



Cape Coral

FLORIDA



The City of Cape Coral
Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2015

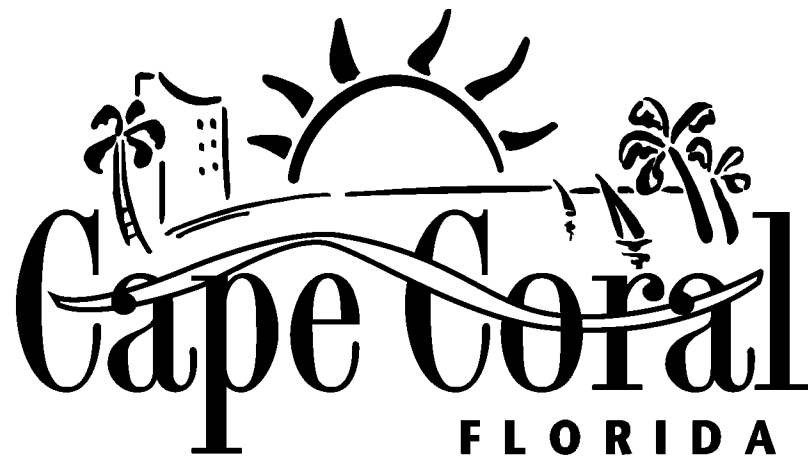
COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Cape Coral, Florida
For the Fiscal Year Ended
September 30, 2015



Prepared by:

Financial Services Department



CITY OF CAPE CORAL, FLORIDA

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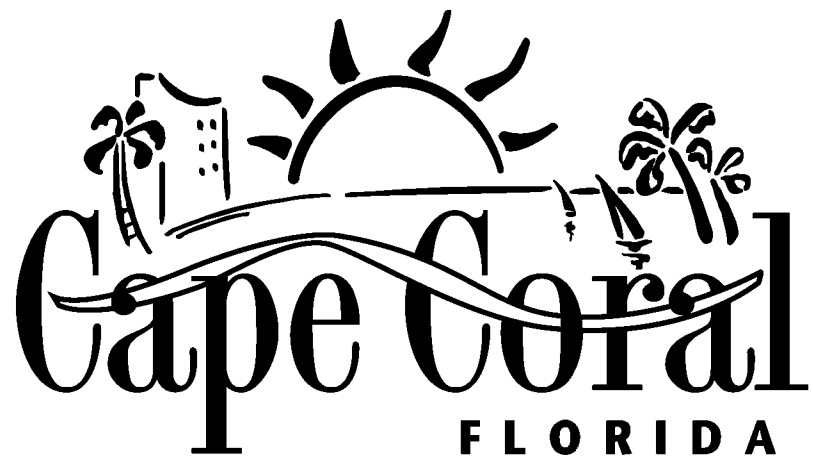
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INTRODUCTORY SECTION



March 31, 2016

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, 2015. 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, 2015 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 second largest city in Florida land-area wise, encompassing 120 square miles and has an estimated population of 163,602 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

The City of Cape Coral is seeing significant recovery from the economic downturn that began in 2008. Housing prices continue to rise, overall assessed values rose by 7.75% this past year, new construction starts are also up as well with residential permits seeing an increase of 58% over 2014. On the commercial side, building permits are up 13% over 2014.

Building upon the successes in commercial development in 2014, Cape Coral has seen increased development in the higher paying commercial sectors of our economy that we have desired since the economic downturn. A new influx of manufacturing and medical related jobs has been created through local business growth. SeaHunter Boats has located a new manufacturing facility in the Cape along with six others driving down unemployment rates and creating opportunities for higher paying non-retail jobs. In addition, Lee Memorial Health Systems constructed and opened a new outpatient facility in the western portion of Cape Coral creating over 30 new high wage jobs as well as adding additional essential services to our community. The Westin Hotel also worked with the city to unveil plans for a new 35,000 square foot, \$11 million conference center in the City. This is a project that will undoubtedly bring exposure to Cape Coral as a destination for business visitors and shining a positive light upon our community as a whole. The Cape also was successful in recruiting a Taiwanese high tech manufacturing company to the Cape which could result in 200 new high wage jobs over the next three to five years. Three new Assisted Living Facilities are under way which adds more amenities for our aging population as well as better paying jobs. In addition to all of the related construction jobs for the above mentioned projects is the fact that new housing starts have increased by over 58% since last year as well. All-in-all, the development and investment landscape in Cape Coral is much stronger and gaining momentum which bodes well for our future. Cape Coral continues to garner praise from outside third party sources such as Forbes and CNN Money who have recognized the Cape as a Top 10 place to start a business, find a job and yes, where still one of the Top 10 places to retire to which speaks volumes for our quality of life. There are several new projects on the horizon that have the potential to drive our economy forward and continue to create opportunities for investment and higher wage job creation as Cape Coral continues its resurgence.

The total taxable assessed property value in Cape Coral was \$9,520,558,825; \$10,329,777,472; and \$11,130,792,263 in fiscal years 2014, 2015 and 2016 respectively. The total taxable assessed property value increased 8.5% from fiscal year 2014 to 2015, and increased 7.75% from fiscal year 2015 to 2016. The total includes new construction of \$109,735,614, \$114,639,280, and \$185,037,351 in fiscal years 2014, 2015, and 2016 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 vast majority of the general fund's operating revenue. Fiscal year 2015 ad valorem receipts of \$76,766,047, represents 48% of the total revenue sources for the general fund. Although ad valorem receipts are still the single largest source, the percentage of all sources had previously been approximately 62%. 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.

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 169,854, which is 4% higher than our 2010 population of 163,095 (U.S. Census, December 2, 2015) and growing. During the winter season it is estimated that our population climbs over 200,000 with our part-time residents and renters joining us. With new housing starts at a rate that's over 58% higher than our 2014 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.
- ◆ Major transportation improvements included the completion of the widening of Pine Island Road in October of 2014. In Fiscal Year 2015, the widening of the Burnt Store Road project began.
- ◆ The Utilities Expansion Program (UEP) for areas 6 and 7 is anticipated to have a significant impact on new developments and resale of existing homes in this area with city utilities in place. Design of area North 2 is currently underway and construction is planned to begin during the summer of 2016 with completion about two years later.

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 increased by \$18,457,852 or 50.8% from prior year primarily due to the delayed start of projects while waiting for a ruling from the Florida Supreme Court on the appeal of the City's special assessment for fire services.

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 as Resolution 129-15.

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 FY 2015 was 7.7070; the FY 2016 Adopted rate was reduced by 0.75 to 6.9570 as planned for during FY 2015 as part of the three year rolling budget.

The current five year CIP for all funds includes approximately \$93.23 million of capital improvements scheduled in FY2016, of which \$65.3 million is for the UEP, \$16.4 million for utility facilities, \$10.9 million for transportation, just over \$1 million for stormwater, and \$656,569 for General Government.

The UEP was restarted in FY 2012, with updates to designs initiated for the Southwest 6 and 7 areas. These plans include construction of water, sewer, and irrigation service capacity to nearly 7,000 lots including 3,500 households. Construction began in early FY2014 with total costs estimated right around \$100 million, the majority of which is financed through the State Revolving Fund (SRF) loan program. Design of North 2 is currently underway with construction estimated to be \$200 million. It is anticipated SRF funding will continue to be available.

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, 2014. This is the 29th consecutive year that the City has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both 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 line 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

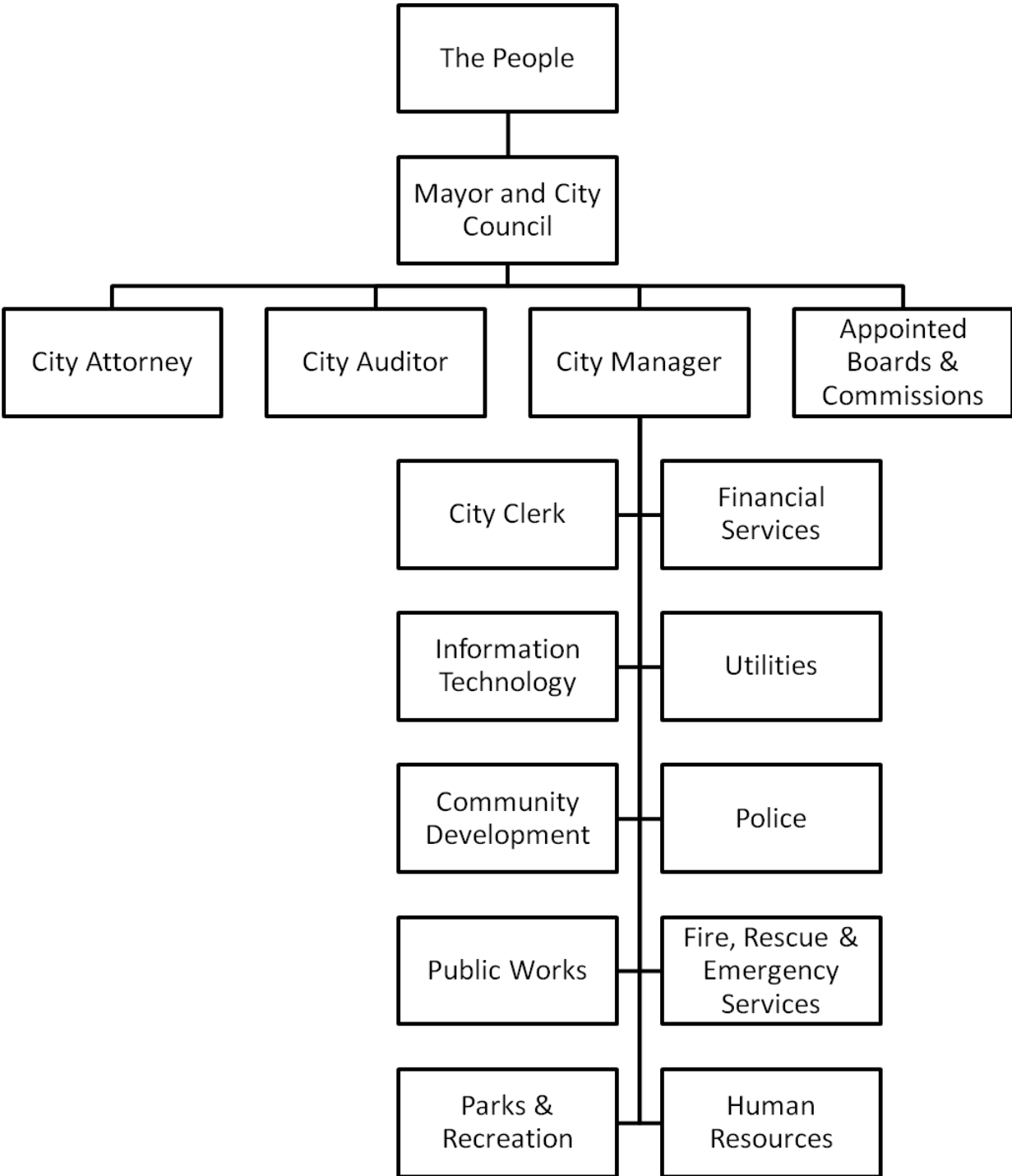
**City of Cape Coral
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

ORGANIZATIONAL CHART



CITY OF CAPE CORAL, FLORIDA

List of City Officials**

Mayor Marni L. Sawicki

City Council

James D. Burch, District No. 1

John M. Carioscia Sr., District No. 2

Marilyn Stout, District No. 3

Richard Leon, District No. 4

Rana M. Erbrick, 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

Margaret Krym, CIA, CGAP, City Auditor

Michelle Hoffmann, Information Technology Services Director

Dolores Menendez, City Attorney

Bart Connelly, Chief of Police

Steven M. Neff, P.E., Public Works Director

Stephen H. Pohlman, CPRP, Parks & Recreation Director

Jeffrey Pearson, Utilities Director

Dana Brunett, Economic Development Manager

Rebecca vanDeutekom, MMC, City Clerk

Donald Cochran, Fire Chief/Emergency Management Director

Lisa Sonego, 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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Municipal General Employees' Pension Plan, the Municipal Police Officers' Pension Plan, and the Municipal Firefighters' Pension Plan, which represent 100% of the total assets, total revenues, and total net position of these Pension Trust Funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it related to the amounts included for those components, is based solely on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of 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.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2015, 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.

Emphasis of a Matter

As described in Note IV. 19. to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* for the year ended September 30, 2015. As a result of the implementation of this standard, the City reported a restatement for the change in accounting principle. Our opinion was not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The 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 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, *Local Governmental Entity Audits*, Rules of the Auditor General of the State of Florida, and is 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.

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 30, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Fort Myers, Florida
March 30, 2016



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, 2015. 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 2015, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$543.7 million (net position). Governmental and business-type assets and deferred outflow of resources exceeded liabilities by 116.0 million and \$427.7 million, respectively.
- The City's total net position decreased by \$105.5 million or 16.3%, in comparison to the prior year which includes an adjustment to beginning net position of \$118.4 million. This adjustment affected both governmental and business-type activities. The adjustments were a result of the City implementing GASB Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27.
- The City had negative \$155.8 million of unrestricted net position.
- Total revenues increased \$15.8 million or 5.4% in comparison to the prior year.
- Total expenses increased \$18.6 million or 6.7% in comparison to the prior year.
- The City's governmental activities net position totaled \$116.0 million, which is a decrease of \$87.4 million or 43.0% in comparison to the prior year. Unrestricted net position for governmental activities was negative \$129.2 million.
- The City's business-type activities reported total net position of \$427.7 million, which is a decrease of \$18.1 million or 4.1% in comparison to the prior year. Unrestricted net position for business-type activities was negative \$26.6 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 and liabilities, with the difference between the two reported as net position. Net position is the difference between the City's assets and liabilities. Increases or decreases in 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 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 114-121).

The City adopts an annual appropriated budget for the General Fund and special revenue funds. Budgetary comparison statement for the general fund is presented on pages 97-98 of the required supplementary information and other governmental funds are presented on pages 122-146 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 148-153).

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 33-96 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 97-110 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 Summary of Net Position (in millions)

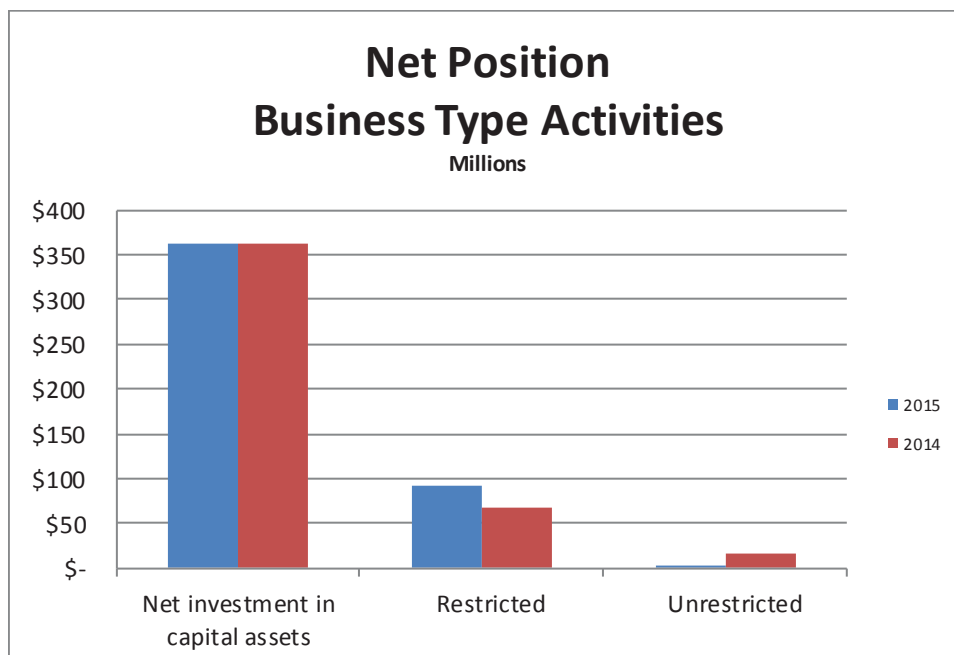
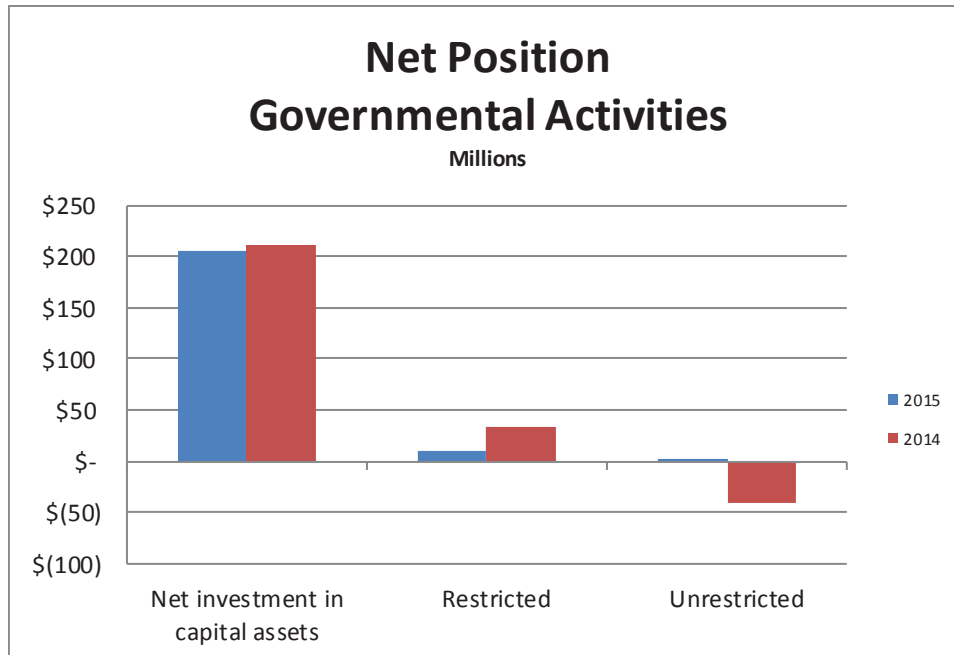
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 139.0	\$ 114.1	\$ 138.3	\$ 129.7	\$ 277.3	\$ 243.8
Capital assets	421.1	425.8	1,004.9	999.4	1,426.0	1,425.2
Total assets	<u>560.1</u>	<u>539.9</u>	<u>1,143.2</u>	<u>1,129.1</u>	<u>1,703.3</u>	<u>1,669.0</u>
Deferred outflow on pension	27.8		5.7		33.5	-
Deferred outflow on refunding bonds	2.7	0.3	4.5	-	7.2	0.3
Total deferred outflows of resources	<u>30.5</u>	<u>0.3</u>	<u>10.2</u>	<u>-</u>	<u>40.7</u>	<u>0.3</u>
Current and other liabilities	13.5	11.9	18.7	27.6	32.2	39.5
Noncurrent liabilities	454.7	324.9	705.8	655.7	1,160.5	980.6
Total liabilities	<u>468.2</u>	<u>336.8</u>	<u>724.5</u>	<u>683.3</u>	<u>1,192.7</u>	<u>1,020.1</u>
Deferred inflow on pension	6.3		1.2		7.5	-
Deferred inflow on refunding bonds	0.1	-	-	-	0.1	-
Total deferred inflows of resources	<u>6.4</u>	<u>-</u>	<u>1.2</u>	<u>-</u>	<u>7.6</u>	<u>-</u>
Net position:						
Net investment in capital assets	206.0	211.6	361.7	362.1	567.7	573.7
Restricted	39.2	33.5	92.6	66.7	131.8	100.2
Unrestricted	(129.2)	(41.7)	(26.6)	17.0	(155.8)	(24.7)
Total net position	<u>\$ 116.0</u>	<u>\$ 203.4</u>	<u>\$ 427.7</u>	<u>\$ 445.8</u>	<u>\$ 543.7</u>	<u>\$ 649.2</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 affect 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 investment in capital assets balance of \$567.7 million decreased \$6.0 million or 1% 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 \$131.8 million (24.2% of total net position) increased \$31.6 million or 31.5% in comparison to the prior year. This balance represents resources subject to external restrictions on their use.

The unrestricted net position balance of negative \$155.8 million (28.7% of total net position) decreased by \$180.6 million from the prior year.

