014	2013
Total Pension Liability					
Service Cost	\$ 4,266,311	\$ 4,009,132	\$ 4,102,490	\$ 3,832,937	\$ 3,552,305
Interest	15,178,381	13,798,633	12,898,695	12,184,828	11,567,933
Change in Excess State Money ²	-	-	-	(1,825,958)	-
Differences Between Expected and Actual Experience	1,557,771	(260,997)	1,438,736	-	-
Changes of Assumptions ³	(3,502,874)	8,638,016	-	2,832,093	-
Contributions - Buy Back	-	179,583	33,685	-	-
Benefit Payments, Including Refunds of Employee Contributions	(7,933,230)	(7,159,967)	(6,376,309)	(7,469,627)	(7,714,523)
Net Change in Total Pension Liability	9,566,359	19,204,400	12,097,297	9,554,273	7,405,715
Total Pension Liability - Beginning	196,822,130	177,617,730	165,520,433	155,966,160	148,560,445
Total Pension Liability - Ending (a)	<u>206,388,489</u>	<u>196,822,130</u>	<u>177,617,730</u>	<u>165,520,433</u>	<u>155,966,160</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 8,759,719	\$ 8,424,472	\$ 7,706,894	\$ 6,047,404	\$ 7,365,990
Contributions - State	1,445,431	1,449,699	1,306,968	1,521,432	1,529,756
Contributions - Employee	1,450,606	1,292,651	1,338,752	1,315,620	1,241,892
Contributions - Buy Back	-	179,583	33,685	-	-
Net Investment Income	17,336,661	13,139,913	(460,924)	10,951,006	14,442,471
Benefit Payments, Including Refunds of Employee Contributions	(7,933,230)	(7,159,967)	(6,376,309)	(7,469,627)	(7,714,523)
Administrative Expenses	(161,973)	(152,949)	(164,111)	(103,859)	(84,490)
Net Change in Plan Fiduciary Net Position	20,897,214	17,173,402	3,384,955	12,261,976	16,781,096
Plan Fiduciary Net Position - Beginning	148,103,521	130,930,119	127,545,164	115,283,188	98,502,092
Plan Fiduciary Net Position - Ending (b)	<u>\$ 169,000,735</u>	<u>\$ 148,103,521</u>	<u>\$ 130,930,119</u>	<u>\$ 127,545,164</u>	<u>\$ 115,283,188</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 37,387,754</u>	<u>\$ 48,718,609</u>	<u>\$ 46,687,611</u>	<u>\$ 37,975,269</u>	<u>\$ 40,682,972</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.88%	75.25%	73.71%	77.06%	73.92%
Covered Payroll ¹	\$ 14,509,395	\$ 13,056,409	\$ 14,588,691	\$ 12,722,509	\$ 12,097,174
Net Pension Liability as a Percentage of Covered Payroll	257.68%	373.14%	320.03%	298.49%	336.30%

Notes to Schedule:

¹ The covered payroll numbers shown are in compliance with GASB 82, except for the 9/30/2015 measurement period which includes DROP payroll.

² *Changes in Excess State Money:*

- The Excess State Monies Reserve as of September 30, 2013 will be available to the City to offset the Fiscal 2014 contributions.
- For valuation dates on and after October 1, 2013 and until such time that the Retirement Plan reaches 80% funded (based on the ratio of the Actuarial Value of Assets to Actuarial Accrued Liability) all future State Monies in excess of the current \$1,314,942 frozen amount will be split as follows:
 - 50% will be available to defray the City's contribution requirement
 - 50% will go towards accelerating the pay down of the Unfunded Actuarial Accrued Liability (UAAL)

³ *Changes of Assumptions:*

For measurement date 9/30/2017:

- as mandated by Chapter 2015-157, Laws of Florida the assumed rates of mortality were changed from the rates used by the Florida Retirement System actuary in the July 1, 2015 actuarial valuation to the rates used in the July 2, 2016 actuarial valuation for special risk lives.
- Normal retirement, disability were updated in accordance with the experience study dated November 30, 2017
 - Termination rates were changed from an age-based table to a service-based tables.
 - Normal retiree rates were reduced for members with less than 25 years of credited service. Additionally, the assumption that members currently eligible for normal retirement would retire with 100% probability was removed
 - Disability rates were doubled at each age.

For measurement date 9/30/2016:

- As a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees.
- The inflation assumption rate was lowered from 3.00% to 2.25%, matching the long-term inflation assumption utilized by the Plan's investment consultant.
- The investment rate of return was lowered from 7.75% to 7.70% per year compounded annually, net of investment related expenses.

Other items:

This information is required for 10 years. However, only 5 years of information is available.

City of Cape Coral, Florida

SCHEDULE OF CONTRIBUTIONS
MUNICIPAL FIRE EMPLOYEES
Last 5 Fiscal Years

	2017	2016	2015	2014	2013
Actuarially Determined Contribution	\$ 10,015,294	\$ 9,655,384	\$ 9,013,862	\$ 9,104,319	\$ 8,680,932
Less 50% of State \$ in excess of frozen Contributions in Relation to the Actuarially Determined Contribution	65,244	-	-	-	-
Contribution Deficiency (Excess)	<u>\$ 10,074,661</u> <u>\$ (124,611)</u>	<u>9,806,793</u> <u>\$ (151,409)</u>	<u>9,013,862</u> <u>\$ -</u>	<u>9,188,304</u> <u>\$ (83,985)</u>	<u>8,680,932</u> <u>\$ -</u>
Covered Payroll	\$ 14,509,395	\$ 13,056,409	\$ 14,588,691	\$ 12,722,509	\$ 12,097,174
Contributions as a Percentage of Covered Payroll	69.44%	75.11%	61.79%	72.22%	71.76%

¹ The covered payroll numbers shown are in compliance with GASB 82, except for the 9/30/2015 measurement period which includes DROP payroll.

Notes to Schedule:

Valuation Date: 10/01/15

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

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method. Interest - half a year based on the 7.75% assumption. Salary - a full year, based on the current 7.50% assumption.								
Amortization Method:	Level Percentage of Pay, Closed.								
Remaining Amortization Period:	27 years (as of 10/01/2015).								
Mortality:	RP 2000 (combined healthy with no projection). Disabled lives set forward 5 years.								
Interest Rate:	7.75% per year, compounded annually, net of investment related expenses.								
Inflation:	2.25% per year.								
Retirement Age:	Earlier of Age 50 or the completion of 25 years of service. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.								
Early Retirement:	Commencing at eligibility for Early Retirement (age 40 with 10 years of service), Members are assumed to retire with an immediate benefit at the rate of 2% per year.								
Disability Rates:	See table on this page. It is assumed that 75% of Disability Retirements are service-related.								
Termination Rates:	See table on this page.								
Benefit Cap Index:	1.0% assumption each year beginning in 2018.								
Asset Smoothing Methodology:	The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in an insignificant bias that is above or below the Market Value of Assets.								
Salary Increases:	7.5% per year.								
Final Year Salary Load:	<table> <tr> <th>Years of Credited Service as of February 7, 2012</th><th>Assumption</th></tr> <tr> <td>0</td><td>No load</td></tr> <tr> <td>Less than 10 years</td><td>5%</td></tr> <tr> <td>10 or more years</td><td>10%</td></tr> </table>	Years of Credited Service as of February 7, 2012	Assumption	0	No load	Less than 10 years	5%	10 or more years	10%
Years of Credited Service as of February 7, 2012	Assumption								
0	No load								
Less than 10 years	5%								
10 or more years	10%								

Payroll Growth: 2.46% per year (prior year 4.41%).

Termination and Disability Rate Table:

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	6.00%	0.051%
30	5.00%	0.058%
40	2.60%	0.121%
50	0.80%	0.429%

SCHEDULE OF INVESTMENT RETURNS
MUNICIPAL FIRE EMPLOYEES
Last 5 Fiscal Years

	2017	2016	2015	2014	2013
Annual Money Weighted Rate of Return Net of Investment Expenses	11.64%	9.99%	-0.36%	9.48%	14.44%

Other items:

This information is required for 10 years. However, only 5 years of information is available.

Other Post Employment Benefits (OPEB)

Schedule of Funding Progress

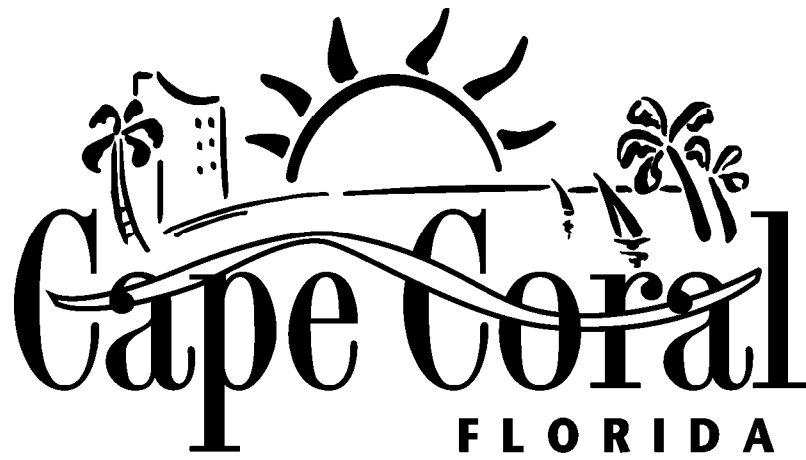
<u>Actuarial valuation date¹</u>	<u>Actuarial value of plan assets (a)</u>	<u>Actuarial accrued liability (AAL) -entry age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded ratio (a/b)</u>	<u>Covered payroll (c)</u>	<u>UAAL as a % of covered payroll ((b-a)/c)</u>
10/1/2015	\$ -	\$ 255,488,318	\$ 255,488,318	0.00%	\$ 71,526,048	357.20%
10/1/2013	-	248,564,599	248,564,599	0.00%	57,450,819	432.66%
10/1/2011	-	219,620,192	219,620,192	0.00%	58,315,070	376.61%

¹ As stated in GASB 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*, OPEB plans with a total membership of 200 or more must have actuarial valuations at least biennially.

The Unfunded AAL, as calculated pursuant to the Individual Entry Age Actuarial Cost Method, is amortized as a level percent of payroll over a 28 year period. This amortization period is closed. The assumed rate of payroll growth is 4%. GASB Statement No. 45 requires that any such payroll growth assumption be based upon no increase in the number of active employees covered by the plan.

Schedule of Contributions from Employer

<u>Year Ended September 30,</u>	<u>Annual OPEB cost</u>	<u>Amount contributed</u>	<u>Percentage annual OPEB cost</u>	<u>Net OPEB obligation</u>
2017	\$ 20,493,750	\$ 7,895,347	38.53%	\$ 161,670,137
2016	20,870,175	6,757,912	32.38%	149,071,734
2015	19,729,414	6,560,628	33.25%	134,959,471



Combining Statements & Schedules

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

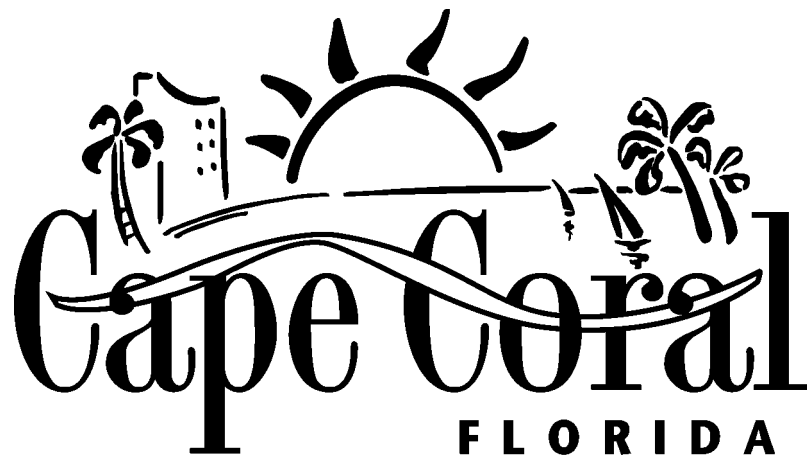
- Gas Tax Fund – used to account for the Local Option (6¢) and New Local Option (5¢) Taxes which are used for construction of new roads, reconstruction or resurfacing of existing paved roads, and related items.
- Road Impact Fee Fund – used to account for the impact fees that are used to provide new roads.
- Public Safety Impact Fee Fund – used to account for Police Protection, Advanced Life Support, and Fire & Rescue impact fees which are used for the purchase of capital improvements consisting of land, buildings, vehicles, and equipment for police protection services, advanced life support program and fire public safety facilities.
- Do The Right Thing – this program is sponsored by the Police Department and rewards the youth population in the community for “doing the right thing”. This fund was established to account for the program donations that are used to offset the operating expenses of the program to include prizes and rewards for the program recipients.
- Police Confiscation-Federal Fund – used to account for monies received from federal confiscation cases and used to purchase equipment for the Police Department.
- Police Confiscation-State Fund – used to account for monies received from the sale of confiscated items in nonfederal cases and used to purchase equipment for the Police Department. This also includes the Police Evidence Fund.
- Criminal Justice Education Fund – used to account for monies received from the assessment of mandatory court costs and used for criminal justice education and training.
- Seawalls Fund – used to account for the collection of special assessments after the construction of seawalls.
- Park Recreational Facilities Impact Fee Fund – used to account for impact fees which are used to provide recreational park facilities.
- City Centrum Business Park Fund – is used to account for monies collected from agencies that occupy the facilities.
- All Hazards Fund – used to account for monies collected by Lee County in the All Hazards Protection District for the funding of shelters, emergency preparedness, and hazardous material response programs.
- Alarm Fee Fund – is used to account for fees and fines collected by the City in connection with initial installation and false alarms thereafter.
- Del Prado Mall Parking Lot Fund – is used to account for collection of special assessments for the Del Prado Mall parking lot.
- Lot Mowing Fund – is used to account for the mowing of vacant unimproved property.
- Parks and Recreation Fund – is used to account for the recreational programs for individuals of various ages, skill levels, interests, social needs, and economic capabilities, that collectively enhance the overall quality of life within the City.
- Waterpark Fund –used to account for the operations of the City's Sun Splash Family Water Park and Aquatic Facility.

- Building Fund – used to account for the activities of the building and permitting services of the Department of Community Development as related to the construction of buildings and related structures within the City of Cape Coral.
- Community Development Block Grant (CDBG) Fund – used to account for monies received from the U.S. Department of Housing and Urban Development for community development.
- HUD Neighborhood Stabilization Fund – used to account for monies received from the U.S. Department of Housing and Urban Development to provide targeted emergency assistance to the City to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within the community.
- State Housing Initiative Partnership (S.H.I.P.) Fund – used to account for monies received from the State Housing Initiatives Partnership Program to provide assistance to low and moderate income families for the purpose of obtaining affordable housing in the City.
- Residential Construction Mitigation Program Fund – used to account for monies received from the Florida Division of Emergency Management Residential Construction Mitigation Program (RCMP) to improve the wind resistance of residences.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

- Hurricane Charley Disaster Improvement Fund – used to account for the clean-up from Hurricane Charley.
- Parks Capital Improvements Fund - used to account for the improvements at various parks.
- Other Capital Improvements Fund - used to account for the following projects:
 - Fire Station Construction – used to account for the design and construction of fire stations.
 - CRA Streetscape – used to account for an improved streetscape on S.E. 47th Terrace.
 - Public Works Capital Improvements Fund – used to account for the various capital improvements including the sign/stripping building replacement, project planning, and enhancements to the Chiquita boat lock and Ceitus boat lift.
 - Academic Village – used to account for the improvement of the academic village.
 - Computer System – used to account for enhancements and upgrades to various computer systems.



COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (continued)
September 30, 2017

	Special Revenue					
	Gas Tax	Road Impact Fee	Public Safety Impact Fee	Do the Right Thing	Police Confiscation Federal	Police Confiscation State
ASSETS						
Cash and investments	\$ 16,121,878	\$ 1,044,383	\$ 5,097,931	\$ 20,969	\$ 546,658	\$ 371,180
Interest receivable	39,692	2,571	12,551	52	1,346	914
Accounts receivable, net	-	-	-	169	37	-
Assessments receivable, net	-	-	-	-	-	-
Intergovernmental receivable	1,401,368	-	-	-	-	10,500
Inventories	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	<u>17,562,938</u>	<u>1,046,954</u>	<u>5,110,482</u>	<u>21,190</u>	<u>548,041</u>	<u>382,594</u>
LIABILITIES						
Accounts payable and other accrued liabilities	-	35	-	3,620	-	30,141
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Intergovernmental payables	-	-	-	-	-	31,614
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>35</u>	<u>-</u>	<u>3,620</u>	<u>-</u>	<u>61,755</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	17,562,938	1,046,919	5,110,482	17,570	548,041	320,839
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficit)	<u>17,562,938</u>	<u>1,046,919</u>	<u>5,110,482</u>	<u>17,570</u>	<u>548,041</u>	<u>320,839</u>
Total liabilities and fund balances	<u>\$ 17,562,938</u>	<u>\$ 1,046,954</u>	<u>\$ 5,110,482</u>	<u>\$ 21,190</u>	<u>\$ 548,041</u>	<u>\$ 382,594</u>

Special Revenue							
Criminal Justice Education	Seawalls	Park Recreational Facilities Impact Fee	City Centrum Business Park	All Hazards	Alarm Fee	Del Prado Mall Parking Lot	Lot Mowing
\$ 19,060	\$ 228,845	\$ 1,594,780	\$ 714	\$ 1,235,307	\$ 9,315	\$ 99,132	\$ 2,457,778
47	563	3,926	2	3,042	23	244	10,474
4	-	-	-	-	22,996	-	218
-	-	-	-	-	-	-	115
1,491	-	-	-	194	-	55	28,481
-	-	-	-	-	-	-	-
-	-	-	312	-	-	-	34
20,602	229,408	1,598,706	1,028	1,238,543	32,334	99,431	2,497,100
-	-	-	1,232	282	318	1,403	127,857
-	-	-	-	6,252	4,306	-	11,029
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,105,000
-	-	-	1,232	6,534	4,624	1,403	1,243,886
-	-	-	312	-	-	-	34
20,602	229,408	1,598,706	-	1,232,009	-	-	-
-	-	-	-	-	27,710	98,028	1,253,180
-	-	-	(516)	-	-	-	-
20,602	229,408	1,598,706	(204)	1,232,009	27,710	98,028	1,253,214
\$ 20,602	\$ 229,408	\$ 1,598,706	\$ 1,028	\$ 1,238,543	\$ 32,334	\$ 99,431	\$ 2,497,100