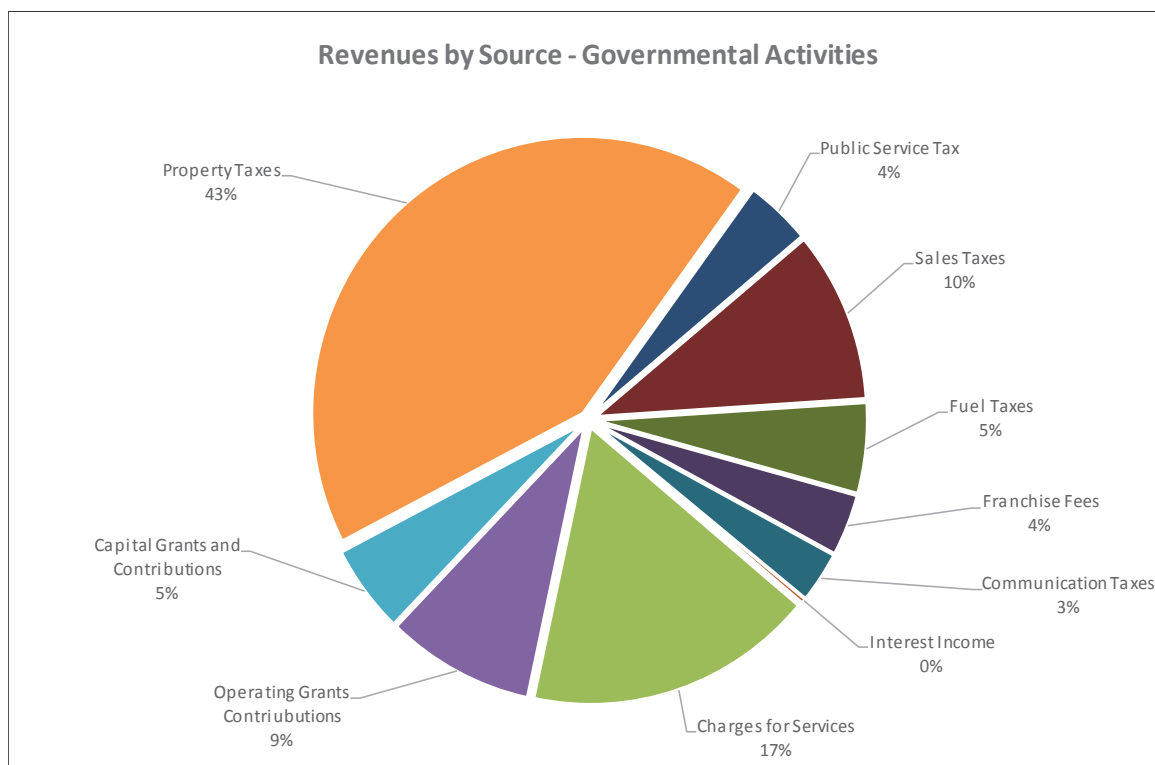


City of Cape Coral, Florida
Summary of Changes in Net Position
(in millions)

	Governmental Activities		Business-type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
REVENUES:						
Program Revenues:						
Charges for Services	\$ 31.7	\$ 26.2	\$ 91.7	\$ 89.2	\$ 123.4	\$ 115.4
Operating Grants Contributions	16.2	16.2	10.0	6.6	26.2	22.8
Capital Grants and Contributions	9.5	7.3	23.0	29.1	32.5	36.4
Property Taxes	78.3	72.2	-	-	78.3	72.2
Public Service Tax	7.2	7.2	-	-	7.2	7.2
Sales Taxes	18.4	16.8	-	-	18.4	16.8
Fuel Taxes	9.7	9.1	-	-	9.7	9.1
Franchise Fees	6.6	6.5	-	-	6.6	6.5
Communication Taxes	5.5	5.8	-	-	5.5	5.8
Interest Income	0.5	0.3	-	-	0.5	0.3
Total Revenues	<u>183.6</u>	<u>167.6</u>	<u>124.7</u>	<u>124.9</u>	<u>308.3</u>	<u>292.5</u>
EXPENSES:						
Program Activities						
Governmental Activities:						
General Government	52.3	43.4	-	-	52.3	43.4
Public Safety						
Police	37.8	34.3	-	-	37.8	34.3
Fire	34.1	29.1	-	-	34.1	29.1
Building	3.1	3.0	-	-	3.1	3.0
Public Works	18.1	16.9	-	-	18.1	16.9
Community Development	5.6	6.6	-	-	5.6	6.6
Parks and Recreation	17.0	17.1	-	-	17.0	17.1
Interest and fiscal charges	10.2	11.0	-	-	10.2	11.0
Business-type Activities:						
Water and Sewer	-	-	101.1	98.2	101.1	98.2
Stormwater	-	-	13.3	13.5	13.3	13.5
Other Enterprise Funds	-	-	2.8	3.7	2.8	3.7
Total Expenses	<u>178.2</u>	<u>161.4</u>	<u>117.2</u>	<u>115.4</u>	<u>295.4</u>	<u>276.8</u>
Increase in Net Position Before Transfers	5.4	6.2	7.5	9.5	12.9	15.7
Transfers	0.2	-	(0.2)	-	-	-
Increase (Decrease) in Net Position	<u>5.6</u>	<u>6.2</u>	<u>7.3</u>	<u>9.5</u>	<u>12.9</u>	<u>15.7</u>
Net Position - beginning as restated	110.4	197.2	420.4	436.3	530.8	633.5
Net Position - ending	<u>\$ 116.0</u>	<u>\$ 203.4</u>	<u>\$ 427.7</u>	<u>\$ 445.8</u>	<u>\$ 543.7</u>	<u>\$ 649.2</u>

Governmental Activities

The net position of the City's governmental activities decreased by \$87.4 million; the net investment in capital assets for governmental activities decreased by \$5.6 million.



Total revenues for governmental activities increased \$16 million or 9.5%, in comparison to prior year. Outlined below are the explanations for the significant revenue changes within governmental activities.

Charges for services increased \$5.5 million or 21%. The primary reasons for this change were increases in the number of building permits issued during the year, an increase in health care profit sharing from the health insurance provider, a settlement regarding the Santa Barbara access project, an increase in debt service lease payments from the charter schools, and an increase in Internal Service funds fees.

Operating grants and contributions remained constant at \$16.2 million.

Capital grants and contributions increased \$2.2 million or 30.1%. The primary reasons to this change were increases in impact fees due to an increase in the number of building permits issued, an increase in grant revenue from CDBG and Local Housing Assistance, and an increase in grant revenue from FDOT for sidewalks, offset by a decrease in HUD Neighborhood Stabilization.

Property taxes increased \$6.1 million or 8.4%. Taxable assessed property valuation of \$10,329,777,472 for fiscal year 2015 represents a 8.5% increase from the previous fiscal year. The millage rate remained the same at 7.7070.

A public service tax (currently at 7.0%) on electricity is charged to residents and business owners who purchase electricity. This tax was charged for the second year, and remained constant at \$7.2 million.

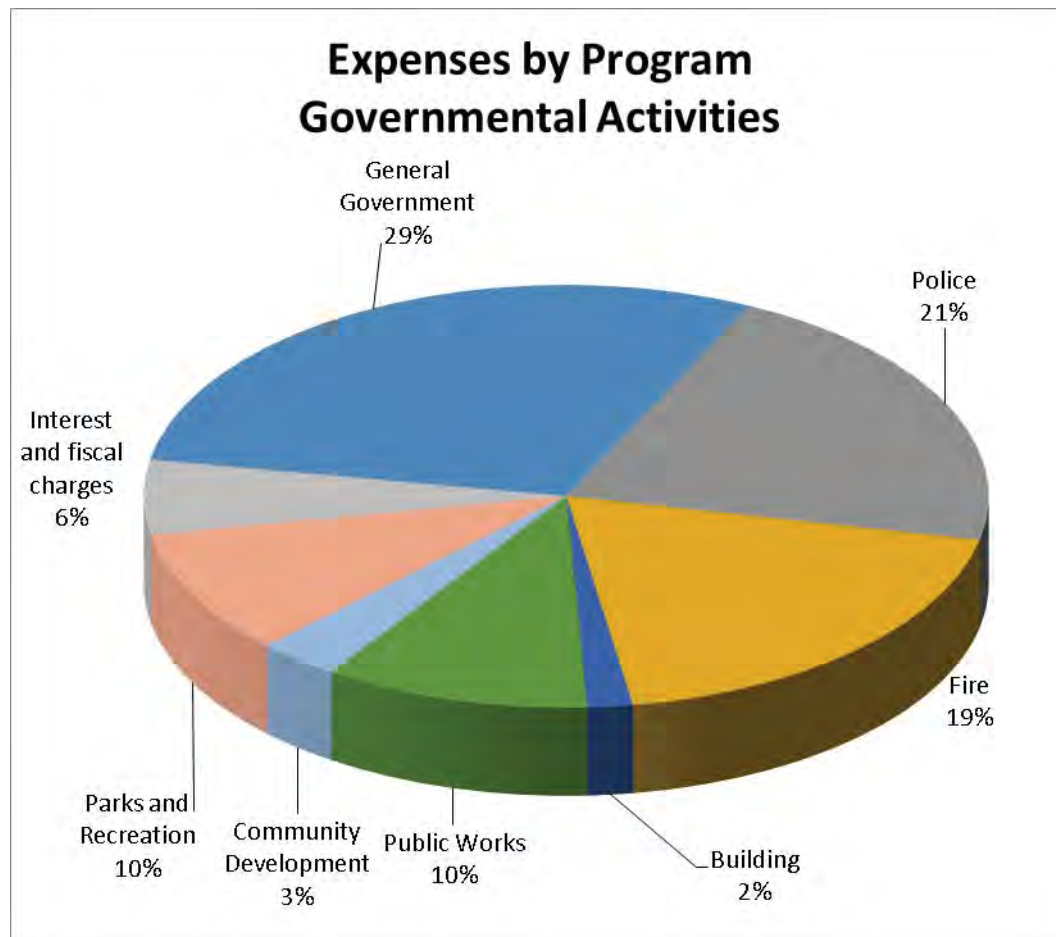
Sales taxes increased \$1.6 million or 9.5% as a result of an increase in consumer spending.

Fuel taxes increased \$.6 million or 6.6%. Fuel taxes are based on the number of gallons sold irrespective of the unit cost per gallon. A number of factors can explain the increase in gallons sold, resulting in increased revenue including lower fuel prices, overall more consumption, etc.

Franchise fees increased \$.1 million or 1.5%. 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 decreased \$.3 million or 5.2%. 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.

Interest Income increased \$.2 million or 66.7%. The increase can be attributed to the increase in the cash balances. Fire service assessment collections contributed to the increase.



Total expenses for governmental activities increased \$16.8 million or 10.4% in comparison to the prior year. Outlined below are the explanations for the most significant expense changes within governmental activities.

General Government expenses increased \$8.9 million or 20.5%. The primary reasons for this increase are attributed to a \$4.9 million increase related to pension, a \$5.3 million increase in personnel costs, offset by a \$.8 million decrease in assessment payments.

Public Safety – Police expenses increased \$3.5 million or 10.2%. The primary reasons for this increase were a \$1.4 million increase related to pension and a \$2.1 million increase in personnel costs.

Public Safety – Fire expenses increased \$5.0 million or 17.2%. The primary reasons for this increase were a result of a \$3.8 million increase related to pension, a \$1.0 million increase in personnel costs, and a \$.5 million increase in fleet charges. This was offset by decreases in electric bills due to the reduction of the power cost adjustment.

Public Safety – Building expenses increased \$.1 million or 3.3%. The primary reasons were a \$.2 million increase in personnel costs, offset by a decrease of \$.1 million related to pension.

Public Works expenses increased \$1.2 million or 7.1%. The primary reasons were a result of a \$.5 increase in personnel costs, a \$.2 million increase in OPEB charges, a \$.3 million increase in disposal of capital assets, an increase of \$.2 million in legal fees for a settlement on the Santa Barbara Widening Project, offset by a \$.2 million decrease related to pension.

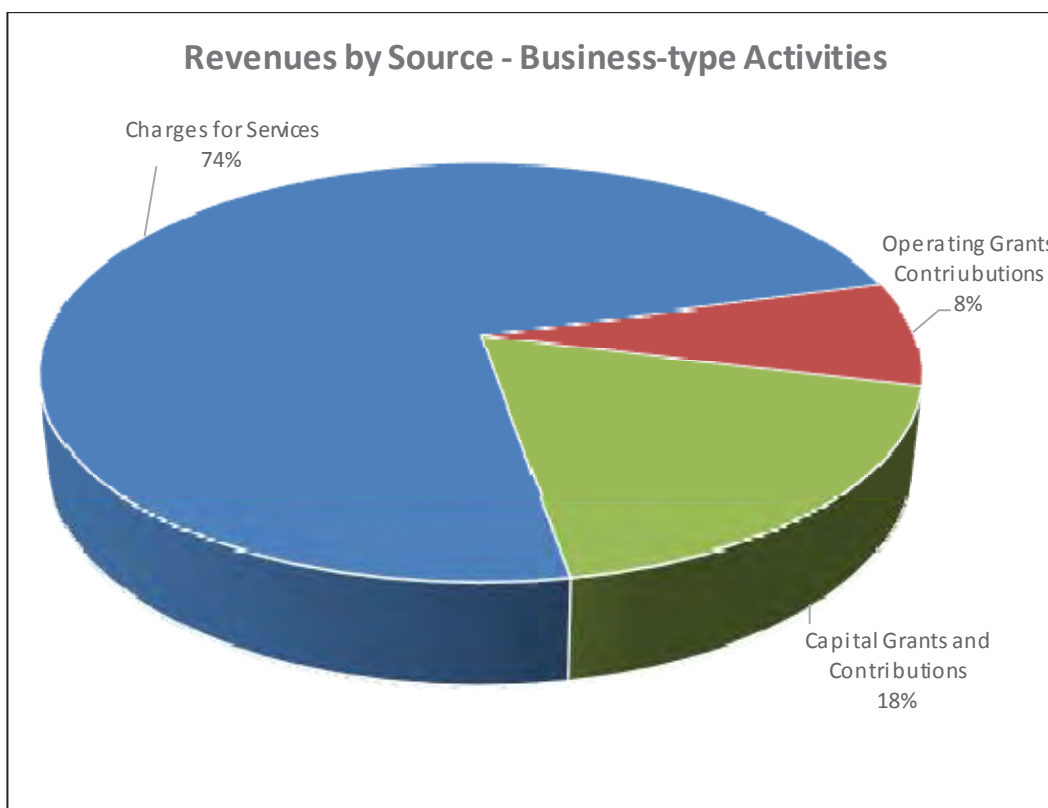
Community Development expenses decreased \$1.0 million or 15.2%. The primary reason is attributed to a \$.8 million decrease related to pension.

Parks and Recreation expenses decreased \$.1 million or 0.6%. The primary reason were attributed to a \$.8 million decrease related to pension, offset by an increase of \$.5 million in personnel costs, and an increase of \$.2 million in facilities charges.

Interest and fiscal charges decreased \$.8 million or 7.3%. This decrease is primarily a result of scheduled debt payments.

Business-type Activities

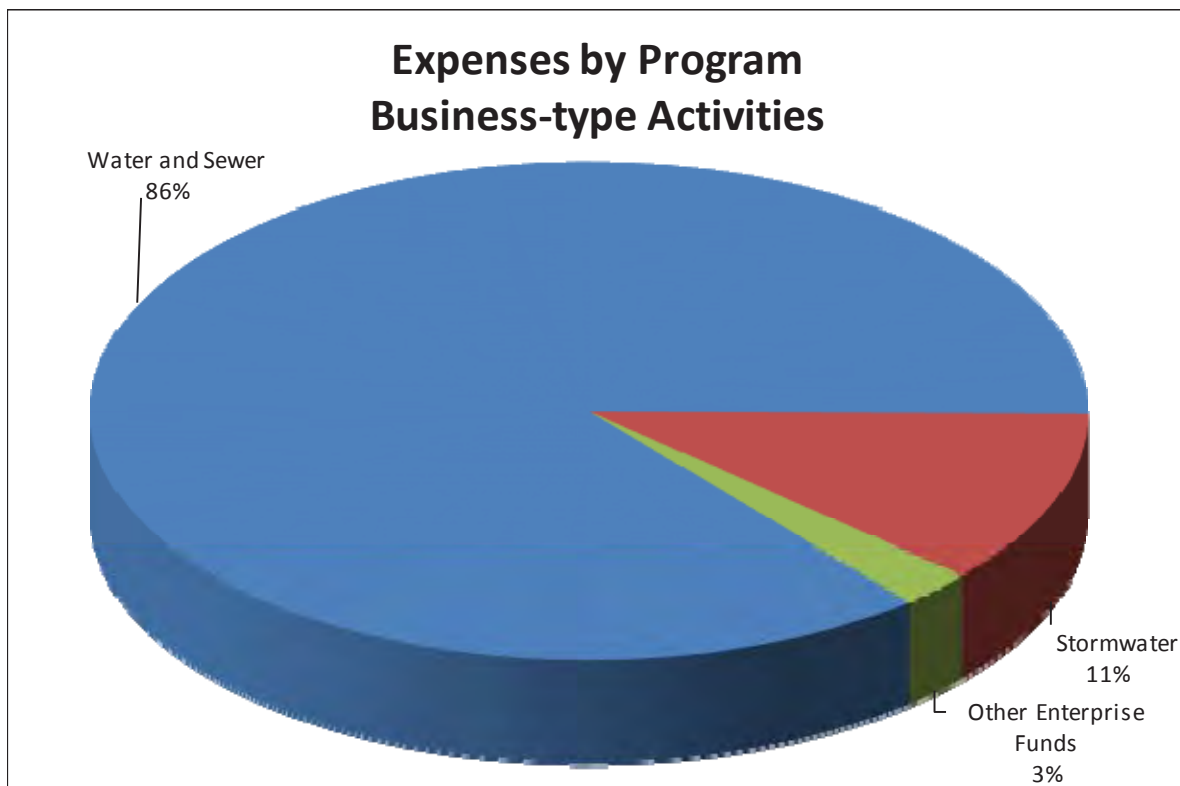
The net position of the City's business-type activities decreased by \$18.1 million or 4.1%. The decrease in the business-type activities' net investment in capital assets is \$.04 million, or 0.1% in comparison to prior year.



Charges for services reported in business-type activities increased \$2.5 million or 2.8%. The primary reason for the increase is due to a portion of the SW 6/7 Utility Extension Program (UEP) area being released to connect to the system. As of FYE 908 developed parcels had connected to the city.

Operating grants and contributions increased \$3.4 million or 51.5%. The primary reason for this increase is that the SW 6/7 UEP area was billed for the first time on the non advalorem taxes in excess of \$2.2 million over prior year. As of November 2014 an additional 15,255 SW 6/7 accounts and 13,435 SW 6/7 CFEC accounts were added to the non advalorem tax bill.

Capital grants and contributions, reported in business-type activities decreased \$6.1 million or 21%. In September 2013 the City levied a special assessment on properties in the SW 6&7 area to pay for construction costs to provide water, wastewater and irrigation service to the area. During 2014 we received \$8.5 million in prepayments for the SW 6/7 versus \$1.1 million in 2015, which lead to the large decrease in revenues.



Water and sewer expenses reported in business-type activities increased \$2.6 million or 3%. The primary reasons for the increase were a \$1.8 mil increase in personnel cost and a \$0.8 mil increase in contract services, materials & supplies.

Stormwater expenses reported in business-type activities decreased \$0.02 million or 1.5% due to a decrease in contractual services, materials & supplies utilized during the fiscal year.

Other Enterprise funds expenses decreased \$0.09 million or 24.3% due to the city no longer having boat fueling operations in the current year and no longer needing to purchase fuel as well as other post employment benefits (OPEB) decreased \$0.06 million.