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (continued)
September 30, 2017

	Special Revenue					
	Parks and Recreation	Waterpark	Building	Community Development Block Grant	HUD Neighborhood Stabilization	State Housing Initiative Partnership
ASSETS						
Cash and investments	\$ 432,483	\$ 41,371	\$ 8,505,872	\$ 2,000	\$ 585,543	\$ 1,936,063
Interest receivable	-	-	20,942	-	-	-
Accounts receivable, net	19,824	1,152	372	-	-	-
Assessments receivable, net	-	-	-	-	-	-
Intergovernmental receivable	75,999	-	-	401,078	-	-
Inventories	56,855	14,166	-	-	-	-
Prepaid items	7,714	19,626	183	-	-	-
Total assets	<u>592,875</u>	<u>76,315</u>	<u>8,527,369</u>	<u>403,078</u>	<u>585,543</u>	<u>1,936,063</u>
LIABILITIES						
Accounts payable and other accrued liabilities	106,634	27,393	10,328	58,811	13,469	191,214
Accrued payroll	127,090	18,565	160,076	8,216	-	-
Due to other funds	-	197,187	-	319,104	-	-
Deposits	73,175	1,035	248,267	-	-	-
Intergovernmental payables	41,040	-	41,470	-	-	-
Unearned revenue	41,751	-	1,203,181	-	-	-
Total liabilities	<u>389,690</u>	<u>244,180</u>	<u>1,663,322</u>	<u>386,131</u>	<u>13,469</u>	<u>191,214</u>
FUND BALANCES						
Nonspendable	64,569	33,792	183	-	-	-
Restricted	-	-	6,863,864	16,947	572,074	1,744,849
Committed	138,616	-	-	-	-	-
Unassigned	-	(201,657)	-	-	-	-
Total fund balances (deficit)	<u>203,185</u>	<u>(167,865)</u>	<u>6,864,047</u>	<u>16,947</u>	<u>572,074</u>	<u>1,744,849</u>
Total liabilities and fund balances	<u>\$ 592,875</u>	<u>\$ 76,315</u>	<u>\$ 8,527,369</u>	<u>\$ 403,078</u>	<u>\$ 585,543</u>	<u>\$ 1,936,063</u>

Residential Construction Mitigation Program	Capital Projects			Total Nonmajor Governmental Funds
	Hurricane Charley Disaster Improvement	Parks Capital Improvements	Other Capital Improvements	
\$ 11,975	\$ 113,389	\$ 1,975,219	\$ 12,406,105	\$ 54,857,950
-	279	4,924	30,544	132,136
-	-	-	-	44,772
-	-	-	-	115
-	-	-	-	1,919,166
-	-	-	-	71,021
-	-	-	-	27,869
11,975	113,668	1,980,143	12,436,649	57,053,029
-	-	-	46,424	619,161
-	-	-	-	335,534
-	-	-	-	516,291
-	-	-	-	322,477
-	-	-	-	114,124
-	-	-	-	2,349,932
-	-	-	46,424	4,257,519
-	-	-	-	98,890
11,975	-	1,713,143	-	38,610,366
-	113,668	267,000	12,390,225	14,288,427
-	-	-	-	(202,173)
11,975	113,668	1,980,143	12,390,225	52,795,510
<u>\$ 11,975</u>	<u>\$ 113,668</u>	<u>\$ 1,980,143</u>	<u>\$ 12,436,649</u>	<u>\$ 57,053,029</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (continued)
For the Year Ended September 30, 2017

	Special Revenue					
	Gas Tax	Road Impact Fee	Public Safety Impact Fee	Do the Right Thing	Police Confiscation Federal	Police Confiscation State
REVENUES						
Taxes						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fuel	8,956,009	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	757,999	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	126,897
Impact fees	-	7,106,032	2,546,012	-	-	-
Rent and royalties	-	7,063	-	-	-	-
Interest income	76,517	2,389	24,001	113	2,764	1,900
Contributions and donations	-	-	-	16,750	-	-
Other revenue	-	-	-	169	63,328	-
Total revenues	<u>9,032,526</u>	<u>7,873,483</u>	<u>2,570,013</u>	<u>17,032</u>	<u>66,092</u>	<u>128,797</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety:						
Police	-	-	11,007	16,932	70,666	24,813
Fire	-	-	11,614	-	-	-
Building	-	-	-	-	-	-
Public works	-	56,353	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay	-	-	73,637	-	-	12,412
Debt service:						
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>56,353</u>	<u>96,258</u>	<u>16,932</u>	<u>70,666</u>	<u>37,225</u>
Excess revenues over (under) expenditures	<u>9,032,526</u>	<u>7,817,130</u>	<u>2,473,755</u>	<u>100</u>	<u>(4,574)</u>	<u>91,572</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	(4,087,574)	(6,947,273)	(338,152)	-	-	(6,187)
Proceeds on sale of capital assets	-	-	-	-	-	7,090
Total other financing sources (uses)	<u>(4,087,574)</u>	<u>(6,947,273)</u>	<u>(338,152)</u>	<u>-</u>	<u>-</u>	<u>903</u>
Net change in fund balances	4,944,952	869,857	2,135,603	100	(4,574)	92,475
Fund balances (deficit) - beginning	12,617,986	177,062	2,974,879	17,470	552,615	228,364
Fund balances (deficit) - ending	<u>\$ 17,562,938</u>	<u>\$ 1,046,919</u>	<u>\$ 5,110,482</u>	<u>\$ 17,570</u>	<u>\$ 548,041</u>	<u>\$ 320,839</u>

Special Revenue							
Criminal Justice Education	Seawalls	Park Recreational Facilities Impact Fee	City Centrum Business Park	All Hazards	Alarm Fee	Del Prado Mall Parking Lot	Lot Mowing
\$ -	\$ -	\$ -	\$ -	\$ 743,399	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	144,689	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	112,981	-	3,260,172
21,003	-	-	-	-	-	17	22,885
-	-	2,751,820	-	-	-	-	-
-	-	-	-	-	-	-	-
72	1,169	7,742	-	7,092	1	5,757	25,318
-	-	-	-	-	-	-	-
4	-	-	-	-	77	13	27,632
21,079	1,169	2,759,562	-	750,491	113,059	150,476	3,336,007
-	-	-	69,940	-	-	-	-
15,446	-	-	-	-	102,605	-	-
-	-	-	-	425,158	-	-	-
-	-	-	-	-	-	21,529	3,502,211
-	-	20,580	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	35,214	-	-	-
-	-	-	-	-	-	3,627	-
15,446	-	20,580	69,940	460,372	102,605	25,156	3,502,211
5,633	1,169	2,738,982	(69,940)	290,119	10,454	125,320	(166,204)
-	-	-	71,000	-	-	-	-
-	-	(2,712,042)	-	(180,000)	(7,500)	-	-
-	-	-	-	-	-	-	-
-	-	(2,712,042)	71,000	(180,000)	(7,500)	-	-
5,633	1,169	26,940	1,060	110,119	2,954	125,320	(166,204)
14,969	228,239	1,571,766	(1,264)	1,121,890	24,756	(27,292)	1,419,418
\$ 20,602	\$ 229,408	\$ 1,598,706	\$ (204)	\$ 1,232,009	\$ 27,710	\$ 98,028	\$ 1,253,214

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (continued)
For the Year Ended September 30, 2017

	Special Revenue					
	Parks and Recreation	Waterpark	Building	Community Development Block Grant	HUD Neighborhood Stabilization	State Housing Initiative Partnership
REVENUES						
Taxes						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fuel	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	7,518,725	-	-	-
Intergovernmental	524,360	-	-	1,138,077	-	976,881
Charges for services	3,287,716	1,890,952	-	-	-	-
Fines and forfeitures	14,282	-	105,938	-	-	-
Impact fees	-	-	-	-	-	-
Rent and royalties	-	-	-	-	-	-
Interest income	(671)	(545)	40,142	(13)	1,459	4,909
Contributions and donations	115,820	-	-	-	-	-
Other revenue	29,695	7,803	1,241	160,902	561,524	112,117
Total revenues	<u>3,971,202</u>	<u>1,898,210</u>	<u>7,666,046</u>	<u>1,298,966</u>	<u>562,983</u>	<u>1,093,907</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety:						
Police	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Building	-	-	4,238,583	-	-	-
Public works	-	-	-	-	-	-
Parks and recreation	8,116,870	2,100,881	-	-	-	-
Community development	-	-	-	1,301,180	448,290	541,092
Capital outlay	165,331	473,846	289,230	-	-	-
Debt service:						
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>8,282,201</u>	<u>2,574,727</u>	<u>4,527,813</u>	<u>1,301,180</u>	<u>448,290</u>	<u>541,092</u>
Excess revenues over (under) expenditures	<u>(4,310,999)</u>	<u>(676,517)</u>	<u>3,138,233</u>	<u>(2,214)</u>	<u>114,693</u>	<u>552,815</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	4,265,000	802,577	-	-	-	-
Transfers out	-	(446,440)	(764,204)	(4,776)	(9,550)	(4,776)
Proceeds on sale of capital assets	8,916	4,100	25,700	-	-	-
Total other financing sources (uses)	<u>4,273,916</u>	<u>360,237</u>	<u>(738,504)</u>	<u>(4,776)</u>	<u>(9,550)</u>	<u>(4,776)</u>
Net change in fund balances	<u>(37,083)</u>	<u>(316,280)</u>	<u>2,399,729</u>	<u>(6,990)</u>	<u>105,143</u>	<u>548,039</u>
Fund balances (deficit) - beginning	240,268	148,415	4,464,318	23,937	466,931	1,196,810
Fund balances (deficit) - ending	<u>\$ 203,185</u>	<u>\$ (167,865)</u>	<u>\$ 6,864,047</u>	<u>\$ 16,947</u>	<u>\$ 572,074</u>	<u>\$ 1,744,849</u>

Residential Construction Mitigation Program	Capital Projects			Total Nonmajor Governmental Funds
	Hurricane Charley Disaster Improvement	Parks Capital Improvements	Other Capital Improvements	
\$ -	\$ -	\$ -	\$ -	\$ 743,399
-	-	-	-	8,956,009
-	-	-	-	144,689
-	-	-	-	7,518,725
180,146	-	151,405	-	3,728,868
-	-	-	-	8,551,821
-	-	-	-	291,022
-	-	-	-	12,403,864
-	-	-	-	7,063
(7)	579	10,213	7,138	218,039
-	-	-	-	132,570
12,584	-	-	-	977,089
<u>192,723</u>	<u>579</u>	<u>161,618</u>	<u>7,138</u>	<u>43,673,158</u>
-	-	-	22,991	92,931
-	-	-	-	241,469
-	-	-	-	436,772
-	-	-	-	4,238,583
-	-	-	-	3,580,093
-	-	1,296	-	10,239,627
51,914	-	-	-	2,342,476
-	-	122,100	1,031,595	2,203,365
-	-	-	-	3,627
<u>51,914</u>	<u>-</u>	<u>123,396</u>	<u>1,054,586</u>	<u>23,378,943</u>
<u>140,809</u>	<u>579</u>	<u>38,222</u>	<u>(1,047,448)</u>	<u>20,294,215</u>
-	-	-	10,024,521	15,163,098
-	-	-	-	(15,508,474)
-	-	-	-	45,806
-	-	-	10,024,521	(299,570)
140,809	579	38,222	8,977,073	19,994,645
(128,834)	113,089	1,941,921	3,413,152	32,800,865
<u>\$ 11,975</u>	<u>\$ 113,668</u>	<u>\$ 1,980,143</u>	<u>\$ 12,390,225</u>	<u>\$ 52,795,510</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GAS TAX SPECIAL REVENUE FUND
For the Year Ended September 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Fuel taxes	\$ 7,870,836	\$ 7,870,836	\$ 8,956,009	\$ 1,085,173
Interest income	-	-	76,517	76,517
Prior year cash balance	4,573,507	12,618,016	-	(12,618,016)
Total revenues	<u>12,444,343</u>	<u>20,488,852</u>	<u>9,032,526</u>	<u>(11,456,326)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(7,775,840)	(4,087,574)	(4,087,574)	-
Reserves	(4,668,503)	(16,401,278)	-	16,401,278
Total other financing sources (uses)	<u>(12,444,343)</u>	<u>(20,488,852)</u>	<u>(4,087,574)</u>	<u>16,401,278</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	4,944,952	<u>\$ 4,944,952</u>
Fund balances - beginning			<u>12,617,986</u>	
Fund balances - ending			<u>\$ 17,562,938</u>	

There are no differences between Budgetary Revenues, Expenditures and Other Financing Sources (Uses) and GAAP Revenues, Expenditures and Other Financing Sources (Uses)

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
ROAD IMPACT FEE SPECIAL REVENUE FUND
For the Year Ended September 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 743,343	\$ 743,343	\$ 757,999	\$ 14,656
Impact fees	2,438,205	7,106,032	7,106,032	-
Rent and royalties	6,993	6,993	7,063	70
Interest income	-	-	2,389	2,389
Prior year cash balance	50,000	177,062	-	(177,062)
Total revenues	<u>3,238,541</u>	<u>8,033,430</u>	<u>7,873,483</u>	<u>(159,947)</u>
EXPENDITURES				
Public works	-	-	56,353	(56,353)
Excess deficiency) of revenues over (under) expenditures	<u>3,238,541</u>	<u>8,033,430</u>	<u>7,817,130</u>	<u>(216,300)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,188,541)	(7,016,907)	(6,947,273)	69,634
Reserves	(50,000)	(1,016,523)	-	1,016,523
Total other financing sources (uses)	<u>(3,238,541)</u>	<u>(8,033,430)</u>	<u>(6,947,273)</u>	<u>1,086,157</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	869,857	<u>\$ 869,857</u>
Fund balances - beginning			<u>177,062</u>	
Fund balances - ending			<u>\$ 1,046,919</u>	

There are no differences between Budgetary Revenues, Expenditures and Other Financing Sources (Uses) and GAAP Revenues, Expenditures and Other Financing Sources (Uses)

City of Cape Coral, Florida

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
PUBLIC SAFETY IMPACT FEE SPECIAL REVENUE FUND
For the Year Ended September 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Impact fees	\$ 976,231	\$ 976,231	\$ 2,546,012	\$ 1,569,781
Interest income	1,984	1,984	24,001	22,017
Prior year cash balance	2,385,478	2,974,879	-	(2,974,879)
Total revenues	<u>3,363,693</u>	<u>3,953,094</u>	<u>2,570,013</u>	<u>(1,383,081)</u>
EXPENDITURES				
Public safety:				
Police	9,495	11,495	11,007	488
Fire	10,029	10,029	11,614	(1,585)
Capital outlay	-	74,725	73,637	1,088
Total expenditures	<u>19,524</u>	<u>96,249</u>	<u>96,258</u>	<u>(9)</u>
Excess deficiency) of revenues over (under) expenditures	<u>3,344,169</u>	<u>3,856,845</u>	<u>2,473,755</u>	<u>(1,383,090)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(339,866)	(339,866)	(338,152)	1,714
Reserves	(3,004,303)	(3,516,979)	-	3,516,979
Total other financing sources	<u>(3,344,169)</u>	<u>(3,856,845)</u>	<u>(338,152)</u>	<u>3,518,693</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>2,135,603</u>	<u>\$ 2,135,603</u>
Fund balances - beginning			<u>2,974,879</u>	
Fund balances - ending			<u>\$ 5,110,482</u>	

**There are no differences between Budgetary Revenues, Expenditures and
Other Financing Sources (Uses) and GAAP Revenues, Expenditures and
Other Financing Sources (Uses)**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
DO THE RIGHT THING SPECIAL REVENUE FUND
For the Year Ended September 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Interest income	\$ -	\$ -	\$ 113	\$ 113
Contributions and donations	8,000	8,000	16,750	8,750
Other revenue	-	-	169	169
Prior year cash balance	-	17,470	-	(17,470)
Total revenues	<u>8,000</u>	<u>25,470</u>	<u>17,032</u>	<u>(8,438)</u>
EXPENDITURES				
Public safety: police	<u>8,000</u>	<u>13,312</u>	<u>16,932</u>	<u>(3,620)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>12,158</u>	<u>100</u>	<u>(12,058)</u>
OTHER FINANCING SOURCES (USES)				
Reserves	<u>-</u>	<u>(12,158)</u>	<u>-</u>	<u>12,158</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>100</u>	<u>\$ 100</u>
Fund balances - beginning			<u>17,470</u>	
Fund balances - ending			<u>\$ 17,570</u>	

There are no differences between Budgetary Revenues, Expenditures and Other Financing Sources (Uses) and GAAP Revenues, Expenditures and Other Financing Sources (Uses)

City of Cape Coral, Florida

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
POLICE CONFISCATION - FEDERAL SPECIAL REVENUE FUND**
For the Year Ended September 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Interest income	\$ 300	\$ 300	\$ 2,764	\$ 2,464
Other revenue	-	-	63,328	63,328
Prior year cash balance	493,637	552,615	-	(552,615)
Total revenues	<u>493,937</u>	<u>552,915</u>	<u>66,092</u>	<u>(486,823)</u>
EXPENDITURES				
Public safety: police	<u>88,188</u>	<u>88,188</u>	<u>70,666</u>	<u>17,522</u>
Excess (deficiency) of revenues over (under) expenditures	<u>405,749</u>	<u>464,727</u>	<u>(4,574)</u>	<u>(469,301)</u>
OTHER FINANCING SOURCES (USES)				
Reserves	<u>(405,749)</u>	<u>(464,727)</u>	<u>-</u>	<u>464,727</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(4,574)</u>	<u>\$ (4,574)</u>
Fund balances - beginning			<u>552,615</u>	
Fund balances - ending			<u>\$ 548,041</u>	

**There are no differences between Budgetary Revenues, Expenditures and
Other Financing Sources (Uses) and GAAP Revenues, Expenditures and
Other Financing Sources (Uses)**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
POLICE CONFISCATION - STATE SPECIAL REVENUE FUND
For the Year Ended September 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 126,897	\$ 126,897
Interest income	100	100	1,900	1,800
Other revenue	-	-	7,090	7,090
Prior year cash balance	100,590	228,364	-	(228,364)
Total revenues	<u>100,690</u>	<u>228,464</u>	<u>135,887</u>	<u>(92,577)</u>
EXPENDITURES				
Public safety: police	39,150	44,250	24,813	19,437
Capital outlay	-	-	12,412	(12,412)
Total expenditures	<u>39,150</u>	<u>44,250</u>	<u>37,225</u>	<u>7,025</u>
Excess (deficiency) of revenues over (under) expenditures	<u>61,540</u>	<u>184,214</u>	<u>98,662</u>	<u>(85,552)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(8,243)	(6,187)	2,056
Reserves	(61,540)	(175,971)	-	175,971
Total other financing sources (uses)	<u>(61,540)</u>	<u>(184,214)</u>	<u>(6,187)</u>	<u>178,027</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>92,475</u>	<u>\$ 92,475</u>
Fund balances - beginning			<u>228,364</u>	
Fund balances - ending			<u>\$ 320,839</u>	

**Explanation of differences between Budgetary Revenues, Expenditures
and Other Financing Sources (Uses) and GAAP Revenues, Expenditures
and Other Financing Sources (Uses)**

Actual revenue amounts (budgetary basis)	\$ 135,887
The proceeds from the sale of capital assets are budgetary revenues but are regarded as other financing sources, rather than revenue, for financial reporting purposes.	<u>(7,090)</u>
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 128,797</u>
Actual other financing sources (uses) (budgetary basis)	\$ (6,187)
The proceeds from the sale of capital assets are budgetary revenues but are regarded as other financing sources, rather than revenue, for financial reporting purposes.	<u>7,090</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 903</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
CRIMINAL JUSTICE EDUCATION SPECIAL REVENUE FUND
For the Year Ended September 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	\$ 17,000	\$ 17,000	\$ 21,003	\$ 4,003
Interest income	-	-	72	72
Other revenue	-	-	4	4
Prior year cash balance	5,000	14,969	-	(14,969)
Total revenues	<u>22,000</u>	<u>31,969</u>	<u>21,079</u>	<u>(10,890)</u>
EXPENDITURES				
Public safety: police	<u>22,000</u>	<u>31,969</u>	<u>15,446</u>	<u>16,523</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	5,633	<u>\$ 5,633</u>
Fund balances - beginning			<u>14,969</u>	
Fund balances - ending			<u>\$ 20,602</u>	

There are no differences between Budgetary Revenues, Expenditures and Other Financing Sources (Uses) and GAAP Revenues, Expenditures and Other Financing Sources (Uses)

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
SEAWALLS SPECIAL REVENUE FUND
For the Year Ended September 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	\$ 1,400	\$ 1,400	\$ -	\$ (1,400)
Interest income	-	-	1,169	1,169
Total revenues	<u>1,400</u>	<u>1,400</u>	<u>1,169</u>	<u>(231)</u>
EXPENDITURES				
General government	<u>1,400</u>	<u>1,400</u>	<u>-</u>	<u>1,400</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>1,169</u>	<u>\$ 1,169</u>
Fund balances - beginning			<u>228,239</u>	
Fund balances - ending			<u>\$ 229,408</u>	

There are no differences between Budgetary Revenues, Expenditures and Other Financing Sources (Uses) and GAAP Revenues, Expenditures and Other Financing Sources (Uses)

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
PARK RECREATIONAL FACILITIES IMPACT FEE SPECIAL REVENUE FUND
For the Year Ended September 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Impact fees	\$ 858,550	\$ 3,610,370	\$ 2,751,820	\$ (858,550)
Interest income	-	-	7,742	7,742
Prior year cash balance	10,000	1,571,766	-	(1,571,766)
Total revenues	<u>868,550</u>	<u>5,182,136</u>	<u>2,759,562</u>	<u>(2,422,574)</u>
EXPENDITURES				
Parks and recreation	<u>12,878</u>	<u>12,878</u>	<u>20,580</u>	<u>(7,702)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>855,672</u>	<u>5,169,258</u>	<u>2,738,982</u>	<u>(2,430,276)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(845,672)	(2,319,512)	(2,712,042)	(392,530)
Reserves	<u>(10,000)</u>	<u>(2,849,746)</u>	<u>-</u>	<u>2,849,746</u>
Total other financing sources (uses)	<u>(855,672)</u>	<u>(5,169,258)</u>	<u>(2,712,042)</u>	<u>2,457,216</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	26,940	<u>\$ 26,940</u>
Fund balances - beginning			<u>1,571,766</u>	
Fund balances - ending			<u>\$ 1,598,706</u>	

There are no differences between Budgetary Revenues, Expenditures and Other Financing Sources (Uses) and GAAP Revenues, Expenditures and Other Financing Sources (Uses)

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
CITY CENTRUM BUSINESS PARK SPECIAL REVENUE FUND
For the Year Ended September 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Prior year cash balance	\$ 12,849	\$ -	\$ -	\$ -
EXPENDITURES				
General government	12,849	74,714	69,940	4,774
Excess (deficiency) of revenues over (under) expenditures	-	(74,714)	(69,940)	4,774
OTHER FINANCING SOURCES (USES)				
Transfers in	-	74,714	71,000	(3,714)
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	1,060	<u>\$ 1,060</u>
Fund balances - beginning			(1,264)	
Fund balances - ending			<u>\$ (204)</u>	

There are no differences between Budgetary Revenues, Expenditures and Other Financing Sources (Uses) and GAAP Revenues, Expenditures and Other Financing Sources (Uses)

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
ALL HAZARDS SPECIAL REVENUE FUND
For the Year Ended September 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 777,122	\$ 777,122	\$ 743,399	\$ (33,723)
Interest income	-	-	7,092	7,092
Prior year cash balance	1,071,873	1,021,856	-	(1,021,856)
Total revenues	<u>1,848,995</u>	<u>1,798,978</u>	<u>750,491</u>	<u>(1,048,487)</u>
EXPENDITURES				
Public safety: fire	615,410	634,295	425,158	209,137
Capital outlay	30,000	93,551	35,214	58,337
Total expenditures	<u>645,410</u>	<u>727,846</u>	<u>460,372</u>	<u>267,474</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,203,585</u>	<u>1,071,132</u>	<u>290,119</u>	<u>(781,013)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(180,000)	(180,000)	(180,000)	-
Reserves	<u>(1,023,585)</u>	<u>(891,132)</u>	<u>-</u>	<u>891,132</u>
Total other financing sources (uses)	<u>(1,203,585)</u>	<u>(1,071,132)</u>	<u>(180,000)</u>	<u>891,132</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>110,119</u>	<u>\$ 110,119</u>
Fund balances - beginning			<u>1,121,890</u>	
Fund balances - ending			<u>\$ 1,232,009</u>	

There are no differences between Budgetary Revenues, Expenditures and Other Financing Sources (Uses) and GAAP Revenues, Expenditures and Other Financing Sources (Uses)

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
ALARM FEE SPECIAL REVENUE FUND
For the Year Ended September 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 139,271	\$ 136,052	\$ 112,981	\$ (23,071)
Interest income	200	200	1	(199)
Other revenue	-	-	77	77
Prior year cash balance	6,148	24,756	-	(24,756)
Total revenues	<u>145,619</u>	<u>161,008</u>	<u>113,059</u>	<u>(47,949)</u>
EXPENDITURES				
Public safety: police	<u>137,136</u>	<u>137,136</u>	<u>102,605</u>	<u>34,531</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,483</u>	<u>23,872</u>	<u>10,454</u>	<u>(13,418)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(7,500)	(7,500)	(7,500)	-
Reserves	(983)	(16,372)	-	16,372
Total other financing sources (uses)	<u>(8,483)</u>	<u>(23,872)</u>	<u>(7,500)</u>	<u>16,372</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	2,954	<u>\$ 2,954</u>
Fund balances - beginning			<u>24,756</u>	
Fund balances - ending			<u>\$ 27,710</u>	

There are no differences between Budgetary Revenues, Expenditures and Other Financing Sources (Uses) and GAAP Revenues, Expenditures and Other Financing Sources (Uses)

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
DEL PRADO MALL PARKING LOT SPECIAL REVENUE FUND
For the Year Ended September 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Special assessments	\$ 122,000	\$ 122,000	\$ 144,689	\$ 22,689
Fines and forfeitures	-	-	17	17
Interest income	17,000	17,000	5,757	(11,243)
Other revenue	-	-	13	13
Prior year cash balance	78,172	-	-	-
Total revenues	<u>217,172</u>	<u>139,000</u>	<u>150,476</u>	<u>11,476</u>
EXPENDITURES				
Public works	38,010	38,010	21,529	16,481
Debt service:				
Principal	95,011	95,011	-	95,011
Interest and fiscal charges	3,628	3,628	3,627	1
Total expenditures	<u>136,649</u>	<u>136,649</u>	<u>25,156</u>	<u>111,493</u>
Excess (deficiency) of revenues over (under) expenditures	<u>80,523</u>	<u>2,351</u>	<u>125,320</u>	<u>122,969</u>
OTHER FINANCING SOURCES (USES)				
Reserves	<u>(80,523)</u>	<u>(2,351)</u>	<u>-</u>	<u>2,351</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>125,320</u>	<u>\$ 125,320</u>
Fund balances - beginning			<u>(27,292)</u>	
Fund balances - ending			<u>\$ 98,028</u>	

There are no differences between Budgetary Revenues, Expenditures and Other Financing Sources (Uses) and GAAP Revenues, Expenditures and Other Financing Sources (Uses)

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
LOT MOWING SPECIAL REVENUE FUND
For the Year Ended September 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 3,434,685	\$ 3,434,685	\$ 3,260,172	\$ (174,513)
Fines and forfeitures	51,000	51,000	22,885	(28,115)
Interest income	-	-	25,318	25,318
Other revenue	-	-	27,632	27,632
Prior year cash balance	1,915,562	1,419,448	-	(1,419,448)
Total revenues	<u>5,401,247</u>	<u>4,905,133</u>	<u>3,336,007</u>	<u>(1,569,126)</u>
EXPENDITURES				
Public works	3,821,764	4,821,705	3,502,211	1,319,494
Capital outlay	30,000	30,000	-	30,000
Total expenditures	<u>3,851,764</u>	<u>4,851,705</u>	<u>3,502,211</u>	<u>1,349,494</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,549,483</u>	<u>53,428</u>	<u>(166,204)</u>	<u>(219,632)</u>
OTHER FINANCING SOURCES (USES)				
Reserves	<u>(1,549,483)</u>	<u>(53,428)</u>	<u>-</u>	<u>53,428</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(166,204)</u>	<u>\$ (166,204)</u>
Fund balances - beginning			<u>1,419,418</u>	
Fund balances - ending			<u>\$ 1,253,214</u>	

There are no differences between Budgetary Revenues, Expenditures and Other Financing Sources (Uses) and GAAP Revenues, Expenditures and Other Financing Sources (Uses)

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
PARKS AND RECREATION SPECIAL REVENUE FUND
For the Year Ended September 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 480,947	\$ 520,947	\$ 524,360	\$ 3,413
Charges for services	3,614,357	3,650,257	3,287,716	(362,541)
Fines and forfeitures	800	800	14,282	13,482
Interest income	1,500	1,500	(671)	(2,171)
Contributions and donations	259,299	231,051	115,820	(115,231)
Other revenue	5,600	5,600	38,611	33,011
Prior year cash balance	-	240,268	-	(240,268)
Total revenues	<u>4,362,503</u>	<u>4,650,423</u>	<u>3,980,118</u>	<u>(670,305)</u>
EXPENDITURES				
Parks and recreation	8,331,170	8,792,962	8,116,870	676,092
Capital outlay	403,250	914,143	165,331	748,812
Total expenditures	<u>8,734,420</u>	<u>9,707,105</u>	<u>8,282,201</u>	<u>1,424,904</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,371,917)</u>	<u>(5,056,682)</u>	<u>(4,302,083)</u>	<u>754,599</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>4,371,917</u>	<u>5,056,682</u>	<u>4,265,000</u>	<u>(791,682)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(37,083)</u>	<u>\$ (37,083)</u>
Fund balances - beginning			<u>240,268</u>	
Fund balances - ending			<u>\$ 203,185</u>	

**Explanation of differences between Budgetary Revenues, Expenditures
and Other Financing Sources (Uses) and GAAP Revenues, Expenditures
and Other Financing Sources (Uses)**

Actual revenue amounts (budgetary basis)	\$ 3,980,118
The proceeds from the sale of capital assets are budgetary revenues but are regarded as other financing sources, rather than revenue, for financial reporting purposes.	<u>(8,916)</u>
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 3,971,202</u>
Actual other financing sources (uses) (budgetary basis)	\$ 4,265,000
The proceeds from the sale of capital assets are budgetary revenues but are regarded as other financing sources, rather than revenue, for financial reporting purposes.	<u>8,916</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 4,273,916</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
WATERPARK SPECIAL REVENUE FUND
For the Year Ended September 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 2,485,912	\$ 2,485,912	\$ 1,890,952	\$ (594,960)
Interest income	50	50	(545)	(595)
Other revenue	11,826	11,826	11,903	77
Prior year cash balance	-	148,415	-	(148,415)
Total revenues	<u>2,497,788</u>	<u>2,646,203</u>	<u>1,902,310</u>	<u>(743,893)</u>
EXPENDITURES				
Parks and recreation	2,314,091	2,384,992	2,100,881	284,111
Capital outlay	146,000	561,524	473,846	87,678
Total expenditures	<u>2,460,091</u>	<u>2,946,516</u>	<u>2,574,727</u>	<u>371,789</u>
Excess (deficiency) of revenues over (under) expenditures	<u>37,697</u>	<u>(300,313)</u>	<u>(672,417)</u>	<u>(372,104)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	464,567	802,577	802,577	-
Transfers out	(502,264)	(502,264)	(446,440)	55,824
Total other financing sources (uses)	<u>(37,697)</u>	<u>300,313</u>	<u>356,137</u>	<u>55,824</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(316,280)</u>	<u>\$ (316,280)</u>
Fund balances - beginning			<u>148,415</u>	
Fund balances - ending			<u>\$ (167,865)</u>	

Explanation of differences between Budgetary Revenues, Expenditures

Actual revenue amounts (budgetary basis)	\$ 1,902,310
The proceeds from the sale of capital assets are budgetary revenues but are regarded as other financing sources, rather than revenue, for financial reporting purposes.	<u>(4,100)</u>
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 1,898,210</u>
Actual other financing sources (uses) (budgetary basis)	\$ 356,137
The proceeds from the sale of capital assets are budgetary revenues but are regarded as other financing sources, rather than revenue, for financial reporting purposes.	<u>4,100</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 360,237</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
BUILDING SPECIAL REVENUE FUND
For the Year Ended September 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Licenses and permits	\$ 5,215,635	\$ 5,215,635	\$ 7,518,725	\$ 2,303,090
Fines and forfeitures	36,140	36,140	105,938	69,798
Interest income	2,175	2,175	40,142	37,967
Other revenue	100	100	26,941	26,841
Prior year cash balance	3,129,960	4,464,318	-	(4,464,318)
Total revenues	<u>8,384,010</u>	<u>9,718,368</u>	<u>7,691,746</u>	<u>(2,026,622)</u>
EXPENDITURES				
Public safety: building	4,447,771	4,498,137	4,238,583	259,554
Capital outlay	145,344	551,802	289,230	262,572
Total expenditures	<u>4,593,115</u>	<u>5,049,939</u>	<u>4,527,813</u>	<u>522,126</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,790,895</u>	<u>4,668,429</u>	<u>3,163,933</u>	<u>(1,504,496)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(764,317)	(764,317)	(764,204)	113
Reserves	<u>(3,026,578)</u>	<u>(3,904,112)</u>	<u>-</u>	<u>3,904,112</u>
Total other financing sources (uses)	<u>(3,790,895)</u>	<u>(4,668,429)</u>	<u>(764,204)</u>	<u>3,904,225</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>2,399,729</u>	<u>\$ 2,399,729</u>
Fund balances - beginning			<u>4,464,318</u>	
Fund balances - ending			<u>\$ 6,864,047</u>	

**Explanation of differences between Budgetary Revenues, Expenditures
and Other Financing Sources (Uses) and GAAP Revenues, Expenditures
and Other Financing Sources (Uses)**

Actual revenue amounts (budgetary basis)	\$ 7,691,746
The proceeds from the sale of capital assets are budgetary revenues but are regarded as other financing sources, rather than revenue, for financial reporting purposes.	(25,700)
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 7,666,046</u>
Actual other financing sources (uses) (budgetary basis)	\$ (764,204)
The proceeds from the sale of capital assets are budgetary revenues but are regarded as other financing sources, rather than revenue, for financial reporting purposes.	25,700
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ (738,504)</u>

City of Cape Coral, Florida

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
For the Year Ended September 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 940,159	\$ 940,159	\$ 1,138,077	\$ 197,918
Interest income	-	-	(13)	(13)
Other revenue	-	167,677	160,902	(6,775)
Total revenue	<u>940,159</u>	<u>1,107,836</u>	<u>1,298,966</u>	<u>191,130</u>
EXPENDITURES				
Community development	<u>921,056</u>	<u>1,088,733</u>	<u>1,301,180</u>	<u>(212,447)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>19,103</u>	<u>19,103</u>	<u>(2,214)</u>	<u>(21,317)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(19,103)</u>	<u>(19,103)</u>	<u>(4,776)</u>	<u>14,327</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(6,990)</u>	<u>\$ (6,990)</u>
Fund balances - beginning			<u>23,937</u>	
Fund balances - ending			<u>\$ 16,947</u>	

There are no differences between Budgetary Revenues, Expenditures and Other Financing Sources (Uses) and GAAP Revenues, Expenditures and Other Financing Sources (Uses)

City of Cape Coral, Florida

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
HUD NEIGHBORHOOD STABILIZATION SPECIAL REVENUE FUND
For the Year Ended September 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Interest income	\$ -	\$ -	\$ 1,459	\$ 1,459
Other revenue	-	561,525	561,524	(1)
Total revenue	-	561,525	562,983	1,458
EXPENDITURES				
Community development	-	561,525	448,290	113,235
Excess (deficiency) of revenues over (under) expenditures	-	-	114,693	114,693
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(9,550)	(9,550)
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	105,143	<u>\$ 105,143</u>
Fund balances - beginning			466,931	
Fund balances - ending			<u>\$ 572,074</u>	

There are no differences between Budgetary Revenues, Expenditures and Other Financing Sources (Uses) and GAAP Revenues, Expenditures and Other Financing Sources (Uses)