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

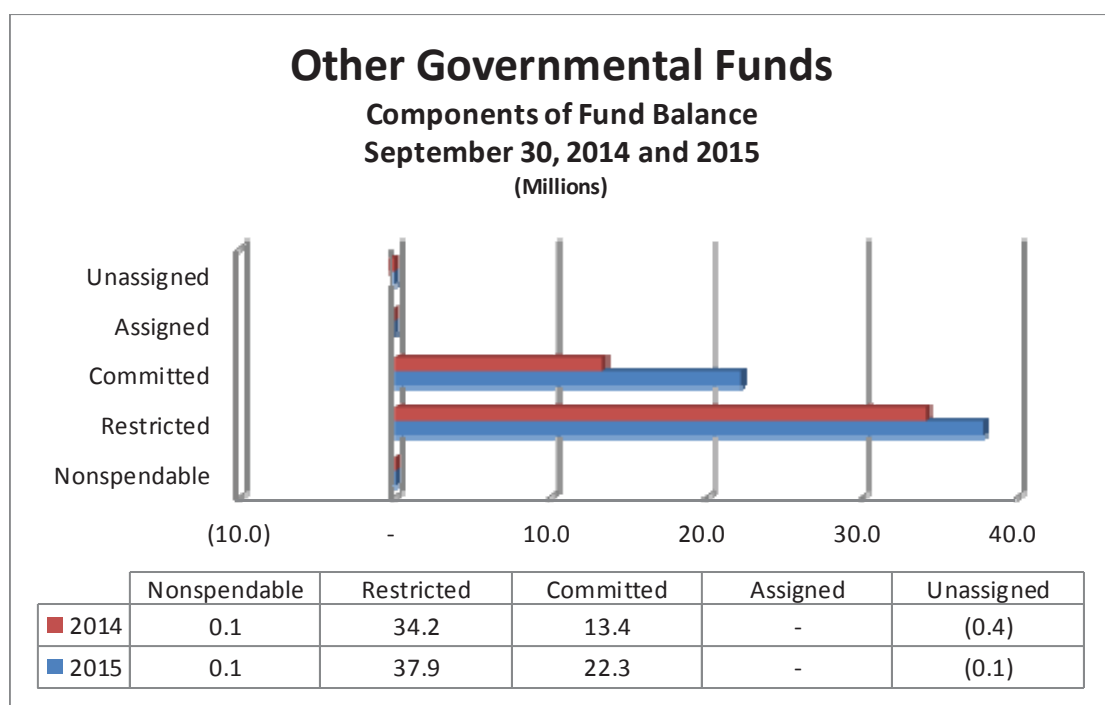
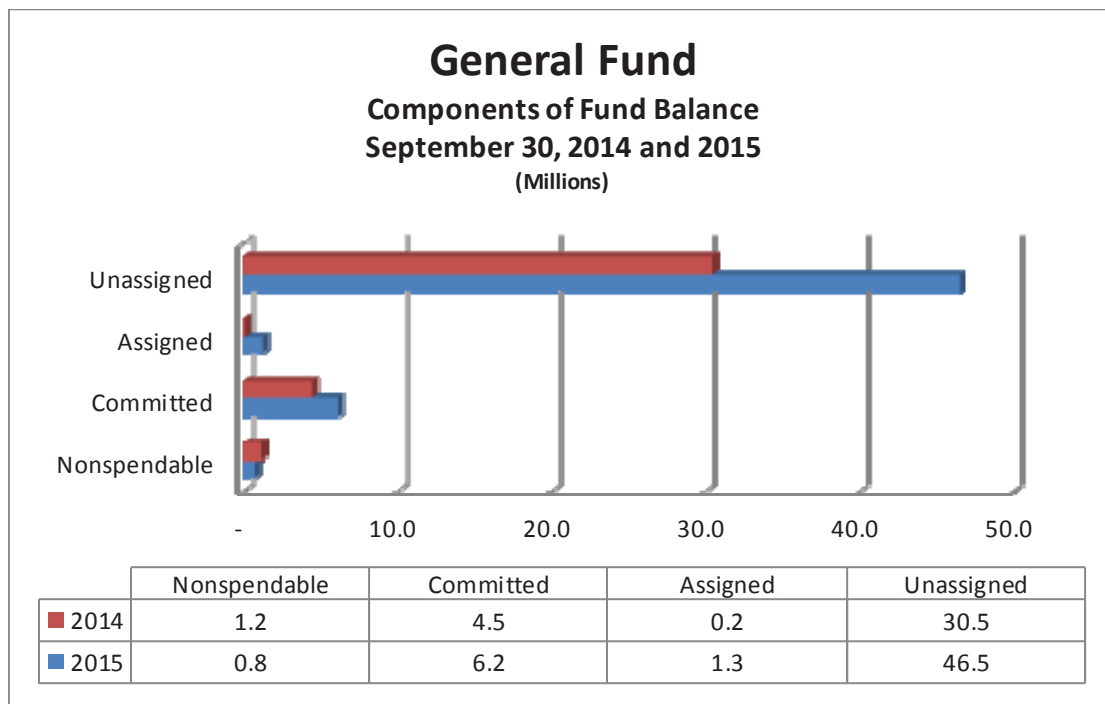
Governmental funds are comprised of the general fund, special revenue funds, debt service fund and the capital projects fund. Governmental funds use the current financial resources measurement focus that provides information on near-term inflows, outflows, and balances of spendable resources. The following 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 \$46.5 million, while total fund balance reached \$54.8 million. The fund balance of the City's general fund increased by \$18.4 million during the current fiscal year or 50.5%.

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 \$26.3 million. The fund balance increased by \$7.1 million or 37.3% 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 \$1.7 million, a decrease of \$.1 million or 5.6% compared to the prior year. The decrease in fund balance was anticipated, and is due to an increase in revenue in FY15 but a larger increase in capital outlay causing the fund balance to decrease.

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 \$11.0 million, a decrease of \$.1 million or 0.9% 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 97-98. Two budget amendments were adopted by City Council for fiscal year 2015. Major changes to the budget as a result of those amendments include:

Revenues

- Balances brought forward were increased to reflect the fire service assessment fees collected in FY 2014 which were recorded as revenue.
- Charges for services were increased to reflect fees charged for Police Off-Duty Detail.
- Intergovernmental revenue was increased to include various grants that were received.
- Miscellaneous revenue was increased from receipts from Florida Blue for the City's Wellness Program and Pro Share agreement as well as auction proceeds.
- Debt proceeds were increased for the borrowings planned following the release of the FY 2014 fire service assessment revenue.

Expenses

- Public Safety – Payroll expenses were increase for Fire for overtime costs and within Police Department for Office Duty Detail. Operating costs in both departments were increased for Fleet and Facilities internal service charges. Additional increases were approved following the acceptance of various grants.
- The increase in Parks and Recreation expense and approximately the same decrease in Public Safety Police were due to the transfer of the Park Ranger function back to Parks and Recreation.
- Transfers Out was decreased due to reduced subsidy to P&R Programs.
- Capital Outlay was increased as a result of a rebudgeting for capital outlay items from FY 2014 as well as new authorizations for the purchase of replacement rolling stock which were primarily funded by debt proceeds for purchases originally planned for in FY 2014.
- Overall reserves were increased as a result of balances being brought forward from FY 2014, the receipt of funds from Florida Blue, and subsidies to P&R Programs were lower than expected.

Final budget compared to actual results. A review of actual results compared to the appropriations in the final budget highlights the following:

Revenues

- Sales tax revenue was \$1.6 million or 9.8% higher than originally budgeted. The established budget is based upon 95% of the state estimate for distribution of the half cent sales tax revenue sharing program forecast.
- Franchise fees were (\$181,939) or 2.7% lower than had been forecasted as a result of reduction in the power cost adjustment on electric bills.
- Communications service tax revenue was (\$504,828) or 8.4% lower than had been forecasted and is primarily attributed to fewer home telephone systems as younger consumers rely only on their cellular devices.
- Fuel tax revenue is a component part of the state's municipal revenue sharing program. Estimated revenue is conservatively budgeted at 95% of the state distribution.

- Licenses and Permits revenue was less than expected at (\$790) or 2.5% below the estimate of \$31,200. Over the last five fiscal years, the revenue has been as high as almost \$30,410 to a low of \$24,000.
- Fines and forfeitures revenue was less than expected at (\$164,121) or 19.4%. This revenue line item includes several different fines and fees including ordinance violation fines, filing fees, tax billed penalties, etc. The last five fiscal years have seen a decrease from a high of \$1.7 million to the lows for the prior and this fiscal year of \$.6 million. Revenue estimates have been adjusted downward.
- Interest revenue was more than budgeted as a result of an increase in cash balance accounts. The FSA funds held a role on the increase.

Expenditures

- Capital outlay expenditures were less than budget primarily due to capital purchases not being authorized since the main source of the anticipated purchases were to be funded from the FSA. The FSA funds were put on hold until the court made a favorable decision in August 2015. With the end of the fiscal year so close to the ruling, the departments did not have sufficient time to procure and order the needed capital assets.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The following schedule reflects the City's net capital assets as of September 30, 2015 and 2014:

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 150.6	\$ 150.9	\$ 32.5	\$ 32.2	\$ 183.1	\$ 183.1
Buildings	91.8	94.9	323.6	332.9	415.4	427.8
Building Improvements	2.7	2.7	2.0	2.3	4.7	5.0
Improvements other than buildings	31.3	33.9	144.8	146.6	176.1	180.5
Equipment	8.7	7.0	8.2	8.1	16.9	15.1
Intangible coputer software	0.7	0.8	-	-	0.7	0.8
Infrastructure	131.1	134.9	387.3	400.5	518.4	535.4
Construction in progress	4.2	0.7	106.5	76.8	110.7	77.5
Total capital assets	<u>\$ 421.1</u>	<u>\$ 425.8</u>	<u>\$ 1,004.9</u>	<u>\$ 999.4</u>	<u>\$ 1,426.0</u>	<u>\$ 1,425.2</u>

The City's total capital assets increased by \$0.8 million, or .1%, during the current fiscal year. The overall increase is primarily a result of \$50.6 million of increased capital purchases and depreciation expense of \$48.9 million.

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

- Fire equipment
- Local road resurfacing
- Lift station improvements
- Sidewalk improvements
- Utility Extention Project improvements in the Southwest 6 & 7 area

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 2015, the three major rating institutions assigned and reaffirmed various ratings with the outlook on the Special Obligation Bonds and Water and Sewer Bonds as Stable. Below is a summary of the bonds which were reviewed.

Fitch: Gax Tax Bonds "A-", Special Obligation Bonds "A+", Capital Improvement Bonds "AA-", Water & Sewer Revenue Bonds, Special Assessments Bonds "BBB+"
 Moody's: Special Obligation Refunding Bond, Series 2015 "Aa3", Water & Sewer Revenue Bonds
 Standard & Poor's: Special Obligation Refunding Bonds "A+", Water & Sewer Revenue Bonds

In May 2015, Fitch reaffirmed the BBB+ rating for Water and Sewer Special Assessment Debt. The report reflected the following key rating drivers 1) Backup pledge from the water and sewer system with a financial profile which has strengthened in recent years as a result of rate changes and expanded customer basis. The water and sewer system is able to cover any potential debt service deficiencies of the special assessment bonds which hold Fitch rating of A on water and sewer system bonds.

At September 30, 2015, the City had \$866.2 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 \$661.6 million, or 76.4%, 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 \$120.4 million, or 13.9%, 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 \$82.6 million, or 9.5%, of the total outstanding debt. Capital leases, which are collateralized by the related equipment, had an outstanding balance \$1.7 million, or .2% of the total outstanding debt.

The following is a schedule of outstanding debt as of September 30, 2015 and 2014:

City of Cape Coral, Florida
 Outstanding Debt
 (in millions)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenue Bonds	\$ 203.7	\$ 213.7	\$ 457.9	\$ 461.4	\$ 661.6	\$ 675.1
Special Assessment Debt with Governmental Commitment	1.5	-	118.9	130.2	120.4	130.2
Notes	13.7	-	68.9	35.9	82.6	35.9
Capital Leases	1.6	2.3	-	-	1.6	2.3
Total	<u>\$ 220.5</u>	<u>\$ 216.0</u>	<u>\$ 645.7</u>	<u>\$ 627.5</u>	<u>\$ 866.2</u>	<u>\$ 843.5</u>

The City's total debt increased by \$22.7 million, or 2.7%, during the current fiscal year. The Governmental Activities overall increase of 4.5 million is a result of \$8.8 million in scheduled debt payments and \$13.0 million change in outstanding principal. The Business-type overall increase of \$18.2 million is a result of \$18.5 million scheduled debt payments, \$2.2 million of redemption of special assessment debt, and \$34.0 million of new debt related to the SW 6&7 Utility Extension Program.

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, 2015.

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 cuts include automatic across-the-board cuts in certain categories of federal spending for the period from March 1, 2013 until the end of the government's current fiscal year on September 30, 2013. 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

of 7.2%. 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 \$59,435. The reduction in FY2016 is expected to be 6.8% or \$55,364.

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 2016 fiscal year:

- The FY 2016 budget was again developed as part of a three-year rolling budget and included FY 2017 and 2018 with only FY 2016 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 / Financial Stability which is one of the primary goals of the strategic plan. The other goals of the strategic plan, Economic Development / Redevelopment, Infrastructure Improvements, Public Safety, and Improved City Image, all have some level of dependency upon the City's ability to achieve Economic / Financial Stability.
- The FY 2016 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.
- After employee retention/attraction issues are addressed, the next issue will be to identify the resources necessary to move the organization from one that is providing "sustainable" services to one that provides "good" or "excellent services". Over the past years, our organization devolved from one doing "more with less" to one that has been doing "less with less". A plan to address the funding requirements will require a multi-year solution.
- As a result of property tax and state-shared revenue increases beyond the amounts forecasted, the FY 2015 budget provided for a number of initiatives that support the strategic plan and the community as a whole. These initiatives include: an update to the land use and development regulations; reinstatement of street light funding for installing new street lights primarily focusing on school bus stops; additional funding for the downtown redevelopment agency for improvements to a city-owned parking lot; a community visioning plan; an update to the parks master plan; master planning of the Bimini Basin in the southeast area of the city and Seven Islands in the northwest area; and funding for a federal lobbyist. Many of these initiatives have been carried forward into the FY 2016 budget as the projects progress through their various stages of completion.
- The FY 2016 – 2019 rolling budget was adopted with an operating millage rate of 6.9570 which was a decrease of 0.75 mills. This reduction was executed in conjunction with a fire service assessment recovery rate of 64% as opposed to the 38% in FY 2015. The focus of the FY 2017 and 2018 budgets and beyond will be to continue revenue diversification and reducing the reliance upon ad valorem tax revenues. These changes will result in ad valorem taxes being less than 50% 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 \$80, \$87, and \$111 per ERU during the three year budget period. The previous rate of \$75 had been in place since FY 2006.
- 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 fairly constant level of general fund support. Program fees will cover approximately 56% of the program expenditures.
- Impact Fee Funds: No new projects have been planned to be funded from impact fees for fiscal year 2016. 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 36.45 full-time equivalent positions. As a result of an increase in permitting activity no subsidy has been required by the General Fund since fiscal year 2010.
- The Waterpark operating revenues are not expected to cover expenditures and a general fund subsidy of \$413,515 is budgeted. Annual debt service related to the speed slide attraction has been budgeted in the amount of \$174,096.

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

STATEMENT OF NET POSITION

September 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Cape Coral Charter School Authority
ASSETS				
Cash and investments	\$ 130,896,511	\$ 21,771,194	\$ 152,667,705	\$ 4,726,991
Interest receivable	120,078	22,512	142,590	-
Accounts receivable, net	1,487,826	8,657,388	10,145,214	1,269
Assessments receivable, net	218,511	-	218,511	-
Intergovernmental receivable	6,057,157	72,722	6,129,879	18,250
Due from component unit	19,313	-	19,313	-
Internal balances	(191,849)	191,849	-	-
Inventories	122,769	2,039,058	2,161,827	-
Prepaid items	147,538	8,006	155,544	-
Unamortized bond insurance	170,180	3,780,647	3,950,827	-
Restricted:				
Cash and investments	-	98,162,722	98,162,722	-
Interest receivable	-	174,661	174,661	-
Accounts receivable, net	-	1,294,888	1,294,888	-
Intergovernmental receivable	-	43,425	43,425	-
Assessments receivable	-	2,040,628	2,040,628	-
Capital assets (net of accumulated depreciation):				
Land and construction in progress	154,819,414	139,062,297	293,881,711	-
Other capital assets, net of depreciation	266,296,106	865,865,835	1,132,161,941	263,933
Total assets	560,163,554	1,143,187,832	1,703,351,386	5,010,443
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	2,650,527	4,472,481	7,123,008	-
Deferred charge of pension contributions	-	-	-	893,072
Deferred outflows of pension earnings	24,707,995	5,710,085	30,418,080	1,668
Deferred outflows of pension assumptions	1,888,062	-	1,888,062	371,270
Deferred outflows of pension experience	1,198,946	-	1,198,946	-
Total deferred outflows of resources	30,445,530	10,182,566	40,628,096	1,266,010
LIABILITIES				
Accounts payable and other accrued liabilities	3,046,954	4,461,217	7,508,171	136,741
Accrued retainage	117,409	2,876,920	2,994,329	-
Accrued payroll	6,939,537	1,175,073	8,114,610	678,458
Accrued interest payable	561,972	1,089,233	1,651,205	-
Deposits	360,565	2,453,710	2,814,275	-
Intergovernmental payable	177,881	-	177,881	-
Unearned revenue	2,327,787	6,616,084	8,943,871	-
Noncurrent liabilities:				
Due within one year	14,248,696	19,549,206	33,797,902	79,855
Due in more than one year	440,449,461	686,234,934	1,126,684,395	5,539,069
Total liabilities	468,230,262	724,456,377	1,192,686,639	6,434,123
DEFERRED INFLOWS OF RESOURCES				
Deferred charge on refunding	12,975	-	12,975	-
Deferred inflows of pension earnings	3,817,069	925,091	4,742,160	2,385,457
Deferred inflows of pension experience	2,508,623	275,104	2,783,727	88,492
Total deferred inflows of resources	6,338,667	1,200,195	7,538,862	2,473,949
NET POSITION				
Net investment in capital assets	206,045,063	361,707,442	567,752,505	263,933
Restricted for:				
Community redevelopment agency	1,746,773	-	1,746,773	-
Public safety	5,444,609	-	5,444,609	-
Parks and recreation	1,886,149	-	1,886,149	-
Public works	194,566	-	194,566	-
Debt service	10,470,735	11,735,787	22,206,522	-
Community development	3,385,499	-	3,385,499	-
Capital improvements	16,044,559	74,964,885	91,009,444	-
Renewal and replacement	-	5,931,297	5,931,297	-
Unrestricted	(129,177,798)	(26,625,585)	(155,803,383)	(2,895,552)
Total net position	\$ 116,040,155	\$ 427,713,826	\$ 543,753,981	\$ (2,631,619)

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

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2015

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit
				Governmental Activities	Business-type Activities	
Governmental activities:						
General government	\$ 52,344,411	\$ 11,911,283	\$ 282,026	\$ (40,124,613)	\$ -	\$ (40,124,613)
Public safety:						
Police	37,755,665	938,606	1,609,957	(34,571,033)	-	(34,571,033)
Fire	34,071,631	312,388	13,311,036	(20,336,847)	-	(20,336,847)
Building	3,134,523	4,875,890	20,112	1,761,479	-	1,761,479
Public works	18,101,671	6,130,223	431,454	(6,207,401)	-	(6,207,401)
Parks and recreation	17,024,031	5,873,336	549,634	(9,534,651)	-	(9,534,651)
Community development	5,559,972	1,679,724	17,871	(1,530,133)	-	(1,530,133)
Interest on long-term debt	10,223,210	-	-	(10,223,210)	-	(10,223,210)
Total governmental activities	178,215,114	31,721,450	16,222,090	(120,766,409)	-	(120,766,409)
Business-type activities:						
Water and sewer	101,071,789	76,614,078	9,711,668	-	8,179,498	8,179,498
Stormwater	13,270,032	12,317,747	269,342	-	(650,791)	(650,791)
Yacht basin	345,457	562,119	7,537	-	224,199	224,199
Golf course	2,450,043	2,218,021	587	-	(231,435)	(231,435)
Total business-type activities	117,137,321	91,711,965	22,957,693	-	7,521,471	7,521,471
Total government	\$ 295,352,435	\$ 123,433,415	\$ 32,482,858	\$ (120,766,409)	\$ 7,521,471	\$ (113,244,938)
Component unit:						
Cape Coral Charter School Authority	\$ 22,798,412	\$ 840,988	\$ 1,616,023	\$ -	\$ -	\$ (19,211,548)
General revenues:						
Taxes:						
Florida education finance program				\$ -	\$ -	\$ -
Property taxes, levied for general purpose				77,445,321	-	77,445,321
Property taxes, other (CRA and All Hazards)				900,184	-	900,184
Public service tax				7,168,083	-	7,168,083
Sales				18,336,760	-	18,336,760
Fuel				9,716,679	-	9,716,679
Alcohol and beverage				69,298	-	69,298
Franchise				6,549,306	-	6,549,306
Communication				5,489,539	-	5,489,539
Interest income				494,208	-	494,208
Transfers				163,837	(163,837)	-
Total general revenues and transfers				126,333,215	(163,837)	126,169,378
Change in net position				5,566,806	7,357,634	12,924,440
Net position - beginning as restated				110,473,349	420,356,192	530,829,541
Net position - ending				\$ 116,040,155	\$ 427,713,826	\$ 543,753,981