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
STATE HOUSING INITIATIVE PARTNERSHIP SPECIAL REVENUE FUND
For the Year Ended September 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 976,881	\$ 976,881
Interest income	-	-	4,909	4,909
Other revenue	-	112,117	112,117	-
Total revenues	-	112,117	1,093,907	981,790
EXPENDITURES				
Community development	-	112,117	541,092	(428,975)
Excess (deficiency) of revenues over (under) expenditures	-	-	552,815	552,815
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(4,776)	(4,776)
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	548,039	<u>\$ 548,039</u>
Fund balances - beginning			1,196,810	
Fund balances - ending			<u>\$ 1,744,849</u>	

There are no differences between Budgetary Revenues, Expenditures and Other Financing Sources (Uses) and GAAP Revenues, Expenditures and Other Financing Sources (Uses)

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
RESIDENTIAL CONSTRUCTION MITIGATION PROGRAM SPECIAL REVENUE FUND
For the Year Ended September 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 180,146	\$ 180,146
Interest income	-	-	(7)	(7)
Other revenue	-	12,584	12,584	-
Total revenues	-	12,584	192,723	180,139
EXPENDITURES				
Community development	-	12,584	51,914	(39,330)
Excess (deficiency) of revenues over (under) expenditures	-	-	140,809	140,809
Net change in fund balances	\$ -	\$ -	140,809	\$ 140,809
Fund balances - beginning			(128,834)	
Fund balances (deficit) - ending			\$ 11,975	

There are no differences between Budgetary Revenues, Expenditures and Other Financing Sources (Uses) and GAAP Revenues, Expenditures and Other Financing Sources (Uses)

City of Cape Coral, Florida

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUND**

For the Year Ended September 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Rent and royalties	\$ 3,705,194	\$ 4,340,709	\$ 3,073,155	\$ (1,267,554)
Interest income	2,000	11,740	92,106	80,366
Other revenue	-	-	75	75
Prior year cash balance	1,322,637	7,432,202	-	(7,432,202)
Total revenues	<u>5,029,831</u>	<u>11,784,651</u>	<u>3,165,336</u>	<u>(8,619,315)</u>
EXPENDITURES				
General government	2,980	2,980	2,759	221
Debt service:				
Principal	11,980,928	11,806,372	11,806,372	-
Interest and fiscal charges	9,374,424	10,576,738	9,307,870	1,268,868
Bond issuance costs	-	440,621	440,620	1
Total expenditures	<u>21,358,332</u>	<u>22,826,711</u>	<u>21,557,621</u>	<u>1,269,090</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,328,501)</u>	<u>(11,042,060)</u>	<u>(18,392,285)</u>	<u>(7,350,225)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	17,243,408	17,068,852	17,157,995	89,143
Transfers out	-	(2,216,045)	(2,216,046)	(1)
Issuance of debt	-	-	62,595,000	62,595,000
Premium on debt	-	70,636,561	8,041,561	(62,595,000)
Payment to refunded bond escrow agent	-	(70,193,955)	(70,193,955)	-
Reserves	(914,907)	(4,253,353)	-	4,253,353
Total other financing sources (uses)	<u>16,328,501</u>	<u>11,042,060</u>	<u>15,384,555</u>	<u>4,342,495</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(3,007,730)</u>	<u>\$ (3,007,730)</u>
Fund balances - beginning			<u>7,433,618</u>	
Fund balances - ending			<u>\$ 4,425,888</u>	

**There are no differences between Budgetary Revenues, Expenditures
and Other Financing Sources (Uses) and GAAP Revenues, Expenditures
and Other Financing Sources (Uses)**

City of Cape Coral, Florida

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PARKS CAPITAL IMPROVEMENTS FUND**

From Inception and For the Year Ended September 30, 2017

	Prior Years Actual	Current Year Actual	Total Actual to Date	Project Authorization
REVENUES				
Intergovernmental	\$ 1,418,264	\$ 151,405	\$ 1,569,669	\$ 1,940,241
Interest income	2,193,825	10,213	2,204,038	90,500
Contributions and donations	30,000	-	30,000	48,625
Other revenue	41,904	-	41,904	-
Unassigned balance	-	-	-	3,253,613
Total revenues	<u>3,683,993</u>	<u>161,618</u>	<u>3,845,611</u>	<u>5,332,979</u>
EXPENDITURES				
Parks and recreation	141,435	1,296	142,731	1,016,609
Capital outlay	<u>48,270,047</u>	<u>122,100</u>	<u>48,392,147</u>	<u>59,035,927</u>
Total expenditures	<u>48,411,482</u>	<u>123,396</u>	<u>48,534,878</u>	<u>60,052,536</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(44,727,489)</u>	<u>38,222</u>	<u>(44,689,267)</u>	<u>(54,719,557)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	21,658,255	-	21,658,255	21,664,295
Transfer out	(11,796,193)	-	(11,796,193)	(6,511,150)
Issuance of debt	36,735,161	-	36,735,161	39,566,412
Proceeds on sale of capital assets	<u>72,187</u>	<u>-</u>	<u>72,187</u>	<u>-</u>
Total other financing sources (uses)	<u>46,669,410</u>	<u>-</u>	<u>46,669,410</u>	<u>54,719,557</u>
Net change in fund balances	<u>\$ 1,941,921</u>	<u>38,222</u>	<u>\$ 1,980,143</u>	<u>\$ -</u>
Fund balances - beginning		<u>1,941,921</u>		
Fund balances - ending		<u>\$ 1,980,143</u>		

City of Cape Coral, Florida

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER CAPITAL IMPROVEMENTS FUND**

From Inception and For the Year Ended September 30, 2017

	Prior Years Actual	Current Year Actual	Total Actual to Date	Project Authorization
REVENUES				
Intergovernmental	\$ 8,159,828	\$ -	\$ 8,159,828	\$ 8,351,490
Interest income	1,364,925	7,138	1,372,063	1,192
Other revenue	1,695,936	-	1,695,936	1,182,770
Unassigned balance	-	-	-	1,941,554
Total revenues	<u>11,220,689</u>	<u>7,138</u>	<u>11,227,827</u>	<u>11,477,006</u>
EXPENDITURES				
General government	979,433	22,991	1,002,424	2,074,806
Public safety: police	8,021,478	-	8,021,478	5,605,574
Public safety: fire	-	-	-	1,123,800
Public works	-	-	-	310,454
Parks and recreation	557,541	-	557,541	19,375
Transportation	1,826,826	-	1,826,826	5,052,693
Capital outlay	111,041,044	1,031,595	112,072,639	159,709,585
Debt service: interest and fiscal charges	1,585,471	-	1,585,471	628,994
Total expenditures	<u>124,011,793</u>	<u>1,054,586</u>	<u>125,066,379</u>	<u>174,525,281</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(112,791,104)</u>	<u>(1,047,448)</u>	<u>(113,838,552)</u>	<u>(163,048,275)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	27,920,973	10,024,521	37,945,494	71,291,223
Transfer out	(4,400,989)	-	(4,400,989)	(3,429,289)
Issuance of debt	92,684,272	-	92,684,272	95,186,341
Total other financing sources (uses)	<u>116,204,256</u>	<u>10,024,521</u>	<u>126,228,777</u>	<u>163,048,275</u>
Net change in fund balances	<u>\$ 3,413,152</u>	<u>8,977,073</u>	<u>\$ 12,390,225</u>	<u>\$ -</u>
Fund balances - beginning		<u>3,413,152</u>		
Fund balances - ending		<u>\$ 12,390,225</u>		

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TRANSPORTATION CAPITAL IMPROVEMENTS FUND**

From Inception and For the Year Ended September 30, 2017

	Prior Years Actual	Current Year Actual	Total Actual to Date	Project Authorization
REVENUES				
Intergovernmental	\$ 11,984,675	\$ 2,231,146	\$ 14,215,821	\$ 11,727,241
Rent and royalties	4,367	-	4,367	-
Interest income	8,109,420	104,302	8,213,722	116,231
Contributions and donations	336,402	203,575	539,977	900,000
Other revenue	4,710,517	36,395	4,746,912	4,078,366
Unassigned balance	-	-	-	1,562,535
Total revenues	<u>25,145,381</u>	<u>2,575,418</u>	<u>27,720,799</u>	<u>18,384,373</u>
EXPENDITURES				
General government	583	-	583	-
Public works	2,181,843	386,343	2,568,186	2,337,375
Capital outlay	197,738,625	8,532,863	206,271,488	322,061,244
Debt Service: interest and fiscal charges	805,049	-	805,049	-
Total expenditures	<u>200,726,100</u>	<u>8,919,206</u>	<u>209,645,306</u>	<u>324,398,619</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(175,580,719)</u>	<u>(6,343,788)</u>	<u>(181,924,507)</u>	<u>(306,014,246)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	117,569,143	8,166,000	125,735,143	137,125,001
Transfers out	(4,165,180)	-	(4,165,180)	(7,139,258)
Issuance of debt	84,987,594	-	84,987,594	175,946,419
Proceeds on sale of capital assets	<u>227,519</u>	<u>8,800</u>	<u>236,319</u>	<u>82,084</u>
Total other financing sources (uses)	<u>198,619,076</u>	<u>8,174,800</u>	<u>206,793,876</u>	<u>306,014,246</u>
Net change in fund balances	<u>\$ 23,038,357</u>	<u>1,831,012</u>	<u>\$ 24,869,369</u>	<u>\$ -</u>
Fund balances - beginning		<u>23,038,357</u>		
Fund balances - ending		<u>\$ 24,869,369</u>		

PROPRIETARY FUNDS

NONMAJOR ENTERPRISE FUNDS

Enterprise funds are used to account for activity for which a fee is charged to external users for goods or services.

- Yacht Basin Fund – used to account for the operations of the City’s public marina and docks.
- Golf Course Fund – used to account for the operations of the year-round municipal golf facility which includes the clubhouse, greens, and restaurant operations.

INTERNAL SERVICE FUNDS

Internal service funds are used to account for activity that provides goods or services to other funds, departments or agencies of the primary government and its component units on a cost-reimbursement basis.

- Workers Compensation Insurance Fund – used to account for self-insurance of workers compensation.
- Property and Casualty Insurance Fund – used to account for the City’s risk management activity for auto liability, property and contents loss, and general liability.
- Facilities & Fleet Management – used to account for the costs of operation for the repair and maintenance of city owned/leased vehicles, equipment, and buildings. Such costs are billed to other departments.
- Self-funded Health Insurance – used to account for the self-funded medical health insurance plan.

City of Cape Coral, Florida

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS

September 30, 2017

	Yacht Basin	Golf Course	Total
ASSETS			
Current assets:			
Cash and investments	\$ 835,799	\$ 5,900	\$ 841,699
Interest receivable	2,058	-	2,058
Accounts receivable, net	139	452	591
Inventories	-	37,028	37,028
Prepaid items	568	-	568
Total current assets	838,564	43,380	881,944
Noncurrent assets:			
Land	20,555	1,797,171	1,817,726
Buildings	77,988	1,260,462	1,338,450
Building improvements	-	40,729	40,729
Improvements other than buildings	864,337	2,864,946	3,729,283
Equipment	51,296	714,565	765,861
Infrastructure	286,049	-	286,049
Less accumulated depreciation	(784,884)	(3,943,138)	(4,728,022)
Total capital assets, net	515,341	2,734,735	3,250,076
Total noncurrent assets	515,341	2,734,735	3,250,076
Total assets	1,353,905	2,778,115	4,132,020
DEFERRED OUTFLOWS OF RESOURCES			
Pension assumptions	14,316	158,774	173,090
Pension experience	6,215	68,926	75,141
Total deferred outflows of resources	20,531	227,700	248,231
LIABILITIES			
Current liabilities:			
Accounts payable and other accrued liabilities	26,282	139,613	165,895
Accrued payroll	2,071	19,500	21,571
Deposits	20,000	-	20,000
Unearned revenue	-	25,960	25,960
Compensated absences	-	13,660	13,660
Total current liabilities	48,353	198,733	247,086
Noncurrent liabilities:			
Advances from other funds	-	765,256	765,256
Compensated absences	4,132	78,573	82,705
OPEB obligation	92,152	1,277,194	1,369,346
Net pension liability	77,075	854,830	931,905
Total noncurrent liabilities	173,359	2,975,853	3,149,212
Total liabilities	221,712	3,174,586	3,396,298
DEFERRED INFLOWS OF RESOURCES			
Pension earnings	2,725	30,231	32,956
Pension experience	382	4,232	4,614
Total deferred inflows of resources	3,107	34,463	37,570
NET POSITION			
Net investment in capital assets	515,341	2,734,735	3,250,076
Unrestricted	634,276	(2,937,969)	(2,303,693)
Total net position	\$ 1,149,617	\$ (203,234)	\$ 946,383

City of Cape Coral, Florida

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS**

For the Year Ended September 30, 2017

	Yacht Basin	Golf Course	Total
OPERATING REVENUES			
Charges for services	\$ 669,345	\$ 1,951,075	\$ 2,620,420
Other revenue	139	1,123	1,262
Total operating revenues	<u>669,484</u>	<u>1,952,198</u>	<u>2,621,682</u>
OPERATING EXPENSES			
Salaries, wages and employee benefits	46,572	985,073	1,031,645
Contractual services, materials and supplies	216,809	1,319,776	1,536,585
Depreciation	42,730	105,838	148,568
Total operating expenses	<u>306,111</u>	<u>2,410,687</u>	<u>2,716,798</u>
Operating income (loss)	<u>363,373</u>	<u>(458,489)</u>	<u>(95,116)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	4,577	277	4,854
Gain (loss) on sale of capital assets	9,119	1,675	10,794
Total nonoperating revenues (expenses)	<u>13,696</u>	<u>1,952</u>	<u>15,648</u>
Income (loss) before contributions and transfers	<u>377,069</u>	<u>(456,537)</u>	<u>(79,468)</u>
Transfers			
Transfers in	-	893,896	893,896
Transfers out	(115,000)	-	(115,000)
Total contributions and transfers	<u>(115,000)</u>	<u>893,896</u>	<u>778,896</u>
Change in net position	262,069	437,359	699,428
Total net position - beginning	887,548	(640,593)	246,955
Total net position - ending	<u>\$1,149,617</u>	<u>\$ (203,234)</u>	<u>\$ 946,383</u>

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended September 30, 2017

	Yacht Basin	Golf Course	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 669,352	\$ 1,795,639	\$ 2,464,991
Cash payments to suppliers	(151,594)	(950,606)	(1,102,200)
Cash payments to employees	(134,577)	(1,367,913)	(1,502,490)
Interfund service payments	(80,302)	(348,032)	(428,334)
Net cash provided (used) by operating activities	<u>302,879</u>	<u>(870,912)</u>	<u>(568,033)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	-	893,896	893,896
Transfers out	(115,000)	-	(115,000)
Due to/from other funds	-	200,347	200,347
Net cash provided (used) by noncapital financing activities	<u>(115,000)</u>	<u>1,094,243</u>	<u>979,243</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(12,608)	(321,011)	(333,619)
Proceeds from sale of capital assets	9,119	1,675	10,794
Net cash provided (used) by capital and related financing activities	<u>(3,489)</u>	<u>(319,336)</u>	<u>(322,825)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment Earnings	3,418	277	3,695
Net cash provided (used) by investing activities	<u>3,418</u>	<u>277</u>	<u>3,695</u>
Net increase (decrease) in cash	187,808	(95,728)	92,080
Cash and investments - beginning	647,991	101,628	749,619
Cash and investments - ending	<u>\$ 835,799</u>	<u>\$ 5,900</u>	<u>\$ 841,699</u>

**The following reconciles cash and cash equivalents to the
Statement of Net Assets Nonmajor Enterprise Funds**

Cash and investments	<u>\$ 835,799</u>	<u>\$ 5,900</u>	<u>\$ 841,699</u>
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**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:**

Operating income (loss)	<u>\$ 363,373</u>	<u>\$ (458,489)</u>	<u>\$ (95,116)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	42,730	105,838	148,568
(Increase) decrease in assets:			
Accounts receivable, net	(132)	(90)	(222)
Inventories	-	9,229	9,229
Prepaid items	568	-	568
Increase (decrease) in liabilities:			
Accounts payable and other accrued liabilities	(15,655)	11,909	(3,746)
Accrued payroll	630	(332)	298
Compensated absences	4,132	36,569	40,701
OPEB obligation	(100,795)	(352,204)	(452,999)
Change in deferred outflows	(276)	58,115	57,839
Change in deferred inflows	2,639	27,854	30,493
Net Pension Liability	5,665	(152,842)	(147,177)
Unearned revenue	-	(156,469)	(156,469)
Total adjustments	<u>(60,494)</u>	<u>(412,423)</u>	<u>(472,917)</u>
Net cash provided (used) by operating activities	<u>\$ 302,879</u>	<u>\$ (870,912)</u>	<u>\$ (568,033)</u>

Supplemental disclosure of noncash investing, capital and financing activities:
Yacht Basin decrease in fair value of investments of \$3,469.