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, 2015

	General	Transportation Capital Improvements	Community Redevelopment Agency	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 57,997,171	\$ 26,207,350	\$ 1,874,469	\$ 11,089,001	\$ 22,534,979	\$ 119,702,970
Interest receivable	58,918	25,076	1,953	1,029	22,905	109,881
Accounts receivable, net	1,436,421	44	121	-	55,155	1,491,741
Assessments receivable, net	98,576	-	-	-	119,935	218,511
Intergovernmental receivable	3,296,116	337,465	-	-	2,423,576	6,057,157
Due from other funds	157,245	-	-	-	-	157,245
Advances to other funds	774,326	-	-	-	-	774,326
Inventories	36,413	-	-	-	86,356	122,769
Prepaid items	68,744	-	-	-	7,513	76,257
Total assets	<u>\$ 63,923,930</u>	<u>\$ 26,569,935</u>	<u>\$ 1,876,543</u>	<u>\$ 11,090,030</u>	<u>\$ 25,250,419</u>	<u>\$ 128,710,857</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable and other accrued liabilities	1,892,377	95,944	124,929	57,323	427,709	2,598,282
Accrued retainage	-	117,409	-	-	-	117,409
Accrued payroll	6,194,673	34,849	3,841	-	503,234	6,736,597
Due to other funds	-	-	-	-	157,245	157,245
Deposits	107,270	-	1,000	-	252,295	360,565
Intergovernmental payables	108,672	-	-	-	69,209	177,881
Unearned revenue	616,840	-	-	-	1,710,947	2,327,787
Advances from other funds	-	-	-	-	209,417	209,417
Total liabilities	<u>8,919,832</u>	<u>248,202</u>	<u>129,770</u>	<u>57,323</u>	<u>3,330,056</u>	<u>12,685,183</u>
Deferred inflows of resources:						
Unavailable revenue - special assessment	85,157	-	-	-	-	85,157
Unavailable revenue - grant reimbursement	77,010	70,033	-	-	657,704	804,747
Unavailable revenue - other	17,647	-	-	-	-	17,647
Total deferred inflows of resources	<u>179,814</u>	<u>70,033</u>	<u>-</u>	<u>-</u>	<u>657,704</u>	<u>907,551</u>
Fund balances:						
Nonspendable	879,483	-	-	-	93,869	973,352
Restricted	-	9,582,792	1,746,773	11,032,707	15,625,817	37,988,089
Committed	6,169,213	16,668,908	-	-	5,651,419	28,489,540
Assigned	1,281,341	-	-	-	-	1,281,341
Unassigned	46,494,247	-	-	-	(108,446)	46,385,801
Total fund balances	<u>54,824,284</u>	<u>26,251,700</u>	<u>1,746,773</u>	<u>11,032,707</u>	<u>21,262,659</u>	<u>115,118,123</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 63,923,930</u>	<u>\$ 26,569,935</u>	<u>\$ 1,876,543</u>	<u>\$ 11,090,030</u>	<u>\$ 25,250,419</u>	<u>\$ 128,710,857</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, 2015

Fund balances - total governmental funds \$ 115,118,123

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

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

Capital assets	\$ 577,184,537	
Accumulated depreciation	<u>(157,038,780)</u>	420,145,757

Internal service funds are used by management to charge costs of workers compensation insurance, property and casualty insurance, and internal borrowings to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position. (5,211,742)

Unamortized bond insurance is not current financial resources and therefore is not reported in the funds. 170,180

Net pension liabilities are not due and payable in the current period and, therefore, are not report in the funds. (109,850,575)

Debt interest payable that will not be liquidated with current financial resources is not reported in the funds. (561,972)

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

Gain on refunding of debt	2,650,527	
Pension earnings, experience and assumptions	<u>26,833,002</u>	29,483,529

Other assets are not available to pay for current period expenditures and are reported as deferred inflows in the funds. 907,551

Deferred inflows are not recognized in the governmnetal funds; however they are recorded in the statement of net postion under full accrual accounting.

Loss on refunding of debt	(12,975)	
Pension earnings and experience	<u>(6,123,491)</u>	(6,136,466)

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

Bonds, notes, and capital leases payable	\$ (220,542,710)	
OPEB obligation	(100,841,718)	
Compensated absences	<u>(6,639,802)</u>	(328,024,230)
Net position of governmental activities		<u><u>\$ 116,040,155</u></u>

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, 2015

	General	Transportation Capital Improvements	Community Redevelopment Agency	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 77,445,321	\$ -	\$ 255,534	\$ -	\$ 644,650	\$ 78,345,505
Public service tax	7,168,083	-	-	-	-	7,168,083
Sales	18,336,760	-	-	-	-	18,336,760
Fuel	1,374,677	-	-	-	8,324,355	9,699,032
Alcohol and beverage	69,298	-	-	-	-	69,298
Franchise	6,549,306	-	-	-	-	6,549,306
Communication	5,489,539	-	-	-	-	5,489,539
Special assessments	13,301,256	-	-	-	148,689	13,449,945
Licenses and permits	30,410	-	-	-	4,845,936	4,876,346
Intergovernmental	3,815,246	1,759,791	-	-	2,880,182	8,455,219
Charges for services	5,975,919	-	-	-	8,797,646	14,773,565
Fines and forfeitures	683,829	-	-	-	135,376	819,205
Impact fees	-	-	-	-	5,553,426	5,553,426
Rent and royalties	409,062	-	-	3,663,257	7,133	4,079,452
Interest income	494,208	276,558	15,454	55,791	171,343	1,013,354
Contributions and donations	11,050	30,763	-	-	235,929	277,742
Other revenue	1,840,566	2,620,179	135	-	1,160,505	5,621,385
Total revenues	<u>142,994,530</u>	<u>4,687,291</u>	<u>271,123</u>	<u>3,719,048</u>	<u>32,905,170</u>	<u>184,577,162</u>
EXPENDITURES						
Current:						
General government	40,330,497	-	-	4,335	47,372	40,382,204
Public safety:						
Police	31,722,672	-	-	-	252,291	31,974,963
Fire	25,722,015	-	-	-	306,299	26,028,314
Building	-	-	-	-	2,929,952	2,929,952
Public works	8,846,796	636,245	-	-	3,057,182	12,540,223
Parks and recreation	5,517,780	-	-	-	9,085,996	14,603,776
Community development	3,630,431	-	133,930	-	2,214,863	5,979,224
Capital outlay	6,623,613	2,734,188	339,152	-	979,531	10,676,484
Debt service:						
Principal	-	-	-	9,497,601	-	9,497,601
Interest and fiscal charges	-	-	-	10,327,341	14,920	10,342,261
Bond issuance costs	-	-	-	483,913	-	483,913
Total expenditures	<u>122,393,804</u>	<u>3,370,433</u>	<u>473,082</u>	<u>20,313,190</u>	<u>18,888,406</u>	<u>165,438,915</u>
Excess revenues over (under) expenditures	<u>20,600,726</u>	<u>1,316,858</u>	<u>(201,959)</u>	<u>(16,594,142)</u>	<u>14,016,764</u>	<u>19,138,247</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	3,453,247	5,957,286	574,486	17,019,200	4,882,870	31,887,089
Transfers out	(17,601,574)	(257,372)	(416,224)	-	(13,448,082)	(31,723,252)
Issuance of debt	11,684,152	-	-	54,705,357	575,491	66,965,000
Premium on debt	-	-	-	4,260,306	-	4,260,306
Payment to refunded bond escrow agent	-	-	-	(59,492,199)	-	(59,492,199)
Proceeds on sale of capital assets	318,911	118,451	-	-	6,300	443,662
Total other financing sources (uses)	<u>(2,145,264)</u>	<u>5,818,365</u>	<u>158,262</u>	<u>16,492,664</u>	<u>(7,983,421)</u>	<u>12,340,606</u>
Net change in fund balances	18,455,462	7,135,223	(43,697)	(101,478)	6,033,343	31,478,853
Fund balances - beginning	36,368,822	19,116,477	1,790,470	11,134,185	15,229,316	83,639,270
Fund balances - ending	<u>\$ 54,824,284</u>	<u>\$ 26,251,700</u>	<u>\$ 1,746,773</u>	<u>\$ 11,032,707</u>	<u>\$ 21,262,659</u>	<u>\$ 115,118,123</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, 2015

Net change in fund balances - total governmental funds: \$ 31,478,853

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	\$	10,676,484	
Depreciation		<u>(14,394,403)</u>	(3,717,919)

The net effect of various miscellaneous transactions on capital assets.
Net disposition of capital assets (712,501)

Changes to long-term compensated absences. (455,384)

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	\$	9,497,601	
Issuance of debt		(71,225,306)	
Payment to refunded bond escrow agent		59,492,199	
Debt issuance costs		<u>(383,420)</u>	(2,618,926)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. (1,786,998)

Changes in net pension obligations are reported only in the Statement of Activities. (8,094,394)

Internal service funds are used by management to charge costs of workers compensation insurance, property and casualty insurance, and fleet and facilities charges. The net revenues of internal service funds is recorded within governmental activities. 1,048,592

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.

OPEB obligation	\$	(9,693,568)	
Net change in accrued interest on long-term debt		<u>119,051</u>	<u>(9,574,517)</u>

Change in net position of governmental activities \$ 5,566,806

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Sewer	Stormwater	Other Enterprise Funds	Total	
ASSETS					
Current assets:					
Cash and investments	\$ 9,932,275	\$ 10,615,745	\$ 1,223,174	\$ 21,771,194	\$ 11,193,541
Interest receivable	10,495	10,926	1,091	22,512	10,197
Accounts receivable, net	8,472,370	184,641	377	8,657,388	15,398
Intergovernmental receivable	-	72,722	-	72,722	-
Inventories	2,001,910	-	37,148	2,039,058	-
Prepaid items	1,746	305	5,955	8,006	71,281
Restricted:					
Cash and investments	98,162,722	-	-	98,162,722	-
Interest receivable	174,661	-	-	174,661	-
Intergovernmental receivable	43,425	-	-	43,425	-
Assessments receivable, net	128,723	-	-	128,723	-
Total restricted assets	98,509,531	-	-	98,509,531	-
Total current assets	118,928,327	10,884,339	1,267,745	131,080,411	11,290,417
Noncurrent assets:					
Unamortized bond insurance	3,780,647	-	-	3,780,647	-
Restricted:					
Accounts receivable, net	1,294,888	-	-	1,294,888	-
Assessments receivable	1,911,905	-	-	1,911,905	-
Total restricted assets	3,206,793	-	-	3,206,793	-
Capital assets:					
Land	24,393,063	6,355,077	1,817,726	32,565,866	-
Buildings	384,266,064	6,699	1,168,652	385,441,415	794,507
Building improvements	1,938,029	1,833,038	40,729	3,811,796	117,477
Improvements other than buildings	288,990,327	21,560,642	3,461,007	314,011,976	63,796
Equipment	28,659,189	5,912,166	699,971	35,271,326	1,534,011
Infrastructure	577,647,299	14,272,054	-	591,919,353	-
Intangible computer software	-	-	-	-	705,245
Construction in progress	102,843,340	3,653,091	-	106,496,431	-
Less accumulated depreciation	(439,452,365)	(20,476,253)	(4,661,413)	(464,590,031)	(2,245,273)
Total capital assets, net	969,284,946	33,116,514	2,526,672	1,004,928,132	969,763
Total noncurrent assets	976,272,386	33,116,514	2,526,672	1,011,915,572	969,763
Total assets	1,095,200,713	44,000,853	3,794,417	1,142,995,983	12,260,180
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	4,472,481	-	-	4,472,481	-
Deferred outflows of pension earnings	4,143,232	1,337,874	228,979	5,710,085	962,001
Total deferred outflows of resources	8,615,713	1,337,874	228,979	10,182,566	962,001

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS (continued)
September 30, 2015

	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	\$ 4,127,454	\$ 212,533	\$ 121,230	\$ 4,461,217	\$ 448,672
Accrued retainage	2,758,074	118,846	-	2,876,920	-
Accrued payroll	836,330	275,507	63,236	1,175,073	171,657
Claims liability	-	-	-	-	1,828,000
Accrued interest payable	1,089,233	-	-	1,089,233	-
Deposits	2,433,710	-	20,000	2,453,710	-
Unearned revenue	6,502,208	-	113,876	6,616,084	-
Compensated absences	226,100	77,186	12,305	315,591	31,283
Debt:					
Revenue bonds	9,580,000	-	-	9,580,000	-
Special assessment debt	9,335,000	-	-	9,335,000	-
Notes	318,615	-	-	318,615	-
Total debt	19,233,615	-	-	19,233,615	-
Total current liabilities	37,206,724	684,072	330,647	38,221,443	2,479,612
Noncurrent liabilities:					
Advances from other funds	-	-	564,909	564,909	-
Compensated absences	1,354,635	466,134	76,129	1,896,898	398,152
OPEB obligation	21,148,149	6,774,965	1,646,505	29,569,619	4,548,134
Claims liability	-	-	-	-	5,282,000
Net pension liability	20,531,208	6,629,646	1,134,676	28,295,530	4,767,066
Debt:					
Revenue bonds	448,267,790	-	-	448,267,790	-
Special assessment debt	109,598,390	-	-	109,598,390	-
Notes	68,606,707	-	-	68,606,707	-
Total debt	626,472,887	-	-	626,472,887	-
Total noncurrent liabilities	669,506,879	13,870,745	3,422,219	686,799,843	14,995,352
Total liabilities	706,713,603	14,554,817	3,752,866	725,021,286	17,474,964
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of pension earnings	671,245	216,749	37,097	925,091	155,853
Deferred inflows of pension experience	199,615	64,457	11,032	275,104	46,348
Total deferred inflows of resources	870,860	281,206	48,129	1,200,195	202,201
NET POSITION					
Net investment in capital assets	326,222,145	32,958,625	2,526,672	361,707,442	969,763
Restricted for:					
Debt service	11,735,787	-	-	11,735,787	-
Capital improvements	74,964,885	-	-	74,964,885	-
Renewal and replacement	5,931,297	-	-	5,931,297	-
Unrestricted	(22,622,151)	(2,455,921)	(2,304,271)	(27,382,343)	(5,424,747)
Total net position	\$ 396,231,963	\$ 30,502,704	\$ 222,401	\$ 426,957,068	\$ (4,454,984)
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.				756,758	
Net position of business-type activities				\$ 427,713,826	

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, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Sewer	Stormwater	Other Enterprise Funds	Total	
OPERATING REVENUES					
Charges for services	\$ 75,394,052	\$ 12,138,050	\$ 2,774,724	\$ 90,306,826	\$ 14,336,333
Other revenue	1,220,026	179,697	5,416	1,405,139	707,691
Total operating revenues	<u>76,614,078</u>	<u>12,317,747</u>	<u>2,780,140</u>	<u>91,711,965</u>	<u>15,044,024</u>
OPERATING EXPENSES					
Salaries, wages and employee benefits	21,708,788	6,830,689	1,333,625	29,873,102	4,619,959
Contractual services, materials and supplies	18,826,837	4,914,042	1,349,926	25,090,805	6,395,186
Claims and claims adjustments	-	-	-	-	2,483,968
Depreciation	32,572,864	1,549,061	98,491	34,220,416	332,313
Total operating expenses	<u>73,108,489</u>	<u>13,293,792</u>	<u>2,782,042</u>	<u>89,184,323</u>	<u>13,831,426</u>
Operating income (loss)	<u>3,505,589</u>	<u>(976,045)</u>	<u>(1,902)</u>	<u>2,527,642</u>	<u>1,212,598</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	10,141,586	86,452	8,124	10,236,162	65,592
Interest expense	(26,446,079)	-	-	(26,446,079)	-
Debt service costs	(1,717,163)	-	-	(1,717,163)	-
Gain (loss) on sale of capital assets	17,457	215,042	(16,034)	216,465	(3,320)
Total nonoperating revenues (expenses)	<u>(18,004,199)</u>	<u>301,494</u>	<u>(7,910)</u>	<u>(17,710,615)</u>	<u>62,272</u>
Income (loss) before contributions and transfers	<u>(14,498,610)</u>	<u>(674,551)</u>	<u>(9,812)</u>	<u>(15,182,973)</u>	<u>1,274,870</u>
Capital contributions					
Special assessments	18,149,469	-	-	18,149,469	-
Impact fees and contribution in aid of construction	4,328,697	-	-	4,328,697	-
Total capital contributions	<u>22,478,166</u>	<u>-</u>	<u>-</u>	<u>22,478,166</u>	<u>-</u>
Transfers					
Transfers in	-	3,377,565	287,100	3,664,665	-
Transfers out	(3,713,502)	-	(115,000)	(3,828,502)	-
Total transfers	<u>(3,713,502)</u>	<u>3,377,565</u>	<u>172,100</u>	<u>(163,837)</u>	<u>-</u>
Change in net position	4,266,054	2,703,014	162,288	7,131,356	1,274,870
Total net position - beginning as restated	391,965,909	27,799,690	60,113	419,825,712	(5,729,854)
Total net position - ending	<u>\$ 396,231,963</u>	<u>\$ 30,502,704</u>	<u>\$ 222,401</u>	<u>\$ 426,957,068</u>	<u>\$ (4,454,984)</u>
Change in net position of business-type activities				\$ 7,131,356	
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.				226,278	
Change in net position of business-type activities				<u>\$ 7,357,634</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, 2015

	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	\$ 76,812,455	\$ 12,280,195	\$ 2,763,735	\$ 91,856,385	\$ 15,044,608
Cash payments for claims	-	-	-	-	(2,300,968)
Cash payments to suppliers	(15,223,660)	(5,064,763)	(925,113)	(21,213,536)	(6,288,475)
Cash payments to employees	(19,525,720)	(6,791,638)	(1,448,569)	(27,765,927)	(4,432,781)
Interfund service payments	(4,597,611)	-	(374,485)	(4,972,096)	-
Net cash provided (used) by operating activities	<u>37,465,464</u>	<u>423,794</u>	<u>15,568</u>	<u>37,904,826</u>	<u>2,022,384</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	-	3,377,565	287,100	3,664,665	-
Transfers out	(3,713,502)	-	(115,000)	(3,828,502)	-
Net cash provided (used) by noncapital financing activities	<u>(3,713,502)</u>	<u>3,377,565</u>	<u>172,100</u>	<u>(163,837)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(44,092,512)	(3,588,218)	(14,025)	(47,694,755)	(25,418)
Auction proceeds	-	-	-	-	7,373
Proceeds from sale of capital assets	99,611	310,453	8,700	418,764	-
Issuance of long-term debt	32,922,256	-	-	32,922,256	-
Principal payments on long-term debt	(20,731,660)	-	-	(20,731,660)	-
Collection of special assessments	29,500,189	-	-	29,500,189	-
Impact fees and contribution in aid of construction	4,900,957	-	-	4,900,957	-
Interest paid	(26,826,748)	-	-	(26,826,748)	-
Debt service costs	21,418	-	-	21,418	-
Net cash provided (used) by capital and related financing activities	<u>(24,206,489)</u>	<u>(3,277,765)</u>	<u>(5,325)</u>	<u>(27,489,579)</u>	<u>(18,045)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment Earnings	1,304,202	85,545	8,061	1,397,808	63,620
Net cash provided (used) by investing activities	<u>1,304,202</u>	<u>85,545</u>	<u>8,061</u>	<u>1,397,808</u>	<u>63,620</u>
Net increase (decrease) in cash	10,849,675	609,139	190,404	11,649,218	2,067,959
Cash and investments - beginning	97,245,322	10,006,606	1,032,770	108,284,698	9,125,582
Cash and investments - ending	<u>\$ 108,094,997</u>	<u>\$ 10,615,745</u>	<u>\$ 1,223,174</u>	<u>\$ 119,933,916</u>	<u>\$ 11,193,541</u>
CLASSIFIED AS:					
Cash and investments	\$ 9,932,275	\$ 10,615,745	\$ 1,223,174	\$ 21,771,194	\$ 11,193,541
Restricted cash and investments	98,162,722	-	-	98,162,722	-
Total cash and investments	<u>\$ 108,094,997</u>	<u>\$ 10,615,745</u>	<u>\$ 1,223,174</u>	<u>\$ 119,933,916</u>	<u>\$ 11,193,541</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, 2015

	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)	\$ 3,505,589	\$ (976,045)	\$ (1,902)	\$ 2,527,642	\$ 1,212,598
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	32,572,864	1,549,061	98,491	34,220,416	332,313
Intergovernmental revenue					
Provision for uncollectible accounts					
(Increase) decrease in assets:					
Accounts receivable, net	(147,403)	(175,799)	166	(323,036)	584
Intergovernmental receivable	-	138,247	-	138,247	-
Inventories	(556,701)	-	3,152	(553,549)	-
Due from other funds					
Prepaid items	615	20	1,539	2,174	(14,445)
Increase (decrease) in liabilities:					
Accounts payable and other accrued liabilities	(438,348)	(150,741)	45,637	(543,452)	121,156
Accrued payroll	200,871	65,568	13,917	280,356	32,414
Compensated absences	132,017	52,885	6,646	191,548	86,062
OPEB obligation	2,635,965	575,819	38,868	3,250,652	224,564
Net Pension Liability	3,337,405	695,112	59,670	4,092,187	800,233
Change in Deferred inflows	20,041	(12,459)	(5,066)	2,516	5,906
Change in Deferred outflows	(4,143,232)	(1,337,874)	(228,979)	(5,710,085)	(962,001)
Claims liability	-	-	-	-	183,000
Deposits	345,380	-	-	345,380	-
Unearned revenue	401	-	(16,571)	(16,170)	-
Total adjustments	33,959,875	1,399,839	17,470	35,377,184	809,786
Net cash provided (used) by operating activities	\$ 37,465,464	\$ 423,794	\$ 15,568	\$ 37,904,826	\$ 2,022,384

Supplemental disclosure of noncash investing, capital and financing activities:

Water and Sewer increase in fair value of investments of \$504,642.