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2017

	Workers Compensation Insurance	Property and Casualty Insurance	Facilities Management	Fleet Management	Self-funded Health Insurance	Total
ASSETS						
Current assets:						
Cash and investments	\$ 9,075,528	\$ 4,332,857	\$ 255,116	\$ 1,074,657	\$ 4,759,778	\$ 19,497,936
Interest receivable	22,344	10,668	-	-	11,718	44,730
Accounts receivable, net	2,255	2,243	7,965	650	635,898	649,011
Due from other funds:						
Prepaid items	21	126,362	577	394	-	127,354
Total current assets	<u>9,100,148</u>	<u>4,472,130</u>	<u>263,658</u>	<u>1,075,701</u>	<u>5,407,394</u>	<u>20,319,031</u>
Noncurrent assets:						
Capital assets (net of accumulated depreciation)						
Buildings	-	-	159,420	635,087	-	794,507
Building improvements	2,057	2,057	101,968	11,395	-	117,477
Improvements other than buildings	-	-	-	63,796	-	63,796
Equipment	66,727	11,103	881,656	897,209	-	1,856,695
Intangible computer software	-	-	-	705,245	-	705,245
Construction in progress	-	-	19,664	-	-	19,664
Less accumulated depreciation	(33,008)	(12,235)	(709,682)	(1,796,417)	-	(2,551,342)
Total capital assets, net	<u>35,776</u>	<u>925</u>	<u>453,026</u>	<u>516,315</u>	<u>-</u>	<u>1,006,042</u>
Total assets	<u>9,135,924</u>	<u>4,473,055</u>	<u>716,684</u>	<u>1,592,016</u>	<u>5,407,394</u>	<u>21,325,073</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension assumptions	42,947	35,138	529,679	235,557	18,220	861,541
Pension experience	18,644	15,254	229,940	102,258	7,909	374,005
Total deferred outflows of resources	<u>61,591</u>	<u>50,392</u>	<u>759,619</u>	<u>337,815</u>	<u>26,129</u>	<u>1,235,546</u>
LIABILITIES						
Current liabilities:						
Accounts payable and other accrued liabilities	32,563	1,042	232,493	281,223	1,021,781	1,569,102
Accrued payroll	3,269	2,489	48,042	22,545	1,540	77,885
Claims liability	1,245,000	494,000	-	-	1,078,196	2,817,196
Compensated absences	-	2,374	29,328	5,726	5,790	43,218
Total current liabilities	<u>1,280,832</u>	<u>499,905</u>	<u>309,863</u>	<u>309,494</u>	<u>2,107,307</u>	<u>4,507,401</u>
Noncurrent liabilities:						
Compensated absences	9,277	13,926	278,959	87,673	13,684	403,519
OPEB	274,839	211,788	3,799,248	1,687,836	151,970	6,125,681
Claims liability	4,981,000	963,000	-	-	-	5,944,000
Net pension liability	231,225	189,184	2,851,769	1,268,232	98,095	4,638,505
Total noncurrent liabilities	<u>5,496,341</u>	<u>1,377,898</u>	<u>6,929,976</u>	<u>3,043,741</u>	<u>263,749</u>	<u>17,111,705</u>
Total liabilities	<u>6,777,173</u>	<u>1,877,803</u>	<u>7,239,839</u>	<u>3,353,235</u>	<u>2,371,056</u>	<u>21,619,106</u>
DEFERRED INFLOWS OF RESOURCES						
Pension earnings	8,177	6,690	100,852	44,851	3,469	164,039
Pension experience	1,145	937	14,119	6,279	486	22,966
Total deferred inflows of resources	<u>9,322</u>	<u>7,627</u>	<u>114,971</u>	<u>51,130</u>	<u>3,955</u>	<u>187,005</u>
NET POSITION						
Net investment in capital assets	35,776	925	413,698	452,227	-	902,626
Unrestricted	2,375,244	2,637,092	(6,292,205)	(1,926,761)	3,058,512	(148,118)
Total net position	<u>\$ 2,411,020</u>	<u>\$ 2,638,017</u>	<u>\$ (5,878,507)</u>	<u>\$ (1,474,534)</u>	<u>\$ 3,058,512</u>	<u>\$ 754,508</u>

City of Cape Coral, Florida

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2017

	Workers Compensation Insurance	Property and Casualty Insurance	Facilities Management	Fleet Management	Self-funded Health Insurance	Total
OPERATING REVENUES						
Charges for services	\$ 3,646,273	\$ 3,587,151	\$ 4,465,386	\$ 3,815,401	\$ 17,624,372	\$ 33,138,583
Other revenue	708,221	82,977	8,800	18,041	1,108,362	1,926,401
Total operating revenues	<u>4,354,494</u>	<u>3,670,128</u>	<u>4,474,186</u>	<u>3,833,442</u>	<u>18,732,734</u>	<u>35,064,984</u>
OPERATING EXPENSES						
Salaries, wages and employee benefits	358,850	159,426	3,980,863	1,575,212	239,112	6,313,463
Contractual services, materials and supplies	1,191,111	1,780,969	1,185,667	2,129,494	2,331,824	8,619,065
Claims and claims adjustments	2,803,333	1,080,442	-	-	17,399,728	21,283,503
Depreciation	9,583	206	76,062	244,878	-	330,729
Total operating expenses	<u>4,362,877</u>	<u>3,021,043</u>	<u>5,242,592</u>	<u>3,949,584</u>	<u>19,970,664</u>	<u>36,546,760</u>
Operating income (loss)	<u>(8,383)</u>	<u>649,085</u>	<u>(768,406)</u>	<u>(116,142)</u>	<u>(1,237,930)</u>	<u>(1,481,776)</u>
NONOPERATING REVENUES (EXPENSES)						
Interest income	46,451	15,724	-	-	32,702	94,877
Gain (loss) on disposal of capital assets	-	1,600	50	27,350	-	29,000
Total nonoperating revenues (expenses)	<u>46,451</u>	<u>17,324</u>	<u>50</u>	<u>27,350</u>	<u>32,702</u>	<u>123,877</u>
Income (loss) before transfers	<u>38,068</u>	<u>666,409</u>	<u>(768,356)</u>	<u>(88,792)</u>	<u>(1,205,228)</u>	<u>(1,357,899)</u>
Transfers						
Transfers in	-	-	-	-	1,000,000	1,000,000
Change in net position	<u>38,068</u>	<u>666,409</u>	<u>(768,356)</u>	<u>(88,792)</u>	<u>(205,228)</u>	<u>(357,899)</u>
Total net position - beginning	<u>2,372,952</u>	<u>1,971,608</u>	<u>(5,110,151)</u>	<u>(1,385,742)</u>	<u>3,263,740</u>	<u>1,112,407</u>
Total net position - ending	<u>\$ 2,411,020</u>	<u>\$ 2,638,017</u>	<u>\$ (5,878,507)</u>	<u>\$ (1,474,534)</u>	<u>\$ 3,058,512</u>	<u>\$ 754,508</u>

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2017

	Workers Compensation Insurance	Property and Casualty Insurance	Facility Management	Fleet Management	Self-funded Health Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$ 4,355,386	\$ 3,670,994	\$ 4,474,079	\$ 3,833,432	\$ 18,220,774	\$ 34,554,665
Cash payments for claims	(2,015,332)	(756,442)	-	-	(16,819,226)	(19,591,000)
Cash payments to suppliers	(1,218,846)	(1,831,257)	(1,071,075)	(2,221,430)	(2,502,152)	(8,844,760)
Cash payments to employees	(221,751)	(185,689)	(3,216,331)	(1,457,569)	(120,142)	(5,201,482)
Net cash provided (used) by operating activities	<u>899,457</u>	<u>897,606</u>	<u>186,673</u>	<u>154,433</u>	<u>(1,220,746)</u>	<u>917,423</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers in	-	-	-	-	1,000,000.00	1,000,000
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000,000.00</u>	<u>1,000,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING						
Acquisition and construction of capital assets	(21,495)	-	(160,939)	(136,716)	-	(319,150)
Proceeds from sale of capital asset	-	1,600	50	27,350	-	29,000
Net cash provided (used) by capital and related financing activities	<u>(21,495)</u>	<u>1,600</u>	<u>(160,889)</u>	<u>(109,366)</u>	<u>-</u>	<u>(290,150)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment Earnings	34,731	9,513	-	-	22,894	67,138
Net cash provided (used) by investing activities	<u>34,731</u>	<u>9,513</u>	<u>-</u>	<u>-</u>	<u>22,894</u>	<u>67,138</u>
Net increase (decrease) in cash	912,693	908,719	25,784	45,067	(197,852)	1,694,411
Cash and investments - beginning	8,162,835	3,424,138	229,332	1,029,590	4,957,630	17,803,525
Cash and investments - ending	<u>\$ 9,075,528</u>	<u>\$ 4,332,857</u>	<u>\$ 255,116</u>	<u>\$ 1,074,657</u>	<u>\$ 4,759,778</u>	<u>\$ 19,497,936</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET						
Operating income (loss)	\$ (8,383)	\$ 649,085	\$ (768,406)	\$ (116,142)	\$ (1,237,930)	\$ (1,481,776)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	9,583	206	76,062	244,878	-	330,729
(Increase) decrease in assets:						
Accounts receivable, net	893	866	(107)	(12)	(511,960)	(510,320)
Prepaid items	(21)	(49,030)	(577)	(394)	-	(50,022)
(Increase) decrease in deferred outflows:						
Pension earnings	16,571	26,040	319,579	147,559	13,415	523,164
Pension assumptions	(18,799)	2,809	(63,961)	(20,522)	1,329	(99,144)
Pension experience	(12,102)	(4,974)	(103,782)	(44,007)	(2,613)	(167,478)
Increase (decrease) in liabilities:						
Accounts payable and other accrued liabilities	(27,714)	(1,258)	115,169	(91,542)	(170,328)	(175,673)
Accrued payroll	(2,180)	(384)	4,485	3,137	(91)	4,967
Compensated absences	9,277	16,300	135,443	62,397	252	223,669
OPEB liability	71,501	688	740,544	143,187	140,398	1,096,318
Claims liability	788,000	324,000	-	-	580,502	1,692,502
Net pension liability	64,602	(72,652)	(361,672)	(215,505)	(36,790)	(622,017)
Increase (decrease) in deferred inflows:						
Pension earnings	8,177	6,690	100,852	44,851	3,469	164,039
Pension experience	52	(780)	(6,956)	(3,452)	(399)	(11,535)
Total adjustments	<u>907,840</u>	<u>248,521</u>	<u>955,079</u>	<u>270,575</u>	<u>17,184</u>	<u>2,399,199</u>
Net cash provided (used) by operating activities	<u>\$ 899,457</u>	<u>\$ 897,606</u>	<u>\$ 186,673</u>	<u>\$ 154,433</u>	<u>\$ (1,220,746)</u>	<u>\$ 917,423</u>

Supplemental disclosure of noncash investing, capital and financing activities:
Worker's Compensation Insurance decrease in fair value of investments of \$38,343.
Property and Casualty Insurance decrease in fair value of investments of \$17,827.
Self Insurance Fund decrease in fair value of investments \$17,256.
Facilities Management had \$39,328 of capital related accounts payable.
Fleet Management had \$64,088 of capital related accounts payable.

FIDUCIARY FUNDS

AGENCY FUNDS

Agency Funds are used to account for assets held in an agency capacity for others and therefore cannot be used to support the City's own programs.

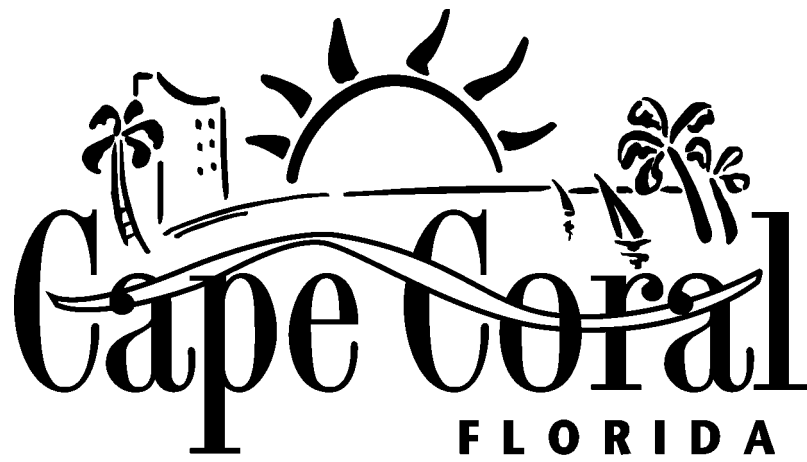
- School Impact Fee Fund – used to account for the City's collection of school impact fees for the Lee County School Board at the time of building permit issuance.
- Solid Waste Fund – used to account for the City's collection of solid waste fees.

City of Cape Coral, Florida

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS**

For the Year Ended September 30, 2017

	Balance September 30, 2016	Additions	Reductions	Balance September 30, 2017
School Impact Fee Fund				
Assets				
Cash and investments	\$ 265,674	\$ 3,629,850	\$ 3,297,986	\$ 597,538
Interest receivable	384	1,471	384	1,471
Total assets	<u>\$ 266,058</u>	<u>\$ 3,631,321</u>	<u>\$ 3,298,370</u>	<u>\$ 599,009</u>
Liabilities				
Due to others	\$ 266,058	\$ 4,064,538	\$ 3,731,587	\$ 599,009
Total liabilities	<u>\$ 266,058</u>	<u>\$ 4,064,538</u>	<u>\$ 3,731,587</u>	<u>\$ 599,009</u>
 Solid Waste Fund				
Assets				
Cash and investments	\$ 2,563,355	\$ 12,837,628	\$ 12,091,690	\$ 3,309,293
Interest receivable	3,298	8,147	3,298	8,147
Intergovernmental receivable	35,785	12,969,454	12,965,932	39,307
Total assets	<u>\$ 2,602,438</u>	<u>\$ 25,815,229</u>	<u>\$ 25,060,920</u>	<u>\$ 3,356,747</u>
Liabilities				
Due to others	\$ 2,602,438	\$ 13,656,863	\$ 12,902,554	\$ 3,356,747
Total liabilities	<u>\$ 2,602,438</u>	<u>\$ 13,656,863</u>	<u>\$ 12,902,554</u>	<u>\$ 3,356,747</u>
 Total All Agency Funds				
Assets				
Cash and investments	\$ 2,829,029	\$ 16,467,478	\$ 15,389,676	\$ 3,906,831
Interest receivable	3,682	9,618	3,682	9,618
Intergovernmental receivable	35,785	12,969,454	12,965,932	39,307
Total assets	<u>\$ 2,868,496</u>	<u>\$ 29,446,550</u>	<u>\$ 28,359,290</u>	<u>\$ 3,955,756</u>
Liabilities				
Due to others	\$ 2,868,496	\$ 17,721,401	\$ 16,634,141	\$ 3,955,756
Total liabilities	<u>\$ 2,868,496</u>	<u>\$ 17,721,401</u>	<u>\$ 16,634,141</u>	<u>\$ 3,955,756</u>



Statistical Section

STATISTICAL SECTION

(Unaudited)

This part of the City of Cape Coral, Florida's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	166
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	171
These schedules contain information to help the reader assess the factors affecting the City's most significant local revenue source, the property tax.	
Debt Capacity	176
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. The City has no legal debt margin and therefore it is not reported in these schedules.	
Demographic and Economic Information	180
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	183
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Source: Unless otherwise noted, the information in these schedules was obtained from the Comprehensive Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

City of Cape Coral, Florida

NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

Schedule 1

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 196,850,151	\$ 218,770,809	\$ 203,524,150	\$ 210,969,144	\$ 211,308,256	\$ 211,168,912	\$ 211,573,951	\$ 206,045,063	\$ 215,610,383	\$ 226,821,441
Restricted	66,021,021	39,734,025	63,970,296	37,703,162	38,954,956	33,449,825	33,522,887	39,172,890	49,389,716	53,759,601
Unrestricted	24,697,432	4,107,230	(9,570,983)	(9,190,305)	(31,602,890)	(45,992,918)	(41,654,894)	(129,177,798)	(133,595,277)	(129,318,499)
Total governmental activities net position	287,568,604	262,612,064	257,923,463	239,482,001	218,660,322	198,625,819	203,441,944	116,040,155	131,404,822	151,262,543
Business-type activities										
Net investment in capital assets	347,320,967	360,394,183	378,762,735	371,543,292	373,653,297	370,704,547	362,080,880	361,707,442	374,994,099	371,601,686
Restricted	75,792,828	78,467,814	54,357,805	56,239,059	62,417,416	47,174,719	66,696,901	92,631,969	89,937,196	101,978,014
Unrestricted	6,335,631	17,725,385	35,473,769	42,002,781	24,960,060	23,014,260	16,979,433	(26,625,585)	(17,705,952)	(8,257,372)
Total business-type activities net position	429,449,426	456,587,382	468,594,309	469,785,132	461,030,773	440,893,526	445,757,214	427,713,826	447,225,343	465,322,328
Primary government										
Net investment in capital assets	544,171,118	579,164,992	582,286,885	582,512,436	584,961,553	581,873,459	573,654,831	567,752,505	590,604,482	598,423,127
Restricted	141,813,849	118,201,839	118,328,101	93,942,221	101,372,372	80,624,544	100,219,788	131,804,859	139,326,912	155,737,615
Unrestricted	31,033,063	21,832,615	25,902,786	32,812,476	(6,642,830)	(22,978,658)	(24,675,461)	(155,803,383)	(151,301,229)	(137,575,871)
Total primary government net position	\$ 717,018,030	\$ 719,199,446	\$ 726,517,772	\$ 709,267,133	\$ 679,691,095	\$ 639,519,345	\$ 649,199,158	\$ 543,753,981	\$ 578,630,165	\$ 616,584,871