Water and Sewer recognized \$4,472,481 of deferred loss.

Water and Sewer recognized \$3,780,647 capital asset contributions.

Stormwater increase in fair value of investments of \$36,275.

Other Enterprise Funds increase in fair value of investments of \$3,689.

Internal Service Funds increase in fair value of investments of \$31,141.

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

City of Cape Coral, Florida

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2015

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 12,313,178	\$ 3,101,505
Interest and dividend receivable	439,811	3,231
Receivables		
Member contributions - buyback	1,287	-
Employer contributions	743,043	-
Due from broker	704,110	-
Prepaid expenses	6,099	-
Intergovernmental receivable		39,098
Investments, at fair value:		
US Bonds and Bills	21,158,480	-
Federal Agency Guaranteed Securities	10,373,228	-
Corporate Bonds	18,594,861	-
Municipal Obligations	249,473	-
Stocks	166,158,114	-
Unit Investment Trusts	17,385,078	-
Mutual and ETF funds		
Equity	46,905,493	-
Fixed Income	49,112,043	-
Balanced	23,622,465	-
Pooled/Common/Commingled Funds	21,062,354	-
Equity	22,161,300	-
Real Estate	29,620,132	-
Partnerships	9,543,057	-
Real Estate	7,435,574	-
Total investments	<u>443,381,652</u>	<u>-</u>
Total assets	<u>457,589,180</u>	<u>3,143,834</u>
LIABILITIES		
Due to others	<u>1,150,774</u>	<u>\$ 3,143,834</u>
NET POSITION RESTRICTED FOR BENEFITS	<u>\$ 456,438,406</u>	

City of Cape Coral, Florida

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the Year Ended September 30, 2015

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 30,593,418
Plan members	6,710,354
Member buybacks	251,276
State	<u>2,439,905</u>
Total contributions	<u>39,994,953</u>
Investment income (expenses)	
Investment income	10,025,155
Net appreciation (depreciation) in fair value of investments	(10,776,357)
Less: investment expenses	<u>(1,939,022)</u>
Net Investment Income (Loss)	<u>(2,690,224)</u>
Total additions	<u>37,304,729</u>
DEDUCTIONS	
Benefits and refunds	24,337,844
Administrative expenses	<u>467,185</u>
Total deductions	<u>24,805,029</u>
Changes in net position	12,499,700
Net position - beginning	<u>443,938,706</u>
Net position - ending	<u>\$ 456,438,406</u>

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

NOTES TO FINANCIAL SECTION

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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NOTES TO THE FINANCIAL STATEMENTS

September 30, 2015

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, 2015, and their report dated November 13, 2015, 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, when material, intergovernmental revenue, franchise fees, communication taxes and charges for services. 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 Oasis Boulevard, Cape Coral Parkway, Chiquita Boulevard and Wildwood Parkway.
 - Other Transportation Capital Improvements – improvements to various roadways including miscellaneous road resurfacing, downtown circulation, 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. 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 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. 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 fund's 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 two local government investment pools (LGIP), Florida PRIME administered by the Florida State Board of Administration (SBA) 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.

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."

The general fund accounts receivable includes gas, electric and solid waste franchise fees, public service tax, retiree insurance billing, lot mowing fees and a receivable, due from component unit - Cape Coral Charter School Authority, at September 30, 2015 of \$19,313. The Cape Coral Charter School Authority reports a receivable from the primary government at June 30, 2015 of \$8,080. The Cape Coral Charter School Authority also reports a payable to the primary government at June 30, 2015 of \$27,998.

The general fund intergovernmental receivable includes communication service tax, half cent revenue, recycling tipping fee, police task force reimbursements, occupational tax, firefighter's supplemental education, alcoholic beverage license, fuel tax rebate and grant reimbursements.

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 2015 fuel tax collections, Florida Medicaid reimbursement for special populations, assessment collections due from the Lee County Tax Collector and the Lee County Clerk of Courts, and grant reimbursements for the Community Development Block Grant (CDBG), Local Housing Assistance (S.H.I.P), and Residential Construction Mitigation programs.

The other governmental funds accounts receivables are for false alarm, lot mowing, and seawall fees; child care meals, voluntary pre-kindergarten and school readiness, and a purchasing card rebate. Other governmental funds also has a payable, due to component unit – Cape Coral Charter School Authority, at September 30, 2015 of \$22,896.

All trade receivables are reported net of an allowance for uncollectible. Uncollectible is defined as any account that is greater than or equal to 180 days delinquent from the date of the invoice.

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.

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. 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. Unbilled receivables totaled \$228,055 for governmental activities and \$235,072,331 for business-type activities.

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, supplies, and fluids; 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 and the Golf Course maintains 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.

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 fair 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 net 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. The City only has one item that qualifies for reporting in this category. It is the deferred charge (gain) 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. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes include a separate section for deferred inflows of resources. The City has three items that qualify for reporting in this category: 1) unavailable revenue only arises under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: special assessments, fuel tax rebates and grant reimbursements. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available, 2) deferred charge (loss) reported in the proprietary and 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. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. 3) deferred inflows of pension earnings. This is the difference between projected and actual earnings on investments. These amounts will be recognized as reductions in pension expense in future years.

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 government-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 Discount, Bond Premium, 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, bond insurance costs, and deferred loss on defeasance 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 face amount of the debt issued is reported net of bond premiums and discounts whereas issuance 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 contribution revenue in the proprietary funds when charged.

10. Special Assessments

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 parking lot improvements and construction of seawalls.

11. Unearned Revenue

In the governmental funds, certain revenue transactions have been reported as unearned revenue. Revenue cannot be recognized until it has been earned and is available to finance expenditures of the current fiscal period. Revenue that is earned but not available is reported as a deferred inflow of resources until such time as the revenue becomes available.

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 \$1,111,133 for fiscal year 2015. These amounts are eliminated in the statement of activities. The enterprise funds that received these services were charged \$4,020,623 for fiscal year 2015. 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, 2015 was \$1,132,937. The State of Florida's contribution to the Municipal Firefighters' Plan for the year ended September 30, 2015 was \$1,363,002. 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.

Reservations of Fund Balance – Reserves established by City Council (committed fund balance) or City management (assigned fund balance).

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balance is 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.

The City established committed fund balances in the General Fund in Resolution 109-14 for capital equipment, facilities maintenance, and disaster reserve. These fund balances are committed by the City Council as set forth in the annual budget and any amendments thereto. The capital equipment reserve is to ensure funds are available for unexpected and critical replacement and/or repair of major assets. This reserve is not intended for routine repairs and maintenance cost for significant capital assets. The facilities maintenance reserve is to ensure funds are available for unexpected and critical maintenance of major facilities. This reserve is not intended for routine maintenance costs for significant facilities. The disaster reserve is to ensure the maintenance of services to the public during disaster situations such as, but not limited to, hurricanes.

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.

17. Implementation of Governmental Accounting Board Statements

For the year ended September 30, 2015, the financial statements include the impact of adoption of Governmental Accounting Standards Board statement number 68.

- GASB 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* was issued to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

NOTE II. PROPERTY TAXES

Property taxes are levied on November 1 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 7.7070 mills per \$1,000 of assessed taxable property value consists of 7.7070 mills to finance general governmental services for the fiscal year ended September 30, 2015. 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 2015 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, 2015.

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 of Individual Funds

The following individual funds had deficit fund balances as of September 30, 2015:

Governmental activities:

Del Prado Mall Parking Lot Fund ¹	\$ (101,797)
Residential Construction Mitigation Fund ²	(6,649)

¹ The deficit fund balance is a result of combining the Del Prado Mall parking lot capital improvement fund into the Del Prado Mall parking lot special revenue fund due to the completion of construction. The deficit fund balance is anticipated to be recovered through future assessment collections for the Del Prado Mall parking lot.

² The deficit fund balance is a result of the grant reimbursement request submitted at year end that was less than the expenses incurred for the grant. The subsequent grant reimbursement request will include these additional expenses.

3. Expenditures in Excess of Appropriations

The following individual funds had excess expenditures over appropriations as of September 30, 2015. However, there were adequate reserves to cover the overages.

Governmental activities:

Community Development Block Grant (CDBG) ¹	\$ (23,162)
HUD Neighborhood Stabilization Grant ¹	(119,211)

¹ 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, 2015 the City had the following cash and investment amounts:

Category	Fair Value
Checking and savings accounts	\$ 78,381,454
Cash on hand	9,585
Cash with fiscal agent	13,006,373
SBA - Local Government Surplus Funds	
Trust Fund - Florida PRIME	39,325,860
Intergovernmental Investment Pool - Florida Safe	1,051,412
Money Market Funds	173,439
Investments	121,983,809
	<u>\$ 253,931,932</u>

Reconciliation of cash, equity in pooled cash and investments from above to the basic financial statements:

	Cash and Investments		
	Unrestricted	Restricted	Total
Governmental Funds	\$ 119,702,970	\$ -	\$ 119,702,970
Business-Type Activities - Enterprise Funds	21,771,194	98,162,722	119,933,916
Governmental Activities - Internal Service Funds	11,193,541	-	11,193,541
Agency Funds	3,101,505	-	3,101,505
Total	<u>\$ 155,769,210</u>	<u>\$ 98,162,722</u>	<u>\$ 253,931,932</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, 2015, interest receivable on the City's investment portfolio amounted to \$320,482.

As of September 30, 2015, 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	\$ 24,933,057	1.48
Federal Agencies - Bond/Note	42,713,680	2.30
Asset Backed Securities	1,250,000	0.04
US Treasury - Bond/Note	50,085,992	1.91
Municipal - Bond/Note	3,001,080	0.60
LGIP - Florida PRIME	39,325,860	0.08
LGIP - FLSAFE	1,051,412	0.10
Money Market Funds	173,439	0.15
Total Fair Value	\$ 162,534,520	
Portfolio Weighted Average Duration		1.444

C. 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, 2015 the investment portfolio had an effective duration of 1.444 years.

Included in the investment portfolio, the City has \$2,411,112 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 April 15, 2017, May 15, 2017, and December 05, 2017.

D. 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, 2015, the City had the following credit exposure as a percentage of total investments:

Security Type	S&P Credit Rating	% of Portfolio
Corporate Notes	AAA	0.77%
Corporate Notes	AA+	2.64%
Corporate Notes	AA-	2.36%
Corporate Notes	AA	4.03%
Corporate Notes	A+	3.43%
Corporate Notes	A	2.10%
Federal Agencies - Bond/Note	AA+	26.28%
Asset Backed Securities	AA	0.77%
US Treasuries - Bond/Note	AA+	30.81%
Municipal Bond/Note	AA	1.85%
LGIP	AAAm	0.65%
State Sponsored Pool	AAAm	24.20%
Money Market Funds	AAAm	0.11%
Total		100.00%

As of September 30, 2015, the City's investment deposit in Florida Prime and Florida Asset Fund Trust (FLSAFE) investment pool was \$39,325,860 and \$1,051,412, respectively. These qualify as 2a7-like external investment pools. As of September 30, 2015, both pools were rated AAAM by Standard & Poor's.

E. 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, 2015, the City's investment portfolio was held with a third-party custodian as required by the City's investment policy.

F. 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, 2015, the City had the following issuer concentration based on fair value:

Issuer	Fair Value	Percentage of Portfolio
US Treasury	\$ 50,085,992	30.81%
Fannie Mae (FNMA)	13,107,532	8.06%
Freddie Mac (FHLMC)	17,186,639	10.57%
Florida PRIME	39,325,860	24.20%
Federal Home Loan Bank (FHLB)	9,846,764	6.06%
Anheuser-Busch Inbev NV	991,370	0.61%
John Deere Capital Corp	999,830	0.62%
Cola-Cola Company	2,149,066	1.32%
Apple Inc	1,635,503	1.01%
US Bancorp	1,614,320	0.99%
Chevron Corp	1,397,338	0.86%
Exxon Mobil Corp	1,252,950	0.77%
Walmart	1,498,845	0.92%
Berkshire Hathaway Inc	1,512,180	0.93%
American Honda Finance	998,343	0.61%
Pepsico Inc	1,427,123	0.88%
CHAIT 2012-A8 A8	1,250,000	0.77%
Wells Fargo & Company	2,957,346	1.82%
Toyota Motor Corp	1,593,530	0.98%
Government National Mortgage Assoc (GNMA)	2,572,745	1.58%
General Electric Capital Corp.	2,660,758	1.64%
IBM Corp	2,244,555	1.38%
Cook Regl Trans-A1	3,001,080	1.85%
Fidelity Prime money market fund	173,439	0.11%
FLSAFE	1,051,412	0.65%
Total	\$ 162,534,520	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, 2015, the carrying amount of the Pension Funds' cash and cash equivalents was \$12,313,178.

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 – November 24, 2015; and Fire Pension – November 24, 2015.

As of September 30, 2015, interest and dividend receivable on the Pension Funds' investment portfolio amounted to \$439,811.

As of September 30, 2015, 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 Duration (years)
Short term investments	4,442,805	2.22%	N/A
Stocks	74,521,286	37.31%	N/A
Unit investment trusts	17,385,078	8.70%	N/A
Mutual and ETF funds			
Equity	16,275,881	8.15%	N/A
Fixed income	49,078,537	24.57%	N/A
Pooled/common/commingled funds	21,062,354	10.54%	N/A
Partnerships	9,543,057	4.78%	N/A
Real Estate	7,435,574	3.73%	N/A
Total Investments	199,744,572	100.00%	

Police Officers' Pension Investments

Security Type	Fair Value	Percentage of Portfolio	Weighted Average Duration (years)
Short term investments	2,426,317	1.93%	N/A
Certificates of deposit	995,538	0.79%	1.83
Mutual and ETF funds			
Equity	14,777,229	11.75%	N/A
Fixed income	15,871	0.01%	N/A
Balanced	11,262,238	8.95%	N/A
Pooled/common/commingled funds			
Equity	11,080,650	8.81%	N/A
Real Estate	14,810,066	11.77%	N/A
U.S. bonds and bills	9,979,036	7.93%	12.65
Federal agency guaranteed securities	4,869,933	3.87%	21.87
Corporate bonds	8,674,132	6.90%	10.73
Stocks	46,791,717	37.20%	N/A
Municipal obligations	113,397	0.09%	24.69
Total Investments	\$ 125,796,124	100.00%	

Firefighters' Pension Investments

Security Type	Fair Value	Percentage of Portfolio	Weighted Average Duration (years)
Short term investments	3,234,318	2.48%	N/A
Certificates of deposit	1,214,200	0.93%	1.83
Stocks	44,845,111	34.46%	N/A
Municipal obligations	136,076	0.10%	N/A
Mutual and ETF funds			
Equity	15,852,383	12.18%	N/A
Fixed income	17,635	0.01%	N/A
Balanced	12,360,227	9.50%	N/A
Pooled/common/commingled funds			
Equity	11,080,650	8.51%	N/A
Real Estate	14,810,066	11.39%	N/A
U.S. bonds and bills	11,179,444	8.59%	12.18
Federal agency guaranteed securities	5,503,295	4.23%	21.47
Corporate bonds	9,920,729	7.62%	10.95
Total Investments	\$ 130,154,134	100.00%	

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, 2015.

D. Credit Risk

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

Equity Securities

All equity securities shall be fully and easily negotiable.

Foreign Equity Securities which are traded on a national exchange and/or American Depository Receipts.

Fixed Income Securities

General Pension Fund:

- 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.

Police and Fire Pension Funds:

- The average credit quality of the bond portfolio shall be "A" 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.

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

Police and Fire Pension Funds:

- All real estate investments shall be made through participation in diversified commingled funds of real properties.

As of September 30, 2015 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	9.58%	9.94%
AA+	N/A	49.10%	52.05%
AA	N/A	3.59%	2.92%
AA-	N/A	4.79%	4.68%
A+	N/A	7.19%	5.85%
A	N/A	11.98%	11.70%
A-	N/A	3.59%	3.51%
BBB+	N/A	2.99%	2.34%
BBB	N/A	0.60%	0.58%
not rated	100.00%	6.59%	6.43%
Total	100.00%	100.00%	100.00%

E. 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, 2015, the Pension Funds' investment portfolio was held with a third-party custodian as required by Florida Statutes.

F. 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 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.
 - 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 States 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	\$ 23,762,727
Capital improvements	66,189,135
Renewal and replacement	5,931,297
Deposits	2,279,563
Total restricted cash and investments	<u>\$ 98,162,722</u>

3. Accounts and Assessments Receivable

Governmental activities:

	General Fund	Transportation Capital Improvements	Community Redevelopment Agency	Debt Service Fund	Other Governmental Funds	Total
Unrestricted:						
Interest	\$ 58,918	\$ 25,076	\$ 1,953	\$ 1,029	\$ 22,905	\$ 109,881
Assessments receivable, net	98,576	-	-	-	119,935	218,511
Intergovernmental	3,296,116	337,465	-	-	2,423,576	6,057,157
Gross accounts receivable	1,577,527 ¹	44	121	-	460,778	2,038,470
Less: allowance for uncollectibles	(141,106)	-	-	-	(405,623)	(546,729)
Total net receivables	<u>\$ 4,890,031</u>	<u>\$ 362,585</u>	<u>\$ 2,074</u>	<u>\$ 1,029</u>	<u>\$ 2,621,571</u>	<u>\$ 7,877,290</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, 2015, the unbilled amount is \$228,055.

Business-type activities:

	Water and Sewer	Stormwater	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
Unrestricted:					
Interest	\$ 10,495	\$ 10,926	\$ 1,091	\$ 22,512	\$ 10,197
Intergovernmental	-	72,722	-	72,722	-
Gross accounts receivable	11,734,906 ²	216,893	377	11,952,176	15,398
Less: allowance for uncollectibles	(3,262,536) ³	(32,252)	-	(3,294,788)	-
Total net unrestricted	<u>8,482,865</u>	<u>268,289</u>	<u>1,468</u>	<u>8,752,622</u>	<u>25,595</u>
Restricted:					
Interest	174,661	-	-	174,661	-
Intergovernmental	43,425	-	-	43,425	-
Accounts receivable	1,683,261 ⁵	-	-	1,683,261	-
Less: allowance for uncollectibles	(388,373) ³	-	-	(388,373)	-
Assessments ^{4, 5}	4,939,158 ⁵	-	-	4,939,158	-
Less: allowance for uncollectibles	(2,898,530) ³	-	-	(2,898,530)	-
Total net restricted	<u>3,553,602</u>	<u>-</u>	<u>-</u>	<u>3,553,602</u>	<u>-</u>
Total net receivables	<u>\$ 12,036,467</u>	<u>\$ 268,289</u>	<u>\$ 1,468</u>	<u>\$ 12,306,224</u>	<u>\$ 25,595</u>

² Includes unbilled receivables of \$4,175,734.

³ 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.

⁴ 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 \$413,606,665. As of September 30, 2015, the unbilled amount is \$235,072,331.

⁵ 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. The City has not established an allowance for the utility assessments; ultimately through liens/foreclosures, the receivable is expected to be collected. As of September 30, 2015, the delinquent amounts were \$110,617 for assessments, \$100,345 for impact loans, and \$288,029 for CIAC loans.

4. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2015 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Purpose for Balance	Amount
General	Other governmental funds (Community Development Block Grant)	Awaiting grant reimbursement	\$ 150,596
	Other governmental funds (Residential Construction Mitigation Grant)	Awaiting grant reimbursement	6,649
			<u>\$157,245</u>

Advances to/from other funds:

Receivable Fund	Payable Fund	Purpose for Balance	Amount
General	Other governmental funds (Seawalls) ¹	Construction of seawalls	\$ 23,995
	Other governmental funds (Del Prado Mall Parking Lot) ²	Del Prado Mall parking lot improvements	185,422
	Other enterprise funds (Golf Course) ³	Operations	564,909
			<u>774,326</u>
Total Governmental Funds			<u>\$ 931,571</u>

¹ Seawall assessment collections provide funds to repay the advance.

² Original advance was for the transportation capital improvement project for the construction of the parking lot and alley. Assessment collections will repay the advance.

³ Golf Course fees will repay the advance.

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Interfund Transfers:

Transfers Out	Transfers In					Total
	General Fund	Transportation Capital Improvements	Community Redevelopment Agency	Debt Service Fund	Other Governmental Funds	Other Enterprise Funds
General Fund	\$ -	\$ 5,347,036 ²	\$ 574,486 ⁴	\$ 6,881,045 ⁵	\$ 4,511,907 ¹⁰	\$ 287,100 ¹⁵
Transportation Capital	-	-	-	257,372 ⁶	-	-
CRA	-	-	-	416,224 ⁷	-	-
Other Governmental	3,453,247 ¹	610,250 ³	-	9,371,122 ⁸	13,463 ¹¹	-
Water and Sewer	-	-	-	93,437 ⁹	242,500 ¹²	-
Other Enterprise	-	-	-	-	115,000 ¹³	-
Total	\$ 3,453,247	\$ 5,957,286	\$ 574,486	\$ 17,019,200	\$ 4,882,870	\$ 287,100
					\$ 3,377,565	\$ 35,551,754

- 1 Various Other governmental funds transferred \$1,082,779 to the general fund for reimbursement of budgetary established levels for administrative services.
Other governmental fund (Gas Tax) transferred \$2,230,468 to the general fund for budgetary established levels to support public works services division's operations.
Other governmental fund (All Hazards) transferred \$140,000 to the general fund for reimbursement of incentive pays for hazmat response.
- 2 General fund transferred \$5,374,036 to the transportation capital improvement fund to support local road resurfacing.
- 3 Other governmental fund (Five Cent Gas Tax) transferred \$110,250 to transportation capital improvements fund to support the cost of sidewalk installation.
Other governmental fund (Six Cent Gas Tax) transferred \$500,000 to transportation capital improvements fund for paving in the North 2 Utility Extension Area.
- 4 General fund transferred \$474,466 to the community redevelopment agency for established tax increment financing (TIF) funding plus an additional \$100,000 for parking lot improvement projects.
- 5 General fund transferred \$6,881,045 to debt service fund for annual debt service payments.
- 6 Transportation capital improvements transferred \$257,372 of project funds remaining from the Santa Barbara Boulevard widening project to debt service fund for the annual interest payment on the State Infrastructure Bank Loan for the widening of Pine Island Road.
- 7 Community redevelopment agency transferred \$416,224 to debt service fund for annual debt service payments.
- 8 Other governmental fund (Gas Tax) transferred \$2,843,908 to debt service fund for annual debt service payments.
Other governmental fund (Road Impact) transferred \$3,937,408 to debt service fund for annual debt service payments.
Other governmental fund (Park Impact) transferred \$1,033,966 to debt service fund for annual debt service payments.
Other governmental fund (Parks Capital Projects) transferred \$1,021,263 to debt service fund for refunding of outstanding principal.
Other governmental fund (Fire Impact) transferred \$339,347 to debt service fund for annual debt service payments.
Other governmental fund (Building) transferred \$21,398 to debt service fund for annual debt service payments.
Other governmental fund (Waterpark) transferred \$173,832 to debt service fund for annual debt service payments.
- 9 Water & sewer fund transferred \$93,437 to debt service fund for annual debt service payments.
- 10 General fund transferred \$828,820 to other governmental fund (Waterpark) for budgetary established support of annual operations in the amount of \$92,570 and \$736,250 for renovations of the Tot Spot.
General fund transferred \$3,150,587 to other governmental fund (P&R Programs fund) for budgetary established support of annual operations.
General fund transferred \$525,000 to other governmental fund (Public Works Capital Projects fund) for the design of a replacement fleet maintenance building.
General fund transferred \$7,500 to other governmental fund (Computer Capital Projects fund) for a point of sale system.
- 11 Other governmental fund (Public Works Capital Projects fund) transferred \$13,463 to other governmental fund (Celtus Boat Lift) to cover capital improvement expenses.
- 12 Water & sewer fund transferred \$242,500 to other government fund (Computer Capital Projects fund) for a point of sale system.
- 13 Other enterprise funds (Yacht Basin fund) transferred \$115,000 to other governmental funds (P&R Programs fund) as operating subsidy to the shared facilities at the Yacht Club area.
- 14 Water & sewer fund transferred \$3,377,565 from state revolving loan grant for southwest 6 / 7 utility work to stormwater fund for their cost of improvements in southwest 6 / 7.
- 15 General fund transfer \$287,100 to other enterprise funds (Golf Course Fund) for budgetary established support of annual operations.

5. Capital Assets

Capital asset activity for the year ended September 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land				
Governmental	\$ 150,896,059	\$ 160,705	\$ (414,107)	\$ 150,642,657
Construction in progress				
Governmental	657,820	5,945,611	(2,426,674)	4,176,757
Total capital assets, not being depreciated	<u>151,553,879</u>	<u>6,106,316</u>	<u>(2,840,781)</u>	<u>154,819,414</u>
Capital assets, being depreciated:				
Buildings				
Governmental	129,612,541	-	-	129,612,541
Internal Service	794,507	-	-	794,507
Building improvements				
Governmental	4,169,007	257,257	(10,468)	4,415,796
Internal Service	117,477	-	-	117,477
Improvements other than buildings				
Governmental	59,434,130	106,026	-	59,540,156
Internal Service	63,796	-	-	63,796
Equipment				
Governmental	49,748,857	4,362,792	(12,345,756)	41,765,893
Internal Service	1,774,374	53,964	(294,327)	1,534,011
Intangible computer software				
Governmental	2,719,587	158,180	(1,500)	2,876,267
Internal Service	705,245	-	-	705,245
Infrastructure				
Governmental	182,097,811	2,056,659	-	184,154,470
Total capital assets, being depreciated	<u>431,237,332</u>	<u>6,994,878</u>	<u>(12,652,051)</u>	<u>425,580,159</u>
Less accumulated depreciation for:				
Buildings				
Governmental	(35,095,827)	(3,125,711)	-	(38,221,538)
Internal Service	(391,313)	(29,711)	-	(421,024)
Building improvements				
Governmental	(1,471,721)	(294,117)	4,906	(1,760,932)
Internal Service	(95,206)	(2,822)	-	(98,028)
Improvements other than buildings				
Governmental	(25,558,682)	(2,661,169)	-	(28,219,851)
Internal Service	(50,616)	(4,404)	-	(55,020)
Equipment				
Governmental	(42,957,257)	(2,375,228)	12,108,850	(33,223,635)
Internal Service	(1,553,040)	(60,468)	283,635	(1,329,873)
Intangible computer software				
Governmental	(2,471,713)	(102,709)	1,500	(2,572,922)
Internal Service	(106,420)	(234,908)	-	(341,328)
Infrastructure				
Governmental	(47,204,433)	(5,835,469)	-	(53,039,902)
Total accumulated depreciation	<u>(156,956,228)</u>	<u>(14,726,716)</u>	<u>12,398,891</u>	<u>(159,284,053)</u>
Total capital assets, being depreciated, net	<u>274,281,104</u>	<u>(7,731,838)</u>	<u>(253,160)</u>	<u>266,296,106</u>
Governmental activities capital assets, net	<u>\$ 425,834,983</u>	<u>\$ (1,625,522)</u>	<u>\$ (3,093,941)</u>	<u>\$ 421,115,520</u>

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	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land				
Water and Sewer	\$ 24,036,376	\$ 356,924	\$ (237)	\$ 24,393,063
Stormwater	6,329,268	26,311	(502)	6,355,077
Other enterprise funds	1,817,726	-	-	1,817,726
Total land	32,183,370	383,235	(739)	32,565,866
Construction in progress				
Water and Sewer	73,406,711	37,730,202	(8,293,573)	102,843,340
Stormwater	3,406,869	2,097,407	(1,851,185)	3,653,091
Total construction in progress	76,813,580	39,827,609	(10,144,758)	106,496,431
Total capital assets, not being depreciated	108,996,950	40,210,844	(10,145,497)	139,062,297
Capital assets, being depreciated:				
Buildings				
Water and Sewer	384,266,064	-	-	384,266,064
Stormwater	6,699	-	-	6,699
Other enterprise funds	1,168,652	-	-	1,168,652
Total buildings	385,441,415	-	-	385,441,415
Building improvements				
Water and Sewer	1,939,954	-	(1,925)	1,938,029
Stormwater	1,777,534	55,504	-	1,833,038
Other enterprise funds	40,729	-	-	40,729
Total building improvements	3,758,217	55,504	(1,925)	3,811,796
Improvements other than buildings				
Water and Sewer	283,289,439	5,704,334	(3,446)	288,990,327
Stormwater	19,942,450	1,618,192	-	21,560,642
Other enterprise funds	3,482,322	-	(21,315)	3,461,007
Total improvements other than buildings	306,714,211	7,322,526	(24,761)	314,011,976
Equipment				
Water and Sewer	30,340,588	1,527,445	(3,208,844)	28,659,189
Stormwater	5,974,106	1,169,030	(1,230,970)	5,912,166
Other enterprise funds	754,813	30,347	(85,189)	699,971
Total equipment	37,069,507	2,726,822	(4,525,003)	35,271,326
Infrastructure				
Water and Sewer	577,647,299	-	-	577,647,299
Stormwater	14,272,054	-	-	14,272,054
Total Infrastructure	591,919,353	-	-	591,919,353
Total capital assets, being depreciated	1,324,902,703	10,104,852	(4,551,689)	1,330,455,866
Less accumulated depreciation for:				
Buildings				
Water and Sewer	(51,714,925)	(9,339,022)	-	(61,053,947)
Stormwater	(1,690)	(359)	-	(2,049)
Other enterprise funds	(780,414)	(30,247)	-	(810,661)
Total buildings	(52,497,029)	(9,369,628)	-	(61,866,657)
Building improvements				
Water and Sewer	(1,089,835)	(208,286)	512	(1,297,609)
Stormwater	(308,737)	(175,459)	-	(484,196)
Other enterprise funds	(52,540)	(3,693)	-	(56,233)
Total building improvements	(1,451,112)	(387,438)	512	(1,838,038)
Improvements other than buildings				
Water and Sewer	(150,401,179)	(8,408,094)	3,445	(158,805,828)
Stormwater	(6,646,943)	(652,593)	-	(7,299,536)
Other enterprise funds	(3,076,732)	(48,496)	4,258	(3,120,970)
Total improvements other than buildings	(160,124,854)	(9,109,183)	7,703	(169,226,334)
Equipment				
Water and Sewer	(23,597,568)	(1,655,083)	3,072,438	(22,180,213)
Stormwater	(4,690,560)	(455,939)	979,100	(4,167,399)
Other enterprise funds	(718,684)	(16,055)	61,190	(673,549)
Total equipment	(29,006,812)	(2,127,077)	4,112,728	(27,021,161)
Infrastructure				
Water and Sewer	(183,152,389)	(12,962,379)	-	(196,114,768)
Stormwater	(8,258,362)	(264,711)	-	(8,523,073)
Total Infrastructure	(191,410,751)	(13,227,090)	-	(204,637,841)
Total accumulated depreciation	(434,490,558)	(34,220,416)	4,120,943	(464,590,031)
Total capital assets, being depreciated, net	890,412,145	(24,115,564)	(430,746)	865,865,835
Business-type activities capital assets, net	\$ 999,409,095	\$ 16,095,280	\$ (10,576,243)	\$ 1,004,928,132

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

Governmental activities:

General Government	\$ 5,282,227
Public Safety:	
Police	937,348
Fire	1,371,333
Public Works	4,671,800
Community Development	32,301
Parks and Recreation	2,099,394
Internal Service	332,313
Total depreciation expense - governmental activities	<u>\$ 14,726,716</u>

Business-type activities:

Water and Sewer	\$ 32,572,864
Stormwater	1,549,061
Other enterprise funds	98,491
Total depreciation expense - business-type activities	<u>\$ 34,220,416</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.

	<u>Water and Sewer</u>
Actual interest cost	<u>\$ 1,089,872</u>

7. Accounts Payable and Other Accrued Liabilities

Accounts payable and other accrued liabilities at September 30, 2015 are as follows:

Governmental activities:

	<u>General Fund</u>	<u>Transportation Capital Improvements</u>	<u>Community Redevelopment Agency</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Accounts payable and other accrued liabilities	\$ 1,892,377	\$ 95,944	\$ 124,929	\$ 57,323	\$ 427,709	\$ 2,598,282
Retainage payable	-	117,409	-	-	-	117,409
Total	<u>\$ 1,892,377</u>	<u>\$ 213,353</u>	<u>\$ 124,929</u>	<u>\$ 57,323</u>	<u>\$ 427,709</u>	<u>\$ 2,715,691</u>

Business-type activities:

	<u>Water and Sewer</u>	<u>Stormwater</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
Accounts payable and other accrued liabilities	\$ 4,127,454	\$ 212,533	\$ 121,230	\$ 4,461,217	\$ 448,672
Retainage payable	2,758,074	118,846	-	2,876,920	-
Total	<u>\$ 6,885,528</u>	<u>\$ 331,379</u>	<u>\$ 121,230</u>	<u>\$ 7,338,137</u>	<u>\$ 448,672</u>

The following is a summary of changes in the City's bonded and other indebtedness for the year ended September 30, 2015:

* The Community Redevelopment Agency's portion of the Special Obligation Revenue Bond, Series 2012 is \$3,333,660.

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Long-term Debt at September 30, 2015 is comprised of the following:

General Long-term Debt

Revenue Bonds

\$60,000,000 Special Obligation Revenue Bonds, Series 2006, issued to finance the cost of acquisition of various land within the City. Principal and interest on the obligations is secured by the non-ad valorem funds budgeted and appropriated by City Council. Principal is paid annually through October 2036 with interest paid semiannually at rates ranging from 4.0% to 5.0%.	\$ 1,445,000
\$35,380,000 Special Obligation Revenue Bonds, Series 2007, issued to finance the cost of acquisition, construction and equipping of the City's charter schools. Principal and interest on the obligations is secured by the non-ad valorem funds budgeted and appropriated by City Council. Principal is paid annually through July 2037 with interest paid semiannually at rates ranging from 4.0% to 5.5%.	30,325,000
\$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 October 2028 with interest paid semiannually at 5.67%.	25,960,000
\$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 October 2019 with interest paid semiannually at rates ranging from 3.0% to 4.375%.	2,990,000
\$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 through 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 from July 2013 to July 2040 with interest paid semiannually at rates ranging from 2.25% to 6.0%.	16,700,000
\$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 October 2024 with interest paid semiannually at rate of 2.43%. The Community Redevelopment Agency's portion is \$3,661,640.	12,768,530
\$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 October 2023 with interest paid semiannually at 2.31%.	5,230,000

\$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 October 2023 with interest paid semiannually at 2.20%.

18,944,000

\$51,790,000 Special Obligation Revenue Note, 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 from October 2015 to October 2036 with interest paid semiannually at rates ranging from 2.0% to 5.0%.

51,550,000

199,727,530

Less unamortized discount
Plus unamortized premium

(271,331)

4,247,228

\$ 203,703,427

Notes Payable

\$8,608,887 State Infrastructure Bank Loan was issued for the purpose of funding a capital improvement project which consisted of the construction of two additional travel lanes for State Road 78 from Chiquita Boulevard to Burnt Store Road capital improvement project. The principal will be repaid from the Federal Surface Transportation Program Urban Funds allocated through Lee County Metropolitan Planning Organization (MPO). The City is responsible for the interest only on this loan per the loan agreement. Interest on the obligation is secured by non-ad valorem funds budgeted and appropriated by City Council. Interest is paid annually at 3.0% through October 2016.

\$

-

\$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 from October 2016 to October 2024 with interest paid semiannually at a rate of 2.1%.

13,675,000

\$ 13,675,000

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 from February 2016 to February 2021 with interest paid semiannually at a rate of 1.65%.

\$ 1,500,000

\$ 1,500,000

Capital Leases

\$2,315,707 capital lease issued to finance the acquisition of various police and fire vehicles, and information technology equipment. The lease is collateralized by the related equipment. The lease requires semiannual debt service payments including principal and interest accruing at 1.482% through October 2017.

\$ 863,948

\$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 1.482% through January 2020.

800,335

\$ 1,664,283

Proprietary Funds - Long-term Debt

Revenue Bonds

\$185,000,000 Water and Sewer Revenue Bonds, Series 2006 (Series 2006), issued to finance the costs of acquisition, construction, expansion and equipping of certain improvements to the City's water, wastewater and reuse irrigation systems. 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 until 2036, with interest paid semiannually at rates ranging from 3.7% to 5.0%. The Series 2006 Bonds are issued in parity with the City's Water and Sewer Refunding Revenue Bonds, Series 2011, 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.

\$ 2,865,000

\$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 until 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.

168,145,000

\$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 until 2042 with interest paid semiannually at rates ranging from 3.0% 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.

102,355,000

\$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 until 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.

6,355,000

\$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 until 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 until 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.

Plus unamortized premium

	94,465,000
	446,600,000
	11,247,790
	<u>\$ 457,847,790</u>

Notes Payable

\$13,856,923 State Revolving Fund Loan Agreement #7516P payable to the State with principal and interest payable semiannually at 3.19% beginning October 2004. 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.

\$ 1,325,853

\$7,224,652 State Revolving Fund Loan Agreement #7516L 01 payable to the State with principal and interest payable semiannually at 2.93% beginning December 2003. 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.

347,624

\$35,848,122 State Revolving Fund Loan Agreement #7516L 02 payable to the State with principal and interest payable semiannually at 2.93% beginning June 2005. 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.

1,616,802

\$16,668,746 State Revolving Fund Loan Agreement DW#360103 payable to the State with principal and interest payable semiannually at 2.12% beginning 6 months after the completion of the construction project, which is estimated to be February 2016. 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.

11,767,862

\$71,000,000 State Revolving Fund Loan Agreement WW#360100 payable to the State with principal and interest payable semiannually at rates ranging from 1.98% to 2.42% beginning 6 months after the completion of the construction project, which is estimated to be February 2016. 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.

	53,867,181
	<u>\$ 68,925,322</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 2015 debt service requirements.

Information regarding Special Assessment Debt outstanding at September 30, 2015 is presented below.

	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Balance Outstanding</u>
Water Improvement Assessment Bonds, Series 2003 (Southwest 3)	\$ 8,295,000	3.875 - 4.75%	2023	\$ 2,085,000
Wastewater and Irrigation Water Refunding Assessment Bonds, Series 2005 (Southwest 1, Pine Island, and Southwest 3 Areas)	53,285,000	3.50 - 4.25%	2022	15,140,000
Utility Improvement Assessment Bonds, Series 2005 (Southwest 2)	31,680,000	3.375 - 4.25%	2025	15,350,000
Utility Improvement Assessment Bonds, Series 2006 (Southeast 1)	30,870,000	3.70 - 4.20%	2026	15,690,000
Utility Improvement Assessment Bonds, Series 2007 (Southwest 4)	67,955,000	3.75 - 4.37%	2027	41,775,000
Utility Improvement Assessment Bonds, Series 2007 (Southwest 5 and Surfside)	57,855,000	3.75 - 4.75%	2028	29,900,000
	<u>\$ 249,940,000</u>			<u>119,940,000</u>
Less unamortized discount				(1,293,230)
Plus unamortized premium				286,620
Total Special Assessment Debt				<u>\$ 118,933,390</u>

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Governmental Activities

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**Year Ending
September 30,**

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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, 2015.