City of Cape Coral, Florida
CHANGES IN NET POSITION
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government										
Public safety:										
Police	\$ 38,120,980	\$ 31,534,140	\$ 29,986,307	\$ 32,639,906	\$ 31,642,181	\$ 35,750,067	\$ 43,386,715	\$ 52,344,411	\$ 51,588,399	\$ 71,064,097
Fire	42,210,585	45,501,686	42,473,233	43,046,173	38,563,123	40,883,574	34,266,016	37,755,665	37,862,679	35,940,818
Building ¹	29,022,228	30,824,609	29,047,066	31,336,823	32,509,360	33,280,113	29,089,119	34,071,631	29,941,799	27,531,173
Public works	-	2,013,917	2,057,602	2,284,267	2,382,927	2,457,567	2,995,300	3,134,523	3,804,593	5,315,723
Parks and recreation	29,295,132	25,229,774	22,375,570	19,250,191	16,844,612	14,216,303	16,905,388	18,101,671	18,288,298	18,415,038
Community development	16,928,374	17,846,602	17,212,764	16,556,468	18,101,675	17,457,679	17,089,459	17,024,031	17,997,257	15,928,133
Interest on long-term debt	9,499,969	8,831,139	11,348,878	9,141,207	10,294,730	7,978,824	6,640,062	5,559,972	6,979,622	8,362,954
Total governmental activities expenses	6,519,347	9,245,822	9,643,322	11,431,053	11,532,722	11,169,234	10,953,024	10,223,210	9,641,749	8,628,106
	171,596,615	171,027,689	164,144,742	165,686,088	161,871,330	163,293,361	161,304,083	178,215,114	176,084,396	191,186,042
Business-type activities:										
Water and sewer	67,114,813	71,389,047	80,300,601	89,819,589	98,718,563	117,610,480	98,202,689	101,071,789	98,123,629	113,611,296
Stormwater	9,313,160	9,489,673	10,659,980	10,488,428	13,694,526	13,744,777	13,572,941	13,270,032	13,029,277	13,912,403
Building division ¹	5,287,370	-	-	-	-	-	-	-	-	-
Yacht basin	305,506	282,733	295,691	312,368	340,445	372,930	992,058	345,467	372,349	323,196
Golf course	2,568,142	2,605,889	2,505,114	2,533,787	2,631,840	2,599,938	2,710,132	2,460,043	2,790,829	2,457,563
Waterpark ¹	307,308	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	87,682,077	83,767,342	93,761,386	103,154,172	115,385,374	134,328,125	115,477,820	117,137,321	115,316,084	130,304,458
Total primary government expenses	\$ 259,258,692	\$ 254,795,031	\$ 257,906,128	\$ 268,840,260	\$ 277,256,704	\$ 297,621,486	\$ 276,781,903	\$ 295,352,435	\$ 291,400,480	\$ 321,480,500
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 11,648,711	\$ 12,421,835	\$ 13,286,099	\$ 11,243,424	\$ 12,700,342	\$ 14,451,088	\$ 9,820,161	\$ 11,911,283	\$ 11,008,789	\$ 10,814,798
Public safety:										
Police	820,650	1,341,052	974,279	726,795	857,660	683,428	831,945	938,606	1,244,054	1,107,582
Fire	410,271	242,902	155,235	182,658	178,483	181,491	231,567	312,388	288,432	489,918
Building ¹	-	14,316	36,006	140,044	36,891	29,218	4,022,162	4,875,890	6,411,115	7,625,904
Public works	2,888,699	1,843,098	1,277,555	7,023	1,063,713	2,948,171	4,036,205	6,130,223	3,151,358	3,725,324
Parks and recreation	3,245,753	5,215,121	5,441,211	5,379,904	5,391,333	5,397,502	5,740,866	5,673,336	5,397,864	5,553,828
Community development	194,083	762,617	663,254	1,110,747	1,955,827	2,113,420	1,515,921	1,679,724	1,408,377	2,653,407
Operating grants and contributions	5,166,569	4,801,931	4,839,251	5,408,078	5,311,353	4,126,255	16,150,059	16,222,090	29,559,152	30,599,539
Capital grants and contributions	10,996,862	10,563,598	12,591,891	13,778,035	9,750,682	7,108,832	7,306,283	9,505,165	8,416,807	12,353,016
Total governmental activities program revenues	35,371,598	37,206,470	38,114,981	37,976,708	37,246,164	37,039,405	49,655,169	57,448,705	66,885,948	74,923,316
Business-type activities:										
Charges for services:										
Water and sewer	46,486,235	52,886,921	63,953,774	65,052,190	71,111,199	76,690,422	73,603,154	76,614,078	80,067,263	82,880,689
Stormwater	12,436,993	12,540,547	12,602,744	12,435,730	11,356,728	12,352,001	12,329,090	12,317,747	13,123,358	14,589,855
Building division ¹	1,976,525	-	-	-	-	-	-	-	-	-
Yacht basin	301,884	302,466	271,315	345,013	338,006	394,553	992,314	562,119	588,539	669,484
Golf course	2,216,821	2,122,609	2,093,960	2,111,811	2,205,965	2,192,097	2,308,820	2,218,021	2,126,888	1,952,198
Waterpark ¹	2,231,202	-	-	-	-	-	-	-	-	-
Operating grants and contributions	11,033,752	13,934,169	10,474,743	7,961,102	7,517,135	6,904,337	6,571,091	9,989,134	1,122,668	278,376
Capital grants and contributions	38,547,215	25,801,725	19,224,350	15,062,288	12,624,199	15,329,046	29,123,990	22,957,693	27,669,127	45,983,423
Total business-type activities program revenues	115,230,627	107,588,437	108,620,886	102,968,134	105,153,232	113,862,456	124,928,459	124,658,792	124,697,843	146,354,025
Total primary government program revenues	\$ 150,602,225	\$ 144,794,907	\$ 146,735,867	\$ 140,944,842	\$ 142,399,396	\$ 150,901,861	\$ 174,583,628	\$ 182,107,497	\$ 191,583,791	\$ 221,277,341
Net (Expense)/Revenue										
Governmental activities	\$ (136,225,017)	\$ (133,821,219)	\$ (126,029,761)	\$ (127,709,380)	\$ (124,625,166)	\$ (126,253,956)	\$ (111,648,914)	\$ (120,766,409)	\$ (109,198,448)	\$ (116,262,726)
Business-type activities	27,568,550	23,821,095	14,859,500	(186,040)	(10,232,142)	(20,466,669)	9,450,639	7,521,471	9,381,759	16,049,567
Total primary government net expense	\$ (108,656,467)	\$ (110,000,124)	\$ (111,170,261)	\$ (127,895,420)	\$ (134,857,308)	\$ (146,713,625)	\$ (102,198,275)	\$ (113,244,938)	\$ (99,816,689)	\$ (100,213,159)

Source: City of Cape Coral, Financial Services Department
 See accompanying independent auditors' report.

City of Cape Coral, Florida

CHANGES IN NET POSITION (continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes, levied for general purpose	\$ 96,984,066	\$ 72,633,498	\$ 81,258,406	\$ 68,455,753	\$ 66,300,746	\$ 68,969,220	\$ 71,451,329	\$ 77,445,321	\$ 75,239,444	\$ 79,463,250
Property taxes, levied for debt service	1,266,562	946,169	-	-	-	-	7,229,414	7,168,083	1,094,755	1,344,219
Property taxes, other (CRA and All Hazards)	2,703,930	1,777,720	911,537	815,195	685,754	690,036	16,792,598	18,336,760	18,136,627	18,646,222
Public service tax	-	-	-	-	-	-	-	9,716,679	10,222,671	10,496,714
Sales	14,113,875	13,361,888	13,399,724	14,000,513	14,210,873	15,345,034	16,992,366	18,336,760	18,646,222	18,646,222
Fuel	8,987,485	8,604,266	8,438,785	8,322,095	8,090,870	8,630,419	9,092,366	9,716,679	10,222,671	10,496,714
Alcohol and beverage	58,874	73,592	57,086	59,456	72,585	59,659	72,845	69,298	67,005	78,660
Franchise	6,007,395	6,394,714	6,683,814	6,527,368	6,333,907	6,096,685	6,520,354	6,549,306	6,622,099	6,433,799
Communication	5,102,919	4,424,139	5,426,528	5,927,483	6,017,787	6,280,373	5,773,054	5,489,539	5,168,297	5,319,563
Interest income	2,466,668	3,963,554	2,312,707	2,053,012	2,055,480	142,344	246,807	494,208	1,044,202	1,057,749
Special items	2,201,318	-	-	-	-	-	-	-	-	-
Transfers	(1,675,508)	(750,891)	2,852,573	103,677	35,485	5,683	(4,180)	163,837	(282,857)	6,177,043
Total governmental activities	138,218,484	111,430,649	121,341,160	106,264,552	103,803,487	106,219,453	117,929,765	126,333,215	124,563,115	136,120,447
Business-type activities:										
Interest income	-	-	-	1,056,065	1,513,268	334,105	-	-	9,846,901	8,224,462
Transfers	1,675,508	750,891	(2,852,573)	(103,677)	(35,485)	(5,683)	4,180	(163,837)	282,857	(6,177,043)
Total business-type activities	1,675,508	750,891	(2,852,573)	(103,677)	(35,485)	(5,683)	4,180	(163,837)	282,857	(6,177,043)
Total primary government	\$ 139,893,992	\$ 112,181,540	\$ 118,488,587	\$ 107,216,940	\$ 105,281,270	\$ 106,547,875	\$ 117,933,945	\$ 126,169,378	\$ 134,692,873	\$ 138,167,866
Change in Net Position										
Governmental activities	\$ 1,993,467	\$ (22,390,570)	\$ (4,688,601)	\$ (21,444,828)	\$ (20,821,679)	\$ (20,034,503)	\$ 6,280,851	\$ 5,566,806	\$ 15,364,667	\$ 19,857,721
Business-type activities	29,244,058	24,571,986	12,006,927	766,348	(8,754,560)	(20,137,247)	9,464,819	7,357,634	19,511,517	18,096,986
Total primary government	\$ 31,237,525	\$ 2,181,416	\$ 7,318,326	\$ (20,678,480)	\$ (29,576,038)	\$ (40,171,750)	\$ 15,745,670	\$ 12,924,440	\$ 34,876,184	\$ 37,954,707

¹ Beginning in FY2009 the Building Division and the Waterpark were reclassified from a business-type activity to a governmental activity.

City of Cape Coral, Florida

FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

Schedule 3

	2008	2009	2010	2011 ¹	2012	2013	2014	2015	2016	2017
General Fund										
Nonspendable	\$ 3,614,086	\$ 1,958,785	\$ 2,058,949	\$ 120,906	\$ 1,463,946	\$ 1,234,458	\$ 1,165,609	\$ 879,483	\$ 842,608	\$ 1,361,649
Restricted	3,223,814	921,181	5,155,447	-	-	-	-	-	-	-
Committed	7,400,000	4,400,000	4,400,000	5,400,000	5,644,358	5,504,988	4,502,186	6,169,213	7,946,254	11,446,344
Assigned	-	-	-	-	1,531,752	712,650	199,927	1,281,341	469,442	1,134,329
Unassigned	14,147,146	18,034,628	23,471,473	29,053,164	21,156,596	18,315,850	30,501,100	46,494,247	41,286,873	36,568,335
Total General Fund	\$ 28,385,046	\$ 25,314,594	\$ 35,085,869	\$ 34,574,070	\$ 29,796,652	\$ 25,767,956	\$ 36,368,822	\$ 54,824,284	\$ 50,545,177	\$ 50,510,657
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ 81,190	\$ 87,732	\$ 92,302	\$ 110,351	\$ 93,869	\$ 88,095	\$ 98,890
Reserved	40,254,856	26,923,895	23,962,368	-	-	-	-	-	-	-
Restricted	-	-	-	31,357,530	38,799,815	33,624,557	34,216,824	37,988,089	46,671,710	53,051,681
Committed	-	-	-	11,188,786	11,278,188	12,190,444	13,312,428	22,320,327	19,074,472	29,299,004
Unreserved, designated										
Special Revenue Funds	19,162,976	12,561,192	29,816,396	-	-	-	-	-	-	-
Debt Service Funds	600,141	576,494	583,854	-	-	-	-	-	-	-
Capital Projects Funds	19,308,370	11,125,014	8,530,201	-	-	-	-	-	-	-
Unreserved, reported in:										
Special Revenue Funds	(1,202,123)	(2,982,708)	(1,764,088)	-	-	-	-	-	-	-
Unassigned	-	-	-	(912,669)	(483,219)	(307,694)	(369,155)	(108,446)	(157,390)	(202,173)
Total All Other Governmental Funds	\$ 78,124,220	\$ 48,203,887	\$ 61,128,731	\$ 41,714,837	\$ 49,682,516	\$ 45,599,609	\$ 47,270,448	\$ 60,293,839	\$ 65,676,887	\$ 82,247,402

¹ Fund balance classifications have been revised due to the implementation of GASB 54 in fiscal year 2011.

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

Schedule 4

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	\$ 135,226,007	\$ 108,217,986	\$ 116,175,880	\$ 104,107,863	\$ 101,712,522	\$ 106,071,431	\$ 117,687,138	\$ 125,657,523	\$ 123,818,579	\$ 128,885,655
Special assessments	224,473	230,013	201,509	118,546	138,165	147,915	10,080,686	13,449,945	20,930,885	22,641,361
Licenses and permits	965,718	1,319,617	2,787,048	2,625,516	2,992,430	3,396,297	4,015,563	4,876,346	7,251,734	8,452,874
Intergovernmental	8,260,620	10,933,735	16,037,270	16,052,198	9,429,635	7,559,867	6,452,157	8,455,219	6,967,431	10,083,547
Charges for services	14,482,152	14,097,140	13,135,033	12,256,283	13,423,461	13,310,111	13,988,879	14,773,565	14,020,091	15,173,625
Fines and forfeitures	2,101,717	1,819,901	1,757,962	1,259,226	1,041,971	811,365	746,712	819,205	841,830	1,067,476
Impact fees	3,647,548	1,391,932	1,202,553	1,616,405	1,664,828	2,668,632	3,981,431	5,553,426	8,510,926	12,403,864
Rent and royalties	448,727	509,211	363,438	318,964	276,311	3,287,898	3,763,481	4,079,452	4,110,301	3,512,705
Interest income	4,763,937	2,676,476	1,378,130	888,074	1,042,212	267,079	469,754	1,013,354	960,991	962,872
Contributions and donations	54,285	61,126	109,846	270,191	288,975	253,646	284,250	277,742	242,727	338,145
Other revenue	552,698	1,366,684	1,053,240	1,392,160	3,740,640	3,954,928	2,343,858	5,621,385	1,926,213	1,599,434
Total revenues	170,727,892	142,623,821	154,201,909	140,905,426	135,751,150	141,729,169	163,793,909	184,577,162	189,581,708	205,121,558
Expenditures										
General government	28,559,663	22,760,144	21,232,646	25,984,632	22,925,185	28,029,485	36,664,982	40,382,204	45,579,202	53,777,415
Public safety:										
Police	35,851,640	38,160,407	36,639,732	35,940,838	33,576,378	35,511,381	29,742,744	31,974,963	34,745,411	34,921,546
Fire	24,742,025	24,774,802	24,531,497	26,542,275	27,711,702	28,462,946	24,848,816	26,028,314	26,574,399	27,520,189
Building	2,013,917	2,013,917	2,057,602	2,284,267	2,382,927	2,557,567	2,689,712	2,929,952	3,405,018	4,238,583
Public works	23,938,745	19,756,841	17,378,616	15,365,368	11,599,377	8,932,540	11,788,826	12,540,223	12,322,752	13,879,757
Parks and recreation	13,747,027	14,281,286	13,608,142	13,642,352	13,753,583	13,560,974	13,756,920	14,603,776	15,281,586	16,587,509
Community development	8,732,865	7,903,124	10,499,730	8,765,773	9,475,576	7,101,799	5,691,090	5,979,224	6,709,083	6,893,028
Capital outlay	60,861,774	68,363,473	29,296,160	27,951,051	11,394,393	6,029,345	6,921,521	10,676,484	19,389,174	16,267,397
Debt service:										
Principal	7,504,937	6,798,151	5,483,753	6,409,810	6,894,790	8,530,114	8,844,063	9,497,601	11,292,837	11,806,372
Interest and fiscal charges	5,050,579	5,472,400	9,861,791	9,930,304	8,880,760	11,178,064	10,813,779	10,342,261	9,722,762	9,311,497
Bond issuance cost	-	-	-	-	-	-	101,611	483,913	-	440,620
Total expenditures	208,989,255	210,284,545	170,589,669	172,816,670	148,594,671	149,894,215	151,864,064	165,438,915	185,022,224	195,643,913
Excess of revenues under expenditures	(38,261,363)	(67,660,724)	(16,387,760)	(31,911,244)	(12,843,521)	(8,165,046)	11,929,845	19,138,247	4,559,484	9,477,645
Other Financing Sources (Uses)										
Transfers in	24,897,974	26,423,987	24,621,888	14,451,468	22,957,260	23,960,633	27,265,208	31,887,089	31,052,126	48,438,259
Transfers out	(28,282,365)	(23,478,193)	(23,770,218)	(14,347,791)	(10,813,421)	(23,954,950)	(27,259,388)	(31,723,252)	(34,657,646)	(43,261,216)
Refunding bonds issued	-	-	-	-	-	-	(21,371,001)	-	-	-
Issuance of debt	-	-	-	-	-	-	26,733,000	66,965,000	-	62,595,000
Premium on debt	17,300,037	34,585,710	38,208,714	11,725,289	3,696,691	-	-	4,260,306	-	8,041,561
Payment to escrow agent to refund bonds	-	-	-	-	-	-	(5,252,769)	(59,492,199)	-	(70,193,955)
Refunds	-	(324,797)	-	-	-	-	-	-	-	-
Insurance damage claims	-	-	-	-	8,602	21,064	-	-	-	-
Proceeds on sale of capital assets	209,061	76,356	23,495	156,585	184,650	26,696	226,810	443,662	149,977	1,438,701
Total other financing sources	14,124,707	37,283,063	39,083,879	11,985,551	16,033,782	53,443	341,860	12,340,606	(3,455,543)	7,058,350
Special Items										
Contribution due to difference in market value of land transaction	2,201,318	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ (21,935,338)	\$ (30,377,661)	\$ 22,696,119	\$ (19,925,693)	\$ 3,190,261	\$ (8,111,603)	\$ 12,271,705	\$ 31,478,853	\$ 1,103,941	\$ 16,535,995
Debt service as a percentage of noncapital expenditures	8.48%	8.65%	10.86%	11.28%	11.50%	13.70%	13.56%	12.82%	12.69%	11.77%

City of Cape Coral, Florida

IMPACT FEE REVENUE
Last Ten Fiscal Years

Schedule 5

Fiscal Year	Governmental Activities					Business-type activities		
	Fire ¹	Police ¹	Advanced Life Support ¹	Park Recreational Facilities	Road	Water	Wastewater	Irrigation
2008	\$ 167,649	\$ 236,988	\$ 14,007	\$ 11,149	\$ 3,217,755	\$ 4,238,080	\$ 3,741,964	\$ 665,467
2009	112,243	129,519	7,677	165,020	977,474	4,171,112	4,836,555	497,791
2010	111,908	116,706	6,841	217,425	749,673	1,526,547	2,359,061	296,107
2011	130,077	134,811	7,979	231,920	1,111,618	2,984,685	860,269	245,332
2012	183,159	190,337	11,215	344,535	935,581	531,665	720,771	246,754
2013	268,273	278,123	16,388	489,485	1,616,363	637,875	1,471,406	351,599
2014	366,857	378,990	22,333	642,240	2,571,011	1,859,278	5,736,228	891,280
2015	584,514	601,536	35,446	1,041,410	3,290,520	2,177,497	6,111,600	1,046,984
2016	838,224	868,136	51,154	1,559,473	5,193,939	2,584,665	7,097,253	1,234,697
2017	1,214,515	1,257,401	74,096	2,751,820	7,106,032	4,437,182	8,048,763	2,895,091

¹ Fire, Police and Advanced Life Support are component business units of Public Safety.

City of Cape Coral, Florida

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Schedule 6

Fiscal Year		Real Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2008	\$	27,101,392,480	\$ 479,619,740	\$ 6,589,484,520	\$ 20,991,527,700	4.83	\$ 27,581,012,220	76.11
2009		20,413,438,780	519,489,720	5,236,286,250	15,696,642,250	4.83	20,932,928,500	74.99
2010		13,340,141,030	523,329,090	3,368,593,750	10,494,876,370	7.97	13,863,470,120	75.70
2011		11,309,920,029	548,894,939	2,970,431,592	8,888,383,376	7.97	11,858,814,968	74.95
2012		11,207,273,819	487,302,713	3,127,986,516	8,566,590,016	7.96	11,694,576,532	73.25
2013		11,961,674,078	489,976,001	3,548,255,036	8,903,395,043	7.96	12,451,650,079	71.50
2014		13,290,907,759	475,478,158	4,246,067,858	9,520,318,059	7.71	13,766,385,917	69.16
2015		14,859,472,913	473,544,133	5,002,060,301	10,330,956,745	7.71	15,333,017,046	67.38
2016		16,141,195,874	460,315,173	5,481,003,861	11,120,507,186	6.96	16,601,511,047	66.98
2017		18,033,222,081	458,569,377	6,446,420,411	12,045,371,047	6.75	18,491,791,458	65.14

Source: Lee County Property Appraiser

City of Cape Coral, Florida

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
 Last Ten Fiscal Years

Schedule 7

Fiscal Year	City of Cape Coral			Overlapping Rates			Total Direct and Overlapping Rates
	General Government Services	General Obligation Debt Service	Total	General County	School Board	Other ¹	
2008	4.7698	0.0627	4.8325	3.6506	6.960	1.7883	17.2314
2009	4.7698	0.0000	4.7698	3.6506	6.868	1.6935	16.9819
2010	7.9702	0.0000	7.9702	3.6506	7.508	1.6935	20.8223
2011	7.9702	0.0000	7.9702	3.6506	8.015	1.7474	21.3832
2012	7.9570	0.0000	7.9570	3.6506	7.854	1.7980	21.2597
2013	7.9570	0.0000	7.9570	3.6506	7.584	1.7161	20.9078
2014	7.7070	0.0000	7.7070	4.1506	7.598	1.4580	20.9136
2015	7.7070	0.0000	7.7070	4.1506	7.416	1.4144	20.6880
2016	6.9570	0.0000	6.9570	4.1506	7.285	1.4424	19.8350
2017	6.7500	0.0000	6.7500	4.0506	6.679	1.4872	18.9668

¹ Other consists of Lee County Capital Improvement, Lee County All Hazards, Lee County Library, and Lee County Unincorporated MSTU.

City of Cape Coral, Florida

PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Schedule 8

Taxpayer	2017			2008		
	Taxable Assessed Value ¹	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable City Assessed Value
Corona Property Holdings LLC	\$ 35,777,917	1	0.30 %	-		-
International Capital	22,640,631	2	0.19	-		-
GRE Coralwood LP	22,194,133	3	0.18	\$ 31,618,830	3	0.15 %
Invitation Homes Inc	20,190,301	4	0.17	-		-
Freeman + Hasselwander Resort	18,827,598	5	0.16	-		-
Coral Walk FL LLC	15,297,993	6	0.13	-		-
Publix Super Markets Inc	14,633,574	7	0.12	-		-
Coral Pointe Investment LLC	14,143,470	8	0.12	18,903,570	9	0.09
Cryptical Cove LLC	13,933,462	9	0.12	-		-
Agybe LLC	13,591,259	10	0.11	-		-
Tarpon Point Associates LLC	-		-	86,981,480	1	0.41
Theiman Enterprises LLC	-		-	45,731,010	2	0.22
Eagle Gregory W. Trust	-		-	27,109,980	4	0.13
Deutsche Bank National Trust Co.	-		-	25,597,390	5	0.12
Lowes Home Centers Inc.	-		-	21,898,620	6	0.10
MF Coral Cove LLC	-		-	19,404,000	7	0.09
Lanigan Properties LLC	-		-	19,034,000	8	0.09
Dodge Cape Coral LLC	-		-	18,869,630	10	0.09
Total	<u>\$ 191,230,338</u>		<u>1.60 %</u>	<u>\$ 315,148,510</u>		<u>1.49 %</u>

¹ Source: Lee County Property Appraiser

Total taxable assessed value of Cape Coral for 2017 \$ 12,045,371,047
Total taxable assessed value of Cape Coral for 2008 \$ 20,991,527,700

City of Cape Coral, Florida

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Schedule 9

Fiscal Year	Taxes Levied for the Fiscal Year ²	Collected within the Fiscal Year of the Levy ¹		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 101,441,558	\$ 97,664,523	96.28 %	\$ 469,572	\$ 98,134,095	96.74 %
2009	75,854,023	72,700,638	95.84	492,615	73,193,253	96.49
2010	83,646,270	80,145,761	95.82	249,539	80,395,300	96.11
2011	71,017,898	67,864,550	95.56	317,021	68,181,571	96.01
2012	68,164,357	65,633,185	96.29	107,759	65,740,944	96.44
2013	70,844,314	68,242,587	96.33	(23,284) ³	68,219,303	96.29
2014	73,373,091	70,741,212	96.41	21,460	70,762,672	96.44
2015	79,620,684	76,697,068	96.33	(25,972) ³	76,671,096	96.30
2016	77,436,922	74,492,236	96.20	56,957	74,549,193	96.27
2017	81,306,255	78,383,386	96.41	-	78,383,386	96.41

¹ Source: City of Cape Coral, Financial Services Department

² Source: Lee County Property Appraiser

Property taxes are levied on November 1st of each year, and are due and payable upon receipt of the notice of the levy. A 4% discount is allowed if the taxes are paid in November, with the discount declining by 1% each month thereafter. Accordingly, taxes collected will not be 100% of tax levy. Taxes become delinquent on April 1st of each year, and tax certificates for the full amount of any unpaid taxes and assessments are sold at public auction prior to June 1st of each year, and the proceeds collected are remitted to the City.

³ Includes refunds and corrections from tax collector.

RATIOS OF OUTSTANDING DEBT BY TYPE¹
Last Ten Fiscal Years

Schedule 10

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income ⁵		Per Capita ⁶
	General Obligation Bonds	Revenue Bonds	Notes Payable	Commercial Paper Obligation	Special Assessment	Capital Lease	Revenue Bonds ²	Notes Payable ³	Special Assessment ⁴	Commercial Paper Obligation		%	%	
2008	\$ 1,549,049	\$ 118,755,175	\$ 1,698,130	\$ 43,001,135	\$ -	\$ -	\$ 209,682,891	\$ 20,514,469	\$ 211,733,748	\$ 145,035,865	\$ 751,970,462	16.32	16.32	\$ 970
2009	-	186,828,309	1,006,937	13,740,037	-	-	287,626,784	17,768,261	183,952,600	184,358,963	875,281,891	19.48	19.48	1,200
2010	-	221,223,990	475,505	8,452,000	-	-	283,180,780	14,925,275	170,721,588	203,608,000	902,587,138	21.26	21.26	1,411
2011	-	232,050,024	-	4,200,000	-	-	374,472,392	11,982,083	160,510,947	107,438,000	890,653,446	23.14	23.14	1,531
2012	-	229,435,647	3,414,530	-	-	3,414,530	477,416,707	8,935,129	150,750,308	-	873,366,851	24.70	24.70	1,523
2013	-	221,515,976	2,840,017	-	-	2,840,017	469,565,055	5,780,734	140,579,667	-	843,121,466	21.99	21.99	1,452
2014	-	213,730,572	2,256,647	-	-	2,256,647	461,361,073	35,859,855	130,219,029	-	845,683,823	21.03	21.03	1,357
2015	-	203,703,427	13,675,000	-	1,500,000	1,664,283	457,847,790	68,925,322	118,933,390	-	866,249,212	20.68	20.68	1,348
2016	-	194,470,804	12,092,000	-	1,405,000	1,062,786	447,666,810	69,578,289	107,587,751	-	833,863,440	18.87	18.87	1,241
2017	-	191,054,422	10,474,000	-	1,130,000	452,014	437,229,120	67,859,047	98,580,423	-	806,779,026	16.45	16.45	1,130

¹ Details regarding the City's outstanding debt can be found in the notes to the financial statements.

² Includes debt paid only from water and sewer net revenues.

³ Includes debt paid only from water and sewer net revenues and impact fees.

⁴ Utility special assessments are paid only by the benefited property owners.

⁵ See Schedule 14 for personal income and population data.

⁶ Includes all governmental activities debt and only the business-type activities general obligation bonds and debt paid from stormwater net revenues.

City of Cape Coral

RATIOS OF GENERAL BONDED DEBT OUTSTANDING¹
Last Ten Fiscal Years

Schedule 11

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Property ²	Per Capita ³
2008	\$ 1,549,049	\$ 35,458	\$ 1,513,591	0.01 %	\$ 8.90
2009 ⁴	-	-	-	-	-
2010 ⁴	-	-	-	-	-
2011 ⁴	-	-	-	-	-
2012 ⁴	-	-	-	-	-
2013 ⁴	-	-	-	-	-
2014 ⁴	-	-	-	-	-
2015 ⁴	-	-	-	-	-
2016 ⁴	-	-	-	-	-
2017 ⁴	-	-	-	-	-

¹ Details regarding the City's outstanding debt can be found in the notes to the financial statements.

² See Schedule 6 for property value data.

³ See Schedule 14 for population data.

⁴ No General Obligation Debt since 2009.

City of Cape Coral, Florida

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of September 30, 2017

Schedule 12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Lee County	\$ 235,613,000 ¹	17.726% ²	\$ 41,764,760
City direct debt			<u>203,110,436 ³</u>
Total direct and overlapping debt			<u><u>\$ 244,875,196</u></u>

¹ Source: Lee County Clerk of Court, Finance Division.

² Determined by dividing:

Taxable assessed valuation of the City of Cape Coral (see Schedule 6)	\$ 12,045,371,047
by the total taxable valuation of Lee County.	\$ 67,952,569,739

³ Source: City of Cape Coral, Financial Services Department
(see Schedule 10 governmental activities).

City of Cape Coral, Florida

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Schedule 13

Fiscal Year	Water and Sewer Revenue Debt					Stormwater Revenue Debt				
	Operating Revenues ¹	Operating Expenses ²	Revenue for Debt Services	Debt Service Requirements ³	Coverage ⁴	Operating Revenues ⁵	Less: Operating Expenses ²	Net Available Revenue for Debt Service	Debt Service Requirements ⁶	Coverage
				Principal	Interest	Total			Principal	Total
2008	\$ 46,910,483	\$ 35,168,911	\$ 11,741,572	\$ 3,710,000	\$ 9,599,120	\$ 13,309,120	\$ 8,118,303	\$ 4,701,948	\$ 561,922	\$ 673,783
2009	53,030,486	35,202,653	17,827,833	3,810,000	9,501,847	13,311,847	8,033,659	4,958,824	485,000	573,506
2010	63,886,074	34,499,895	29,386,179	3,915,000	15,247,558	19,162,558	9,358,232	3,569,312	505,000	574,106
2011	67,236,768	32,982,527	34,254,231	4,035,000	14,211,052	18,246,052	9,393,954	3,231,528	525,000	573,906
2012	71,703,204	34,483,112	37,220,092	5,640,000	22,290,563	27,930,563	12,243,641	(698,937)	545,000 ⁸	572,250
2013	75,862,707	36,213,510	39,649,197	6,755,000	22,379,635	29,134,635	12,221,417	157,955	-	-
2014	73,676,329	38,138,225	35,540,104	7,825,000	21,964,200	29,789,200	12,071,965	321,575	-	-
2015	77,043,774	40,442,926	36,600,848	8,395,000	21,018,222	29,413,222	12,404,199	659,468	-	-
2016	80,312,234	41,931,221	38,381,013	9,680,000	19,264,647	28,844,647	11,304,048	1,909,112	-	-
2017	83,094,497	45,152,483	37,942,014	9,960,000	18,888,604	28,848,604	12,006,814	2,681,354	-	-

¹ Includes interest income; excludes ad valorem taxes, and proceeds from sale of capital assets.

² Excludes depreciation expense, interest expense, and bond discount amortization.

³ Includes senior debt with a pledge of net revenues and expansion fees of the utility system.

⁴ Bond covenant requires net revenues adequate to pay at least 100% of the annual debt service on all outstanding bonds becoming due in such fiscal year.

⁵ Includes interest income.

⁶ Includes only debt being funded by the net revenues of the system.

⁷ Includes a \$978,611 one-time adjustment to reconcile the receivable to the Lee County Tax Collector outstanding amount.

⁸ 2012 is the final year of debt service payment.

City of Cape Coral, Florida

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years

Schedule 14

Fiscal Year	Population ¹	Personal Income ²	Per Personal Income ¹	Median Age ¹	School Enrollment ³	Unemployment Rate ⁴
2008	170,074	\$ 4,607,984,956	\$ 27,094	43	17,015	9.2 %
2009	167,917	4,493,123,086	26,758	43	15,983	13.9
2010	163,095	4,245,525,945	26,031	43	15,658	13.5
2011	154,305	3,848,366,700	24,940	43	15,305	11.3
2012	155,158	3,536,205,978	22,791	43	15,246	10.5
2013	156,486	3,833,281,056	24,496	44	15,399	6.5
2014	160,831	4,020,935,831	25,001	43	15,583	6.0
2015	163,602	4,187,883,996	25,598	44	19,839	5.2
2016	168,425	4,418,461,450	26,234	45	19,414	4.8
2017	179,804	4,904,513,708	27,277	45	19,598	3.6

¹ Source: City of Cape Coral, Economic Development

² Determined by multiplying population by per capita personal income.

³ Source: School District of Lee County (Excludes Charter Schools)

⁴ Source: Department of Labor, Bureau of Labor Statistics

City of Cape Coral, Florida

PRINCIPAL EMPLOYERS¹
Current Year and Nine Years Ago

Schedule 15

Employer	2017			2008		
	Employees	Rank	Percentage of Total City Employment ²	Employees	Rank	Percentage of Total City Employment ³
Lee County School District	2,485	1	3.01 %	2,400	1	3.18 %
Lee Memorial Health System	2,235	2	2.71	900	4	1.19
City of Cape Coral	1,799	3	2.18	1,816	2	2.41
Publix Super Market	1,264	4	1.53	1,322	3	1.75
Sam's/Wal-Mart	903	5	1.09	690	5	0.91
Home Depot	588	6	0.71	382	7	0.51
Regional VA Clinic	561	7	0.68	-	-	-
Gulf Coast Village	430	8	0.52	-	-	-
Cape Coral Charter School	369	9	0.45	-	-	-
Lowes Home Improvement Center	365	10	0.44	300	9	0.40
Coldwell Banker/Century 21	-		-	605	6	0.80
Target	-		-	328	8	0.43
Whitney Education Group	-		-	300	10	0.40

Source: City of Cape Coral, Economic Development Office

¹ The data shows only employees working in the City of Cape Coral and does not include other jobs with the same employer located throughout Lee County.

² The total city employment for 2017 was 82,605.
Source: U.S. Department of Labor - Bureau of Labor Statistics

³ The total city employment for 2008 was 75,442.
Source: U.S. Department of Labor - Bureau of Labor Statistics

City of Cape Coral, Florida

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Schedule 16

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government	195	124	125	119	185	128	128	138	144	145
Public Safety:										
Police	412	368	359	344	336	336	334	334	339	342
Fire	222	219	216	206	206	205	206	210	212	222
Building	27	26	26	27	28	29	29	36	48	48
Public Works ¹	228	195	154	150	78	132	137	140	145	150
Community Development	71	61	58	59	57	53	54	57	56	57
Parks and Recreation	244	180	187	190	180	193	197	209	209	210
Water and Sewer	233	269	266	260	218	236	266	279	289	300
Stormwater	92	90	114	113	104	96	96	96	96	96
Yacht Basin	3	3	2	2	2	3	3	3	3	3
Golf Course	38	36	35	36	32	32	32	32	32	32
Waterpark	51	50	67	64	60	62	62	62	62	62
Total	<u>1,816</u>	<u>1,621</u>	<u>1,609</u>	<u>1,570</u>	<u>1,486</u>	<u>1,505</u>	<u>1,544</u>	<u>1,596</u>	<u>1,635</u>	<u>1,667</u>

OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Schedule 17

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Number of sworn officers	256	244	239	216	219	212	226	226	231	234
Total calls received ¹	242,584	219,785	194,688	192,289	239,686	269,161	261,436	275,478	275,688	285,479
Number of crime scenes processed by evidence technician	831	1,019	648	704	635	814	827	950	784	1,356
Traffic citations issued (all units)	25,590	26,117	23,480	18,256	9,797	10,277	10,277	8,806	8,845	11,913
Vice, intelligence and narcotics arrests	1,061	1,490	1,055	893	719	820	906	835	678	755
Fire										
Number of firefighters and officers	191	188	192	192	192	191	191	198	196	205
Calls for service	16,943	17,458	18,127	18,718	19,372	19,652	19,672	20,321	18,643	20,471
Inspections	6,784	7,000	6,747	5,274	7,978	6,757	5,599	8,092	9,342	8,138
Public Works										
Tons of debris collected and disposed of	840	972	13,486	614	112	154	74	160	214	417
Lane miles of road surface restored	57	14	6	42	34	15	59	21	399	134
Community Development										
Contacts (counter and telephone)	21,592	27,487	24,388	52,715	58,292	48,520	49,758	51,023	53,045	47,882
Certificates of use	535	670	661	643	602	610	596	585	590	592
Sign permits issued	329	423	423	260	251	250	259	645	296	272
Parks and Recreation										
Programs held at art studio	234	193	184	366	486	413	390	435	438	250
Sessions held for aquatics	205	46	64	89	114	133	128	127	126	103
Senior centers memberships	1,564	1,094	941	917	751	758	707	751	804	787
Transportation program-total miles driven	76,716	75,336	73,418	76,730	94,533	87,197	115,000	85,173	94,519	105,103
Transportation										
Catch basins	14,392	12,587	4,706	3,133	3,745	4,620	4,178	5,695	4,527	4,527
Centerline miles of roadway striped annually	721	553	453	705	555	389	493	767	355	355
Water and Sewer										
Finished water pumped to system (millions of gallons)	3,572	3,161	3,488	3,519	3,542	3,435	3,516	3,644	3,679	4,694
Dry tons of bio-solids generated	2,140	2,291	1,914	6,889	1,906	1,772	1,789	1,763	1,970	1,970
Stormwater Utility										
Cubic yards dredged from canals	124,440	150,646	120,732	90,073	38,325	41,073	28,945	45,605	54,635	16,361
Swale requests received	567	742	706	652	711	409	247	346	356	521
Swale regraded (Square Feet)	2,190,017	2,163,310	2,360,047	2,060,663	1,311,430	1,516,353	1,541,520	1,326,156	1,121,325	900,370
Building Division										
Total inspections	43,088	31,584	43,750	46,573	33,779	35,877	64,686	83,536	63,071	72,307
Permits issued	15,620	12,217	12,574	12,237	13,603	19,983	19,300	22,019	26,973	27,984
Yacht Basin										
Average annual slip rentals	78	63	63	69	69	90	76	69	85	92
Golf Course										
Rounds played	62,994	62,355	59,888	60,751	62,550	61,974	58,735	57,390	55,808	46,678
Waterpark										
Admissions	145,879	154,099	151,562	131,364	113,267	107,699	113,358	116,293	86,174	87,969

¹ FY2010 and FY2011 actual counts can not be determined due to system software error.