<u>Fiscal Year</u>	<u>Governmental Activities</u>
2016	\$ 625,359
2017	625,361
2018	185,360
2019	185,360
2020	92,680
Total Payments	1,714,120
Less interest	(49,837)
Total present value of net minimum lease	<u>\$ 1,664,283</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2015, 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:					
Long-term debt	\$ 215,508,997	\$ 66,965,000	\$ (65,907,184)	\$ 216,566,813	\$ 11,292,837
Bond discount and premium	478,222	4,260,306	(762,631)	3,975,897	-
Total bonds and notes payable	215,987,219	71,225,306	(66,669,815)	220,542,710	11,292,837
Claims liability	6,927,000	2,483,968	(2,300,968)	7,110,000	1,828,000
Compensated absences ¹	6,482,288	1,520,714	(965,048)	7,037,954	1,127,859
Net Pension Liability ²	97,962,270	49,555,970	(32,900,599)	114,617,641	-
OPEB obligation ³	95,471,718	9,962,671	(44,537)	105,389,852	-
Total Governmental	<u>\$ 422,830,495</u>	<u>\$ 134,748,629</u>	<u>\$ (102,880,967)</u>	<u>\$ 454,698,157</u>	<u>\$ 14,248,696</u>
Business-type activities:					
Water and Sewer					
Long-term debt	\$ 618,259,855	\$ 201,167,127	\$ (183,961,660)	\$ 635,465,322	\$ 19,233,615
Bond discount and premium	9,180,102	6,037,059	(4,975,981)	10,241,180	-
Total bonds and notes payable	627,439,957	207,204,186	(188,937,641)	645,706,502	19,233,615
Compensated absences	1,448,718	334,512	(202,495)	1,580,735	226,100
Net Pension Liability	17,193,803	11,453,590	(8,116,185)	20,531,208	-
OPEB obligation	18,512,184	3,664,015	(1,028,050)	21,148,149	-
Total Water and Sewer	<u>664,594,662</u>	<u>222,656,303</u>	<u>(198,284,371)</u>	<u>688,966,594</u>	<u>19,459,715</u>
Stormwater					
Compensated absences	490,435	124,141	(71,256)	543,320	77,186
Net Pension Liability	5,934,534	2,385,544	(1,690,432)	6,629,646	-
OPEB obligation	6,199,146	905,162	(329,343)	6,774,965	-
Total Stormwater	<u>12,624,115</u>	<u>3,414,847</u>	<u>(2,091,031)</u>	<u>13,947,931</u>	<u>77,186</u>
Other Enterprise Funds					
Compensated absences	81,788	18,852	(12,206)	88,434	12,305
Net Pension Liability	1,075,006	204,781	(145,111)	1,134,676	-
OPEB obligation	1,607,637	118,908	(80,040)	1,646,505	-
Total Other Enterprise	<u>2,764,431</u>	<u>342,541</u>	<u>(237,357)</u>	<u>2,869,615</u>	<u>12,305</u>
Total Business-type					
Long-term debt	618,259,855	201,167,127	(183,961,660)	635,465,322	19,233,615
Bond discount, premium and deferred amount on refunds	9,180,102	6,037,059	(4,975,981)	10,241,180	-
Total bonds and notes payable	627,439,957	207,204,186	(188,937,641)	645,706,502	19,233,615
Compensated absences	2,020,941	477,505	(285,957)	2,212,489	315,591
Net Pension Liability	24,203,343	14,043,915	(9,951,728)	28,295,530	-
OPEB obligation	26,318,967	4,688,085	(1,437,433)	29,569,619	-
Total Business-type	<u>\$ 679,983,208</u>	<u>\$ 226,413,691</u>	<u>\$ (200,612,759)</u>	<u>\$ 705,784,140</u>	<u>\$ 19,549,206</u>

¹ Compensated absences were liquidated as follows: General Fund 88%, Special Revenue Funds 8%, and Internal Service Funds 4%.

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 83%, Special Revenue Funds 12%, 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, 2015, 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 & Refunding Revenue Bonds, Series 2005	\$ 7,600,000
Special Obligation Revenue Bonds, Series 2006	48,715,000

Enterprise Fund Debt:

Water and Sewer Refunding Revenue Bonds, Series 2006	\$ 163,230,000
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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, 2015 there are no operating lease commitments that extend beyond 2018. Lease expense for fiscal year 2015 reported in the Governmental Activities and the Business-type Activities were \$28,602 and \$78,051 respectively.

Year Ending September 30,	Governmental Activities	Business-type Activities	Total
2016	\$ 44,750	\$ 83,843	\$ 128,593
2017	34,781	82,767	117,548
2018	17,931	5,792	23,723
Total	<u>\$ 97,462</u>	<u>\$ 172,402</u>	<u>\$ 269,864</u>

11. Construction and Other Significant Commitments

Construction Commitments. As of September 30, 2015 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:		
Building Renovations ¹	\$ 1,061,269	\$ 91,001
Transportation Fund:		
Road Improvements ²	<u>1,328,927</u>	<u>486,352</u>
Total governmental activities	<u>2,390,196</u>	<u>577,353</u>
Business-type activities:		
Water & Sewer Fund:		
Lift Station Improvements ³	1,184,041	328,506
SW Water Reclamation Facility Improvements ³	427,555	2,274,959
Utility Extension Program: Area - Southwest 6 & 7 ⁴	639,659	7,318,981
Utility Extension Program: Area - North 2 ⁴	61,725,347	5,248,850
Stormwater Utility Fund:		
Drainage Improvements Southwest 6 & 7 Utility Area ⁴	<u>2,411,394</u>	<u>160,563</u>
Total business-type activities	<u>66,387,996</u>	<u>15,331,859</u>
Total	<u>\$ 68,778,192</u>	<u>\$ 15,909,212</u>

¹ Projects are being funded by the appropriation of General Fund reserves.

² Projects are being funded by the appropriation of reserves of Capital Project and General Funds.

³ Projects are being funded by water and sewer user fees.

⁴ 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	\$ 3,450,554
Transportation Capital Improvements	228,821
Community Redevelopment Agency	21,078
Debt Service Fund	11,250
Nonmajor governmental funds	975,484
Total encumbrances	<u>\$ 4,687,187</u>

12. Fund Balances

Fund balances for governmental funds at September 30, 2015 are as follows:

	General	Transportation Capital Improvements	Community Redevelopment Agency	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:						
Nonspendable						
Inventory	\$ 36,413	\$ -	\$ -	\$ -	\$ 86,356	\$ 122,769
Prepaid Items	68,744	-	-	-	7,513	76,257
Advance funds	774,326	-	-	-	-	774,326
Total Nonspendable	879,483	-	-	-	93,869	973,352
Restricted						
Housing and community development	-	-	-	-	1,638,726	1,638,726
Building code enforcement	-	-	-	-	2,162,693	2,162,693
Law enforcement - forfeiture funds	-	-	-	-	668,703	668,703
Law enforcement - Do the Right Thing	-	-	-	-	13,014	13,014
Law enforcement training	-	-	-	-	12,173	12,173
Police projects	-	-	-	-	1,008,516	1,008,516
Fire projects	-	-	-	-	1,579,510	1,579,510
Seawalls	-	-	-	-	194,566	194,566
Parks projects	-	-	-	-	1,886,149	1,886,149
Community redevelopment	-	-	1,746,773	-	-	1,746,773
Santa Barbara Boulevard project	-	2,903,324	-	-	-	2,903,324
Del Prado Boulevard project	-	3,260,661	-	-	-	3,260,661
Access management/acquisition project	-	1,006,195	-	-	-	1,006,195
Other transportation projects	-	2,412,612	-	-	6,461,767	8,874,379
Debt service	-	-	-	11,032,707	-	11,032,707
Total Restricted	-	9,582,792	1,746,773	11,032,707	15,625,817	37,988,089
Committed						
Fleet replacement	1,357,682	-	-	-	-	1,357,682
Computer software	53,594	-	-	-	-	53,594
Computer equipment	50,350	-	-	-	-	50,350
General government - consultants	408,745	-	-	-	-	408,745
Public works - traffic operations	52,800	-	-	-	-	52,800
Law enforcement - alarm fees	-	-	-	-	39,035	39,035
Lot mowing program	-	-	-	-	1,166,681	1,166,681
City centrum office park	-	-	-	-	64,103	64,103
Parks and recreation - parks programs	-	-	-	-	666,974	666,974
Parks and recreation - waterpark	-	-	-	-	741,810	741,810
Santa Barbara Boulevard project	-	953,365	-	-	-	953,365
Del Prado Boulevard project	-	3,270,660	-	-	-	3,270,660
Road resurfacing project	-	11,024,859	-	-	-	11,024,859
Chiquita Boulevard project	-	777,748	-	-	-	777,748
Other transportation projects	-	642,276	-	-	-	642,276
Parks projects	246,042	-	-	-	265,201	511,243
Fire projects	-	-	-	-	233,291	233,291
Capital projects	-	-	-	-	3,158	3,158
Public works projects	-	-	-	-	1,768,230	1,768,230
Academic village	-	-	-	-	208,165	208,165
Computer system	-	-	-	-	494,771	494,771
Capital equipment	1,500,000	-	-	-	-	1,500,000
Facilities maintenance	500,000	-	-	-	-	500,000
Disaster reserve	2,000,000	-	-	-	-	2,000,000
Total Committed	6,169,213	16,668,908	-	-	5,651,419	28,489,540

(continued on next page)

	General	Transportation Capital Improvements	Community Redevelopment Agency	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assigned						
City attorney - computer software	32,976	-	-	-	-	32,976
City manager - professional fees	42,658	-	-	-	-	42,658
City auditor - professional fees	46,218	-	-	-	-	46,218
Information technology - equipment	33,158	-	-	-	-	33,158
Information technology - software	34,679	-	-	-	-	34,679
Information technology - outside services	85,751	-	-	-	-	85,751
Information technology - miscellaneous expenses	9,308	-	-	-	-	9,308
Police - weapons and ammunition	16,809	-	-	-	-	16,809
Police - miscellaneous expenses	12,261	-	-	-	-	12,261
Fire - equipment	120,232	-	-	-	-	120,232
Fire - computer equipment	33,918	-	-	-	-	33,918
Fire - equipment repair and maintenance	25,200	-	-	-	-	25,200
Fire - other equipment	16,895	-	-	-	-	16,895
Fire - uniforms	9,233	-	-	-	-	9,233
Fire - miscellaneous expenses	22,494	-	-	-	-	22,494
Public works - maintenance	76,197	-	-	-	-	76,197
Public works - professional services	18,345	-	-	-	-	18,345
Public works - miscellaneous expenses	9,663	-	-	-	-	9,663
Parks maintenance - maintenance expenses	27,465	-	-	-	-	27,465
Parks maintenance - capital improvements	89,200	-	-	-	-	89,200
Human resources - computer equipment	1,748	-	-	-	-	1,748
Planning department - professional services	4,789	-	-	-	-	4,789
Government services - professional services	91,675	-	-	-	-	91,675
Electric franchise - computer software	2,900	-	-	-	-	2,900
Electric franchise - professional services	82,113	-	-	-	-	82,113
Fleet replacement	299,697	-	-	-	-	299,697
Miscellaneous government expenses	35,759	-	-	-	-	35,759
Total Assigned	1,281,341	-	-	-	-	1,281,341
Unassigned	46,494,247	-	-	-	(108,446)	46,385,801
Total fund balances	<u>\$ 54,824,284</u>	<u>\$ 26,251,700</u>	<u>\$ 1,746,773</u>	<u>\$ 11,032,707</u>	<u>\$ 21,262,659</u>	<u>\$ 115,118,123</u>

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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. Summary financial information for the water and sewer division is presented below.

CONDENSED STATEMENT OF NET POSITION

Assets:	
Current assets	\$ 20,402,655
Restricted assets	57,482,819
Noncurrent assets	3,693,522
Unamortized bond issue costs	2,564,848
Capital assets	525,204,044
Total assets	<u>609,347,888</u>
Deferred Outflows of Resources	
Deferred outflows - Pension earnings	4,143,232
Total deferred outflows	<u>4,143,232</u>
Liabilities:	
Current liabilities	15,254,589
Noncurrent liabilities	471,966,899
Net Pension Liability	20,531,208
Total liabilities	<u>507,752,696</u>
Deferred Inflows of Resources	
Deferred expense on refunding bonds	(4,472,481)
Deferred inflows - pension earnings	671,245
Deferred inflows - pension experience	199,615
	<u>(3,601,621)</u>
Net position:	
Net investment in capital assets	73,615,142
Restricted for:	
Debt service	819,249
Renewal and replacement	5,931,297
Capital improvements	48,871,509
Unrestricted	(19,897,152)
Total net position	<u>\$ 109,340,045</u>

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Operating revenues	
Charges for services	\$ 75,394,054
Other revenues	893,273
Total Operating revenues	<u>76,287,327</u>
Operating expenses	
Salaries, wages, and employee benefits	21,708,788
Contractual services, materials and supplies	18,734,138
Depreciation	20,843,866
Total operating expenses	<u>61,286,792</u>
Operating income	<u>15,000,535</u>
Nonoperating revenues (expenses)	
Interest income	756,447
Interest expense	(20,683,697)
Debt service cost	(1,595,472)
Gain (loss) on sale of capital assets	17,457
Total nonoperating revenues (expenses)	<u>(21,505,265)</u>
Income (loss) before contributions and transfers	<u>(6,504,730)</u>
Transfers in	1,916,526
Transfers out	(368,809)
Change in net position	<u>(4,957,013)</u>
Total net position - beginning as restated	114,297,058
Total net position - ending	<u>\$ 109,340,045</u>

CONDENSED STATEMENT OF CASH FLOWS

New cash provided (used) by:	
Operating activities	\$ 37,568,557
Nonoperating financing activities	1,547,717
Capital and related financing activities	(36,991,397)
Investing activities	750,999
Net increase (decrease)	2,875,876
Beginning cash and investments	64,477,764
Ending cash and investments	<u>\$ 67,353,640</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	\$ 237,009,300	\$ 15,017,432	\$ 15,198,022	101.20%
Half-cent Sales Tax	59,882,530	3,021,650	13,456,287	445.33%
Gas Tax	85,270,064	4,946,460	8,324,356	168.29%

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)	\$ 175,102,381	
Historical Non Ad-Valorem Revenue Debt (000)	\$ 320,254,975	
Legally Available Non-Ad Valorem Revenues (000)		\$ 72,668 (A)
Average of current and prior year		\$ 68,983 (B)
Maximum Annual Debt Service (MADS)		\$ 20,367 (C)
MADS Coverage		3.39
MADS required coverage (B ÷ C)		1.50
Governmental Revenues		\$ 184,577 (D)
Governmental Revenues percentage (C ÷ D)		11.03%
Required Coverage		not to exceed 20%
Water & Sewer		
Water and Sewer Net Revenues (000)	\$ 797,164	\$ 35,815
Capital Expansion Fees (000)		9,336
Net Revenues Available for Debt Service (000)		<u>\$ 45,151</u>

(continued on next page)

Test 1

Net Revenues Available for Debt Service (000)	\$	35,815
Annual Debt Service (Senior Lien) (000)	\$	23,353
Calculated Coverage Factor		1.53
Required Coverage		1.00

Test 2

Net Revenues & Expansion Fees (000)	\$	45,151
Annual Debt Service (Senior Lien) (000)	\$	23,353
Calculated Coverage Factor		1.93
Required Coverage		1.00

Test 3

Total Revenues after Senior Lien Debt Service (000)	\$	21,798
Annual Debt Service (Subordinate) (000)	\$	15,970
Calculated Coverage Factor		1.36

15. Intergovernmental Revenue

Intergovernmental revenue as of September 30, 2015 is as follows

Governmental activities:

	General Fund	Transportation Capital Improvements	Other Governmental Funds	Total
Operating Grants and State Shared Revenues				
Parks and Recreation	\$ 74,856	\$ -	\$ 444,028	\$ 518,884
Public Safety: Police	440,678	-	-	440,678
Public Safety: Fire	10,784	-	-	10,784
Public Works	-	-	754,762	754,762
Local shared revenue	604,555	-	-	604,555
State shared revenue	2,554,373	-	-	2,554,373
Capital Grants				
Community Development	-	-	1,681,392	1,681,392
Public Works	-	1,759,791	-	1,759,791
Inter-local Agreements				
Public Works	130,000	-	-	130,000
Total	\$ 3,815,246	\$ 1,759,791	\$ 2,880,182	\$ 8,455,219

16. Interest Income

Interest income as of September 30, 2015 is as follows:

	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
Investment income	\$ 840,884	\$ 1,375,643	\$ 65,592	\$ 2,282,119
Interest on advances	14,921	215,559	-	230,480
Interest billed on assessment, Contribution in aid of construction, and impact loans	679	8,635,019	-	8,635,698
Interest received from tax collector	40,638	9,941	-	50,579
Other	116,232	-	-	116,232
Total	\$ 1,013,354	\$ 10,236,162	\$ 65,592	\$ 11,315,108

17. Other Revenue

	General Fund	Transportation Capital Improvements	Community Redevelopment Agency	Other Governmental Funds	Total
NSP Program Income	\$ -	\$ -	\$ -	\$ 524,579	\$ 524,579
State Housing Program Income (SHIP)	-	-	-	197,726	197,726
CDBG Program Income	-	-	-	307,134	307,134
Blue Cross Blue Shield Reimbursement	1,254,895	-	-	-	1,254,895
Blue Cross Blue Shield Wellness Payment	258,595	-	-	-	258,595
School impact administrative fee	29,330	-	-	-	29,330
Lee County Electric Coop equity refund	39,615	-	13	3,862	43,490
Lee County Tax Collector Refund of Estimated Fee	80,573	-	-	28,015	108,588
Staff uniform resales	-	-	-	7,209	7,209
Pepsi Rebates	-	-	-	5,967	5,967
Expired gift cards and deposits	-	-	-	5,131	5,131
Permissive use fees	2,400	-	-	-	2,400
Sales of surplus material	15,813	-	-	-	15,813
Purchase card rebate	92,903	44	122	5,928	98,997
Legal settlements	10,415	2,603,768	-	-	2,614,183
Police confiscation	-	-	-	72,772	72,772
Lamar Public Private Partnership	25,000	-	-	-	25,000
Flex Spending Forfeitures	10,689	-	-	-	10,689
Planning department reimbursements	10,585	-	-	-	10,585
Other	9,753	16,367	-	2,182	28,302
	<u>\$ 1,840,566</u>	<u>\$ 2,620,179</u>	<u>\$ 135</u>	<u>\$ 1,160,505</u>	<u>\$ 5,621,385</u>

18. Building Leases

The City of Cape Coral has entered into three 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 three leases shall be equal to the debt service, cost of commercial general liability insurance on the building, and one dollar. For fiscal year 2015, the lease payments totaled \$3,813,188, which included \$3,455,522 for debt service and \$357,666 for insurance. The insurance cost for fiscal year 2016 will be \$232,071. 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
2016	\$ 3,454,522
2017	3,452,910
2018	3,453,750
2019	3,456,150
2020	3,455,376
2021	3,456,350
	<u>\$ 20,729,058</u>

The construction cost of the charter school buildings was \$42,764,992, accumulated depreciation as of September 30, 2015 was \$10,322,730 for a net carrying amount of \$32,442,262.

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 \$8,904. 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 \$94,163. 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 \$7,567,329, accumulated depreciation as of September 30, 2015 was \$1,609,579 for a net carrying amount of \$5,957,750.