City of Cape Coral, Florida

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Schedule 18

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	11	11	11	10	10	10	10	11	11	11
Public Works										
Paved alleys (miles)	12	12	12	12	12	12	12	12	12	11
Sidewalks (miles)	143	164	184	190	194	194	202	209	215	220
Parks and Recreation										
City owned developed parks	29	30	30	30	34	34	34	34	34	34
Number of developed acres	387	401	401	401	405	409	409	409	409	409
City owned undeveloped parks	21	20	20	20	24	24	24	24	24	24
Number of undeveloped acres	1,069	1,071	1,072	1,086	1,094	1,095	1,095	1,098	1,100	1,101
City owned senior centers	2	2	2	2	2	2	2	2	2	2
City owned boat launches, locks, and lifts ³	7	8	12	10	11	22	22	22	22	22
Transportation										
Paved streets (lane miles) ²	3,111	3,111	3,115	3,123	3,157	3,047	3,047	3,047	3,047	3,047
Water and Sewer										
Number of water connections	51,829	53,777	55,468	55,343	55,591	55,790	56,522	58,899	61,522	62,692
Number of sewer connections	49,889	51,962	53,533	54,069	54,193	54,222	54,678	56,215	59,904	61,208
Miles of water distribution	855	855	848	849	849	853	856	907	907	907
Stormwater										
Stormwater drainage pipes (miles)	521	518	528	519	510	514	517	519	516	540
Swales (miles) ¹	6,732	6,732	3,363	3,363	3,363	3,363	3,363	3,363	3,363	3,363
Catch basins	22,889	22,927	22,961	22,994	22,725	22,767	22,894	22,940	22,931	23,733
Yacht Basin										
Boat slips ⁴	93	108	112	108	93	112	112	112	107	107
Golf Course										
City owned golf courses	1	1	1	1	1	1	1	1	1	1
Waterpark										
City owned waterpark facilities	1	1	1	1	1	1	1	1	1	1

¹ Years 2008-2009 had a change in methodology for calculating mileage. For 2010 the methodology reverted to prior method.

² Year 2013 Cartograph report excluded bike paths and vacations of roads and included road widening and new roads.

³ Year 2013 included both improved and unimproved boat launches.

⁴ Year 2016 includes only boat slips that are available for rent. It does not include slips used by law enforcement.

Single Audit

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

Honorable Mayor and
Members of the City Council
City of Cape Coral, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cape Coral, Florida (City) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 21, 2018. The financial statements of the discretely presented component unit as of and for the year ended June 30, 2017 were audited by us. We issued a separate report dated November 7, 2017. Therefore, this report does not include reporting on the internal control over financial reporting or compliance and other matters included in that separately issued report. The financial statements of the Municipal General Employees' Pension Plan, the Municipal Police Officers' Pension Plan, and the Municipal Firefighters' Pension Plan were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Honorable Mayor and
Members of the City Council
City of Cape Coral, Florida

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as finding 2017-001 that we consider to be material weaknesses.

Compliance and Other Matters

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

City's Response to Findings

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



CliftonLarsonAllen LLP

Fort Myers, Florida
March 21, 2018

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

Honorable Mayor and
Members of the City Council
City of Cape Coral, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited the City of Cape Coral, Florida's (City) compliance with the types of compliance requirements described in *OMB Compliance Supplement* and the requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2017. The City's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the Cape Coral Charter School Authority (Authority) which received \$601,449 in federal awards which is not included in the schedule during the year ended September 30, 2017. Our audit, described below, did not include the operations of the Authority because the Authority's financial statements were audited separately.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General. Those standards, the Uniform Guidance and Chapter 10.550, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Honorable Mayor and
Members of the City Council
City of Cape Coral, Florida

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2017.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal programs and state projects to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal programs and state projects and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

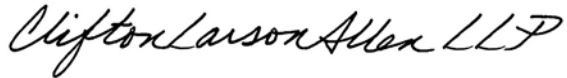
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-002, that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Honorable Mayor and
Members of the City Council
City of Cape Coral, Florida

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Fort Myers, Florida
March 21, 2018

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**
For the Year Ended September 30, 2017

Federal Agency/Program Title	Federal CFDA Number	Federal or Pass Through Grant Number	Expenditures	Transfers to Subrecipients
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Community Planning and Development:				
CDBG Entitlement Grant Cluster				
Community Development Block Grants/Entitlements (CDBG)	14.218	B16MC120027	\$ 683,908	\$ 586,823
Community Development Block Grants/Entitlements (CDBG)	14.218	B15MC120027	622,048	609,450
Neighborhood Stabilization Program (NSP-1)	14.218	B08MN120003	211,547	181,801
Neighborhood Stabilization Program (NSP-3)	14.218	B11MN120003	246,293	220,647
CFDA No. 14.218 Total			<u>1,763,796</u>	<u>1,598,721</u>
U.S. DEPARTMENT OF JUSTICE:				
Office of Justice Programs (OJP):				
Edward Byrne Justice Assistance Grant (JAG) FY16	16.738	2016-DJ-BX-0577	17,219	
Paul Coverdell Forensic Science Improvement Grant FY16	16.738	2016-DJ-BX-0062	78,310	
Technology - Mobile Radio Project	16.738	2017-JAGC-LEE-4-F9-040	45,019	
CFDA No. 16.738 Total			<u>140,548</u>	
Office of Justice Programs (OVC):				
Crime Victim Assistance/Discretionary Grant	16.582	17-080	4,177	
Joint Law Enforcement Operations Equitable Sharing	16.922	FL0360200	63,291	
<i>Passed-Through State of Florida, Office of the Attorney General</i>				
Victims of Crime Act (VOCA) 2016-17	16.575	VOCA-2016-CCPD-00454	85,170	
			<u>293,186</u>	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Administration for Children and Families:				
<i>Passed-Through State of Florida, Agency for Persons with Disabilities:</i>				
Social Services Block Grant:				
Special Populations	93.667	1035	<u>217,427</u>	
U.S. DEPARTMENT OF HOMELAND SECURITY:				
<i>Passed-Through State of Florida, Division of Emergency Management</i>				
Homeland Security Grant Program	97.042			
Community Emergency Response Team (CERT)		13-CI-58-09-46-02-434	<u>7,407</u>	
U.S. DEPARTMENT OF TRANSPORTATION				
Federal Highway Administration:				
<i>Passed-Through State of Florida, Department of Transportation:</i>				
Highway Planning and Construction Cluster				
Highway Planning and Construction				
Chiquita Blvd N Sidewalks Design	20.205	430891-1-38-01	19,392	
Palm Tree Blvd Sidewalks	20.205	433230-1-58/68-01	41,845	
SW 20th Ave Sidewalks	20.205	438100-1-58/68-01	14,337	
Tropicana Pkwy Sidewalks Design	20.205	435021-1-38-01	12,232	
Chiquita Blvd S Sidewalks Design	20.205	434995-1-38-01	44,435	
Sands Blvd Sidewalks	20.205	433235-1-58/68-01	247,189	
Skyline Blvd West Sidewalks	20.205	433234-1-58-01	127,858	
Skyline Blvd North Sidewalks	20.205	433232-1-58-01	159,567	
Eldorado Parkway Sidewalks	20.205	433227-1-58/68-01	369,798	
Signal Timing Analysis & Implementation	20.205	433237-1-38-01	<u>162,059</u>	
			1,198,712	
National Highway Traffic Safety Administration:				
<i>Passed-Through State of Florida, Department of of Transportation:</i>				
FDOT Impaired Driving Enforcement 2016-17	20.616	M5HVE-17-06-10	<u>20,000</u>	
U.S. DEPARTMENT OF COMMERCE				
National Oceanic and Atmospheric Administration:				
<i>Passed-Through State of Florida, Department of Environmental Protection:</i>				
Coastal Zone Management Act	11.419	NA14NOS4190053	<u>9,105</u>	
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,509,633</u>	<u>\$ 1,598,721</u>

The notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (continued)**
For the Year Ended September 30, 2017

<u>State Agency/Program Title</u>	<u>CSFA Number</u>	<u>State Contract/ Grant Number</u>	<u>State Expenditures</u>	<u>Transfers to Subrecipients</u>
STATE OF FLORIDA, FLORIDA HOUSING FINANCE CORPORATION:				
State Housing Initiatives Partnership Program (S.H.I.P.)	40.901	N/A	\$ 545,869	\$ 518,743
STATE OF FLORIDA, DIVISION OF EMERGENCY MANAGEMENT:				
Residential Construction Mitigation Program (RCMP)	31.066	RCMP2016-009	51,914	44,290
STATE OF FLORIDA, AGENCY FOR PERSONS WITH DISABILITIES:				
Association for the Development of the Exceptional: Transportation Services	67.006	N/A	95,626	
STATE OF FLORIDA, DEPARTMENT OF ENVIRONMENTAL PROTECTION				
State Revolving Fund Program				
Drinking Water State Revolving Fund	37.076	DW360103	1,287,158	
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			1,980,567	563,033
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			\$ 5,490,200	\$ 2,161,754

The notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

City of Cape Coral

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**
September 30, 2017

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) is a supplementary schedule to the City's basic financial statements and is presented for purposes of additional analysis. The Schedule is required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Section 215.97, Florida Statutes.

The Schedule includes all federal financial assistance programs and state projects administered by the City of Cape Coral and included in the City's Comprehensive Annual Financial Report. It specifically excludes federal financial assistance programs and state projects received by the discretely presented component unit, the Cape Coral Charter School Authority.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has not elected to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

NOTE 3. SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, the City of Cape Coral provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant - Entitlement Grants	14.218	\$ 1,196,273
Neighborhood Stabilization Program	14.218	402,448
Total		<u>\$ 1,598,721</u>

Of the state expenditures presented in the Schedule, the City of Cape Coral provided state financial assistance to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
State Housing Initiatives Partnership Program (S.H.I.P.)	40.901	\$ 518,743
Residential Construction Mitigation Program (R.C.M.P.)	31.066	44,290
Total		<u>\$ 563,033</u>

City of Cape Coral

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

September 30, 2017

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal financial assistance expenditures are included in the City's basic financial statements as follows:

	<u>Expenditures</u>
General Fund	\$ 428,466
Special Revenue Funds:	
Community Development Block Grant (CDBG)	1,305,956
HUD Neighborhood Stabilization	457,840
Parks and Recreation - Special Populations	217,427
Department of Justice Joint Law Enforcement Operations	63,291
Capital Improvement Funds:	
Transportation - Sidewalk Construction	<u>1,036,653</u>
	<u><u>\$ 3,509,633</u></u>

State financial assistance expenditures are included in the City's basic financial statements as follows:

	<u>Expenditures</u>
Special Revenue Funds:	
Parks and Recreation - Special Populations & Transportation	\$ 95,626
Local Housing Assistance Fund - State Housing	
Initiatives Partnership Program (S.H.I.P.)	545,869
Residential Construction Mitigation Program	51,914
Capital Improvement Funds:	
Water and Sewer - Utility Extension Project	<u>1,287,158</u>
	<u><u>\$ 1,980,567</u></u>

**CITY OF CAPE CORAL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
YEAR ENDED SEPTEMBER 30, 2017**

Part I - Summary of Auditors' Results

Financial Statement Section

TYPE OF AUDITORS' REPORT ISSUED: Unmodified

Internal control over financial reporting:

MATERIAL WEAKNESS(ES) IDENTIFIED? Yes

Significant deficiencies identified not considered to be a material weakness(es) None Reported

Noncompliance material to financial statements noted? No

Federal Awards Section

Internal control over compliance:

MATERIAL WEAKNESS IDENTIFIED? No

Were significant deficiency(ies) identified not considered to be a material weakness(es) Yes

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a) Yes

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
14.218	Community Development Block Grants/ Entitlement Grants
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? No

**CITY OF CAPE CORAL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
YEAR ENDED SEPTEMBER 30, 2017**

Part I - Summary of Auditors' Results (Continued)

State Financial Assistance Section

Internal control over compliance:

MATERIAL WEAKNESS(ES) IDENTIFIED? No

Were significant deficiency(ies) identified not considered to be a material weakness(es) No

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with state requirements? No

Identification of major state projects:

CFDA Number	Name of State Project
37.076	Drinking Water Facility Construction

Dollar threshold used to determine Type A State projects \$300,000

Part II - Financial Statement Findings

2017-001 Material Audit Adjustment – Compensated Absences

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Criteria: City management is responsible for the accuracy and completeness of year end accruals and establishing and maintaining internal controls for the proper recording of all of the City's transactions.

Condition: A the correction of an error which related to prior year compensated absences balances was required resulting in a misstatement of related expense in the current year.

Cause: The report used to record compensated absences was incomplete. Review procedures were not performed to reduce the risk of such an error from occurring.

**CITY OF CAPE CORAL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
YEAR ENDED SEPTEMBER 30, 2017**

Part II - Financial Statement Findings (Continued)

Effect: Compensated absence related expense was misstated in the Government Wide statement of net position. Additionally, compensated absence related expense was misstated in the proprietary fund statements.

Recommendation: We recommend that City management strengthen its year end closing process for compensated absences. Key steps in the closing process should include ensuring that the general ledger account balances are properly reconciled to supporting schedules, and that expenses and related liabilities are recorded in the proper period.

Management's Response: Management does not believe this issue rises to the level of a material weakness. Management, through its own internal controls, identified and corrected the amount reported prior to the Auditor beginning the FY17 audit. Management believes the \$2.8 million adjustment is immaterial to the total governmental activities expenses of \$191,186,042.

Part III – Findings and Questioned Costs - Major Federal Programs

2017-002

Federal agency: US Department of Transportation

Passed Through Agency: State of Florida, Department of Transportation

Federal program title: Highway Planning and Construction

CFDA Number: 20.205

Grant Award Numbers: 430891-1-38-01 and 433230-1-58/68-01

Grant Award Year: 2016

Type of Finding: Significant Deficiency in Internal Control over Compliance - Allowable Costs and Activities

Criteria or specific requirement: 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* requires compliance with the provisions of allowable costs and activities. The City should have internal controls designed to ensure compliance with those provisions.

Condition: During our testing we noted that the City did not have adequate controls designed to ensure payroll costs charged to different projects under these grant awards were properly charged. Three individuals were charged to two separate projects for an entire day of work.

Questioned costs: The total amount of errors noted was less than \$10,000; however, lack of effective controls could result in greater questioned costs.

**CITY OF CAPE CORAL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
YEAR ENDED SEPTEMBER 30, 2017**

Part III – Findings and Questioned Costs - Major Federal Programs (Continued)

Context: We noted 3 errors in payroll charged to the various projects out of a sample of 90.

Cause: The City allocates payroll charges to the different projects under these grant awards via worksheets that are prepared to track grant awards related costs. There is no known check and balance to ensure that there are not duplicate payroll postings to different projects.

Effect: Without proper controls in place, federal funds could be expended that are not in compliance with the provisions of the grant.

Repeat finding: No

Recommendation: We recommend the City implement a procedure to closely evaluate the payroll charges to the different projects under the Highway Planning and Construction grants.

Views of responsible officials: Management is in agreement with the audit finding. The City is in the process of implementing the following internal controls:

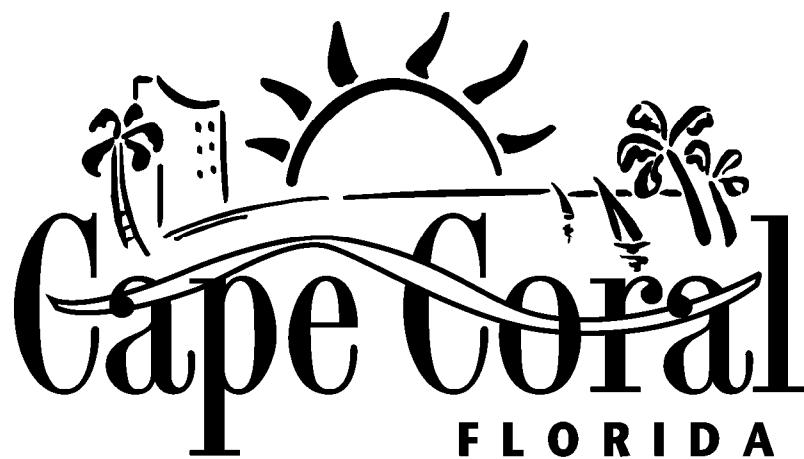
- All hours worked on sidewalk projects will be tracked by employee and day.
- All hours will be reconciled to the payroll system daily time detail report to verify that the employee did work that day and for the number of hours charged to the project.

Part IV – Findings and Questioned Costs - Major State Projects

Our audit did not disclose any matters required to be reported in accordance with Rule 10.554(1)(l)4, Rules of the Auditor General.

Part V – Other Matters

No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to Federal programs or State projects.



Management Letter

MANAGEMENT LETTER

Honorable Mayor and City Council
City of Cape Coral, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Cape Coral, Florida (City) as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated March 21, 2018.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 21, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding financial audit report.

Official Title and Legal Authority

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

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. 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.

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

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2017, 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, 2017. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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



CliftonLarsonAllen LLP

Fort Myers, Florida
March 21, 2018

Independent Accountants Report

INDEPENDENT ACCOUNTANTS' REPORT

Honorable Mayor and
Members of the City Council
City of Cape Coral, Florida


We have examined the City of Cape Coral, Florida's (City) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2017. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds for the year ended September 30, 2017.

This report is intended solely for the information and use of the City 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.



CliftonLarsonAllen LLP

Fort Myers, Florida
March 21, 2018