19. Change in Accounting Principle

- A. Change in Accounting Principle - During the fiscal year ended September 30, 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. This pronouncement required the restatement of the September 30, 2014 net position in the Governmental Activities, Business-type Activities and the Proprietary Fund financial statements, as follows:

	Statement of Net Position	
	Governmental Activities	Business-Type Activities
Net Position - Beginning of Year	\$ 203,441,944	\$ 445,757,214
Cumulative effect of GASB 68	(92,968,595)	(25,401,022)
Net Position as Restated	<u>\$ 110,473,349</u>	<u>\$ 420,356,192</u>

Governmental Activities - Internal Service Funds

	Fund Statements		
	Workers' Compensation Insurance	Property and Casualty Insurance	Facilities & Fleet Management
Net Position - Beginning of Year	\$ 550,565	\$ 405,233	\$ (2,522,524)
Cumulative effect of GASB 68	(197,930)	(138,551)	(3,826,647)
Net Position as Restated	<u>\$ 352,635</u>	<u>\$ 266,682</u>	<u>\$ (6,349,171)</u>

Business-type Activities

	Fund Statements		
	Water and Sewer	Stormwater	Other Enterprise
Net Position - Beginning of Year	\$ 410,010,531	\$ 34,027,889	\$ 1,188,314
Cumulative effect of GASB 68	(18,044,622)	(6,228,199)	(1,128,201)
Net Position as Restated	<u>\$ 391,965,909</u>	<u>\$ 27,799,690</u>	<u>\$ 60,113</u>

Combining Statement: Other Enterprise

	Yacht Basin	Golf Course
Net Position - Beginning of Year	\$ 882,187	\$ 306,127
Cumulative effect of GASB 68	(112,160)	(1,016,041)
Net Position as Restated	<u>\$ 770,027</u>	<u>\$ (709,914)</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, \$25,000 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 two 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 claims liability of \$5,579,000 reported in the worker's compensation insurance fund and \$1,531,000 reported in the property and casualty insurance fund at September 30, 2015 is based on requirements of Governmental Accounting Standards Board Statement No. 10, 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 2013, 2014 and 2015 were:

	Beginning-of-Fiscal-Year Claims Liability	Current-Year Claims and Changes in Estimates	Claims Payments	End-of-Fiscal- Year Claims Liability
Workers Compensation				
2014 - 2015	\$ 5,405,000	\$ 1,928,683	\$ (1,754,683)	\$ 5,579,000
2013 - 2014	5,372,000	2,106,347	(2,073,347)	5,405,000
2012 - 2013	5,525,000	2,294,177	(1,747,177)	6,072,000
Property and Casualty				
2014 - 2015	\$ 1,522,000	\$ 555,285	\$ (546,285)	\$ 1,531,000
2013 - 2014	1,710,000	491,494	(679,494)	1,522,000
2012 - 2013	1,757,000	1,006,481	(1,113,481)	1,650,000

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 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 FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2015

	Pension Trust Funds			Total
	Municipal General Employees'	Municipal Police Officers'	Municipal Firefighters'	Pension Trust Funds
ASSETS				
Cash and cash equivalents	\$ 4,442,805	\$ 3,421,855	\$ 4,448,518	\$ 12,313,178
Receivables:				
Member contributions - buy back	1,287	-	-	1,287
Employer contributions	451,964	-	291,079	743,043
Investment income	57,481	178,413	203,917	439,811
Due from broker	-	300,978	403,132	704,110
Prepaid expenses	-	1,800	4,299	6,099
Investments, at fair value				
US Bonds and Bills	-	9,979,036	11,179,444	21,158,480
Federal Agency Guaranteed Securities	-	4,869,933	5,503,295	10,373,228
Corporate Bonds	-	8,674,132	9,920,729	18,594,861
Municipal obligations	-	113,397	136,076	249,473
Stocks	74,521,286	46,791,717	44,845,111	166,158,114
Unit Investment Trusts	17,385,078	-	-	17,385,078
Mutual and ETF funds				-
Equity	16,275,881	14,777,229	15,852,383	46,905,493
Fixed income	49,078,537	15,871	17,635	49,112,043
Balanced	-	11,262,238	12,360,227	23,622,465
Pooled/common/commingled funds	21,062,354	-	-	21,062,354
Equity	-	11,080,650	11,080,650	22,161,300
Real Estate	-	14,810,066	14,810,066	29,620,132
Partnerships	9,543,057	-	-	9,543,057
Real Estate	7,435,574	-	-	7,435,574
Total Investments	195,301,767	122,374,269	125,705,616	443,381,652
Total assets	200,255,304	126,277,315	131,056,561	457,589,180
LIABILITIES				
Accounts payable	199,935	115,316	126,442	441,693
Accounts payable, broker-dealer	688,018	-	-	688,018
Refunds payable	12,992	-	-	12,992
Prepaid contributions	-	8,071	-	8,071
Total liabilities	900,945	123,387	126,442	1,150,774
NET POSITION RESTRICTED FOR BENEFITS	\$ 199,354,359	\$ 126,153,928	\$ 130,930,119	\$ 456,438,406

FIDUCIARY FUNDS
For the Year Ended September 30, 2015

	Pension Trust Funds			Total
	Municipal General Employees'	Municipal Police Officers'	Municipal Firefighters'	Pension Trust Funds
ADDITIONS				
Contributions:				
Employer	\$ 15,896,933	\$ 6,987,884	\$ 7,708,601	\$ 30,593,418
Plan members	3,919,549	1,454,592	1,336,213	6,710,354
Member buybacks	217,591	-	33,685	251,276
State	-	1,132,937	1,306,968	2,439,905
Total contributions	20,034,073	9,575,413	10,385,467	39,994,953
Investment income (expense):				
Investment income	3,892,407	3,026,160	3,106,588	10,025,155
Net appreciation (depreciation) in fair value of investments	(5,521,897)	(2,322,171)	(2,932,289)	(10,776,357)
Less: investment expenses	(908,413)	(499,962)	(530,647)	(1,939,022)
Net Investment Income (Loss)	(2,537,903)	204,027	(356,348)	(2,690,224)
Total additions to Net Position	17,496,170	9,779,440	10,029,119	37,304,729
DEDUCTIONS				
Benefits and refunds	11,407,342	6,554,193	6,376,309	24,337,844
Administrative expenses	194,807	117,915	154,463	467,185
Total deductions from net position	11,602,149	6,672,108	6,530,772	24,805,029
Net increase (decrease) in net position	5,894,021	3,107,332	3,498,347	12,499,700
Net position - beginning	193,460,338	123,046,596	127,431,772	443,938,706
Net position - ending	\$ 199,354,359	\$ 126,153,928	\$ 130,930,119	\$ 456,438,406

(A) Defined Benefit Plans

(1) *Municipal General Employees' Pension Plan*

At September 30, 2015, the Plan's membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	565
Inactive plan members entitled to but not receiving benefits	111
Active plan members participating in the Deferred Retirement Option Plan	95
Active plan members	<u>756</u>
Total	<u><u>1,527</u></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: 2 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 2.5% 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 2.6% for the first 20 years for members who terminate with 20 or more years of credited services.

Early Retirement. Attainment of age 50 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 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 and addition 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. 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 as September 30, 2015 is \$11,477,961.

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 9.9% of salary (an additional 1.6% 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, 2015, and the total pension liability used to calculate the net pension was determined by an actuarial valuation as of that date.

	9/30/2015
Total pension liability	\$ 270,717,611
Plan fiduciary net position	(199,354,359)
Net pension liability	<u>\$ 71,363,252</u>
Net position as a percentage of the total pension liability	73.64%

Actuarial Assumptions - General Employees' Pension Plan

The total pension liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions applied to all measurement periods.

Inflation	3.00%
Salary Increases	5.00% - 7.00%
Discount Rate	7.75%
Investment Rate of Return	7.75%

Mortality rates were based on the RP 2000 Combined Healthy (sex distinct), projected to valuation date using scale AA. Disabled lives are set forward 5 years.

The actuarial assumptions used in the October 1, 2015 valuation were based on the results of an actuarial experience study dated July 25, 2011 for the period 1982-2010.

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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
US Equity	6.55%
Developed Non US Equity	7.23%
Emerging Market Equity	9.48%
US Core Fixed Income	1.56%
Hedge Fund of Funds	3.52%
Real Estate	4.40%
Private Equity	11.53%

Discount Rate - General Employees' 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 - General Employees' 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 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Net pension liability	\$ 102,047,371	\$ 71,363,252	\$ 45,575,289

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, 2014	\$ 256,471,274	\$ 193,605,450	\$ 62,865,824
Changes for the year:			
Service cost	6,345,174	-	6,345,174
Interest	19,926,291	-	19,926,291
Differences between expected and actual experience	(867,289)	-	(867,289)
Contributions - Employer	-	15,896,933	(15,896,933)
Contributions - Employee	-	3,900,545	(3,900,545)
Contributions - Buy Back	248,187	248,187	
Net Investment Income	-	(2,670,840)	2,670,840
Benefit payments, including refunds of member contributions	(11,406,026)	(11,406,026)	-
Administrative Expense		(219,890)	219,890
Net changes	14,246,337	5,748,909	8,497,428
Balances at September 30, 2015	\$ 270,717,611	\$ 199,354,359	\$ 71,363,252

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, 2015, the City recognized pension expense of \$9,909,257. At September 30, 2015, 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	\$ -	\$ 693,832
Net difference between projected and actual earnings on investments	14,401,223	2,333,142
Total	<u>\$ 14,401,223</u>	<u>\$ 3,026,974</u>

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

Year ended September 30,	
2016	\$ 2,649,133
2017	2,649,134
2018	2,649,134
2019	3,426,848
2020	-
Thereafter	-
	<u>\$ 11,374,249</u>

(2) Municipal Police Officers' Pension Plan

At September 30, 2015, the Plan's membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	106
Inactive plan members entitled to but not receiving benefits	20
Active plan members participating in the Deferred Retirement Option Plan	12
Active plan members	<u>216</u>
Total	<u>354</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, 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 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 service regardless of age.

Benefits 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 minimum benefit shall not exceed \$7,916.67 or the actual accrued benefit as of October 1, 2014.

Early Retirement. Attainment of age 50 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.

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 1st following one year of retirement income payments, the benefit is increased 3% annually. The first increase is a pro-rate 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 as September 30, 2015 is \$4,424,959.

Contributions - Police Officers' Pension Plan

Employees contribute 10% of their compensation. 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 - Police Officers' Pension Plan

The City's net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension was determined by an actuarial valuation as of that date.

	9/30/2015
Total pension liability	\$ 151,016,236
Plan fiduciary net position	(126,153,928)
Net pension liability	<u>\$ 24,862,308</u>
Net position as a percentage of the total pension liability	83.54%

Actuarial Assumptions – Police Officers' Pension Plan

The total pension liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions applied to all measurement periods.

Inflation	3.00%
Salary Increases	6% - 10%
Discount Rate	7.75%
Investment Rate of Return	7.75%

Mortality rates were based on the RP 2000 Combined Healthy (combined healthy with no projection), Disabled lives are set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.

The actuarial assumptions used in the October 1, 2015 valuation were based on the results of an actuarial experience study dated May 1, 2012 for the period 1988-2011.

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, 2015 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
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 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Net pension liability	\$ 43,965,026	\$ 24,862,308	\$ 9,061,457

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, 2014	\$ 144,450,685	\$ 123,126,165	\$ 21,324,520
Changes for the year:			
Service cost	4,181,795	-	4,181,795
Interest	11,186,338	-	11,186,338
Change in Excess State Money	256,415	-	256,415
Differences between expected and actual experience	(2,507,874)	-	(2,507,874)
Contributions - Employer	-	6,995,863	(6,995,863)
Contributions - State	-	1,132,937	(1,132,937)
Contributions - Employee	-	1,454,685	(1,454,685)
Net Investment Income	-	128,262	(128,262)
Benefit payments, including refunds of member contributions	(6,551,123)	(6,551,123)	-
Administrative Expense	-	(132,861)	132,861
Net changes	6,565,551	3,027,763	3,537,788
Balances at September 30, 2015	<u>\$ 151,016,236</u>	<u>\$ 126,153,928</u>	<u>\$ 24,862,308</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, 2015, the City recognized pension expense of \$5,690,752. At September 30, 2015, 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	\$ -	\$ 2,089,895
Net difference between projected and actual earnings on investments	7,621,096	1,333,908
Total	<u>\$ 7,621,096</u>	<u>\$ 3,423,803</u>

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

Year ended September 30,		
2016	\$	1,042,659
2017		1,042,659
2018		1,042,659
2019		1,487,295
2020		(417,979)
Thereafter		-
	\$	<u>4,197,293</u>

(3) *Municipal Firefighters' Pension Plan*

At September 30, 2015, the Plan's membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	105
Inactive plan members entitled to but not receiving benefits	7
Active plan members participating in the Deferred Retirement Option Plan	26
Active plan members	<u>167</u>
Total	<u>305</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, 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. 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.

Benefits terms provide for 3.25% of average final compensation times credited service subject to a maximum of \$95,000 as indexed.

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:

<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%

As of April 1, 2014 the vesting percentage is frozen and will be 100% upon completion of 10 years of 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%

Disability cost-of-living adjustment: Beginning on the first October 1 following one complete year of receiving retirement income, the benefit is increased 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.

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

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 as September 30, 2015 is \$9,270,501.

Contributions – Firefighters’ Pension Plan

Employees contribute 10% of their compensation. 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

	9/30/2015
Total pension liability	\$ 177,617,730
Plan fiduciary net position	(130,930,119)
Net pension liability	<u>\$ 46,687,611</u>
Net position as a percentage of the total pension liability	73.71%

Actuarial Assumptions – Firefighters’ Pension Plan

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

Inflation	3.00%
Salary Increases	7.50%
Discount Rate	7.75%
Investment Rate of Return	7.75%

Mortality rates were based on the RP 2000 Combined Healthy (combined healthy with no projection), Disabled lives are set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.

The actuarial assumptions used in the October 1, 2014 valuation were based on the results of an actuarial experience study dated May 1, 2012 for the period 1988-2011.

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, 2015 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 - Firefighters' 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 – Firefighters' Pension Plan

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

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Net pension liability	\$ 69,033,385	\$ 46,687,611	\$ 28,304,865

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, 2014	\$ 165,520,433	\$ 127,545,164	\$ 37,975,269
Changes for the year:			
Service cost	4,102,490	-	4,102,490
Interest	12,898,695	-	12,898,695
Differences between expected and actual experience	1,438,736	-	1,438,736
Contributions - Employer	-	7,706,894	(7,706,894)
Contributions - State	-	1,306,968	(1,306,968)
Contributions - Employee	-	1,338,752	(1,338,752)
Contributions - Buy Back	33,685	33,685	-
Net Investment Income	-	(460,924)	460,924
Benefit payments, including refunds of member contributions	(6,376,309)	(6,376,309)	-
Administrative Expense	-	(164,111)	164,111
Net changes	12,097,297	3,384,955	8,712,342
Balances at September 30, 2015	\$ 177,617,730	\$ 130,930,119	\$ 46,687,611

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

For the year ended September 30, 2015, the City recognized pension expense of \$8,245,142. At September 30, 2015, 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	\$ 1,198,946	\$ -
Changes in Assumptions	1,888,062	-
Net difference between projected and actual earnings on investments	8,395,761	1,075,110
Total	<u>\$ 11,482,769</u>	<u>\$ 1,075,110</u>

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

Year ended September 30,	
2016	\$ 2,452,376
2017	2,452,375
2018	2,452,375
2019	2,810,744
2020	239,789
Thereafter	-
	<u>\$ 10,407,659</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 City has 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 Ordinance 2-123.2(a)(2). This Defined Contribution plan has immediate 100% vesting and requires 8% of payroll contribution from the employee, matched by a 12% employer contribution. The employee chooses to directly manage his/her funds or to delegate the management via a preferred fund selection. The City contributed \$105,209 and the employees contributed \$74,943 during FY2015.

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, 2015 there were 579 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 \$6,560,628 during fiscal year 2015. 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.

Year Ended September 30,	Annual OPEB Cost	Amount Contributed	Percentage annual OPEB Cost	Net OPEB Obligation
2015	\$ 19,729,414	\$ 6,560,628	33.25%	\$ 134,959,471
2014	19,584,030	6,087,156	31.08%	121,790,685
2013	20,504,825	4,934,981	24.07%	108,293,811

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>9/30/2015</u>
Annual required contribution	\$ 20,393,727
Interest on net OPEB	4,871,627
Adjustment to ARC	(5,535,940)
Annual OPEB Cost	<u>19,729,414</u>
Employer Contribution Toward the OPEB Cost	<u>6,560,628</u>
Yearly change in OPEB Obligation	13,168,786
Net OPEB Obligation – Beginning of Fiscal Year	121,790,685
Net OPEB Obligation – End of Fiscal Year	<u>\$ 134,959,471</u>
Per Covered Active Employee	\$ 16,882
As % of Expected Payroll	35.1%

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, 2014, the actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$248,564,599, and the actuarial

value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$248,564,599. The expected payroll of active participants was \$59,748,851, and the ratio of the UAAL to the expected payroll was 416.02 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, 2015, actuarial valuation, the frozen entry age normal cost method with an increasing normal cost pattern with salary increases of 7% 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. Per capita costs for medical and Rx benefits are assumed to decrease 1.1% in 2014, followed by a 1.0% decrease in the trend rate each successive year until reaching an ultimate annual trend rate of 5.35% by 2019. 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.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

City of Cape Coral, Florida

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Property	\$ 77,195,047	\$ 77,195,047	\$ 77,445,321	\$ 250,274
Utility	7,105,000	7,105,000	7,168,083	63,083
Sales	16,703,054	16,703,054	18,336,760	1,633,706
Fuel	1,339,842	1,339,842	1,374,677	34,835
Alcohol and beverage	63,500	63,500	69,298	5,798
Franchise	6,731,245	6,731,245	6,549,306	(181,939)
Communication	5,994,367	5,994,367	5,489,539	(504,828)
Special assessments	11,695,680	13,725,516	13,301,256	(424,260)
Licenses and permits	31,200	31,200	30,410	(790)
Intergovernmental	3,570,895	3,886,140	3,815,246	(70,894)
Charges for services	5,322,412	5,751,729	5,975,919	224,190
Fines and forfeitures	847,950	847,950	683,829	(164,121)
Rent and royalties	411,200	411,200	409,062	(2,138)
Interest income	335,000	335,000	494,208	159,208
Contributions and donations	-	7,025	11,050	4,025
Other revenue	290,500	2,050,346	2,159,477	109,131
Cash balances brought forward	23,937,813	31,432,258	-	(31,432,258)
Total revenues	161,574,705	173,610,419	143,313,441	(30,296,978)
EXPENDITURES				
Current:				
General government	42,855,107	42,902,468	40,330,497	2,571,971
Public Safety:				
Police	30,503,800	31,762,516	31,722,672	39,844
Fire	24,212,069	25,543,748	25,722,015	(178,267)
Public works	9,912,761	9,797,163	8,846,796	950,367
Parks and recreation	5,509,945	5,525,672	5,517,780	7,892
Community development	4,126,721	3,960,665	3,630,431	330,234
Capital outlay	7,098,787	13,978,020	6,623,613	7,354,407
Total expenditures	124,219,190	133,470,252	122,393,804	11,076,448
Excess (deficiency) of revenues over (under) expenditures	37,355,515	40,140,167	20,919,637	(19,220,530)
OTHER FINANCING SOURCES (USES)				
Transfers in	3,408,345	3,442,491	3,453,247	10,756
Transfers out	(18,504,894)	(18,423,254)	(17,601,574)	821,680
Issuance of debt	5,923,513	11,482,298	11,684,152	201,854
Reserves	(28,182,479)	(36,641,702)	-	36,641,702
Total other financing sources (uses)	(37,355,515)	(40,140,167)	(2,464,175)	37,675,992
Net change in fund balance	-	-	18,455,462	18,455,462
Budgetary fund balance - beginning	36,368,822	36,368,822	36,368,822	-
Budgetary fund balance - ending	\$ 36,368,822	\$ 36,368,822	\$ 54,824,284	\$ 18,455,462

City of Cape Coral, Florida

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For the Year Ended September 30, 2015

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)	\$ 143,313,441
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.	(318,911)
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 142,994,530</u>
Actual other financing sources (uses) (budgetary basis)	\$ (2,464,175)
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.	318,911
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ (2,145,264)</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 249,683	\$ 249,683	\$ 255,534	\$ 5,851
Interest income	5,700	5,700	15,454	9,754
Other revenue	-	-	135	135
Prior year cash balance	1,568,747	1,786,663	-	(1,786,663)
Total revenues	<u>1,824,130</u>	<u>2,042,046</u>	<u>271,123</u>	<u>(1,770,923)</u>
EXPENDITURES				
Community development	370,427	370,427	133,930	236,497
Capital outlay	200,000	321,884	339,152	(17,268)
Total expenditures	<u>570,427</u>	<u>692,311</u>	<u>473,082</u>	<u>219,229</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,253,703</u>	<u>1,349,735</u>	<u>(201,959)</u>	<u>(1,551,694)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	563,621	563,621	574,486	10,865
Transfers out	(416,855)	(416,855)	(416,224)	631
Reserves	(1,400,469)	(1,496,501)	-	1,496,501
Total other financing sources (uses)	<u>(1,253,703)</u>	<u>(1,349,735)</u>	<u>158,262</u>	<u>1,507,997</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(43,697)</u>	<u>\$ (43,697)</u>
Fund balances - beginning			<u>1,790,470</u>	
Fund balances - ending			<u>\$ 1,746,773</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, 2015

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, 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 98-99 of the required supplementary information and other governmental funds are presented on pages 121-144 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, 2015.
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 3 Fiscal Years

	<u>09/30/15</u>	<u>09/30/14</u>	<u>09/30/13</u>
Total Pension Liability			
Service Cost	\$ 6,345,174	\$ 6,326,371	\$ 5,871,342
Interest	19,926,291	18,821,859	17,724,278
Differences Between Expected and Actual Experience	(867,289)	-	-
Contributions - Buy Back	248,187	-	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(11,406,026)</u>	<u>(10,426,554)</u>	<u>(9,350,092)</u>
Net Change in Total Pension Liability	14,246,337	14,721,676	14,245,528
Total Pension Liability - Beginning	256,471,274	241,749,598	227,504,070
Total Pension Liability - Ending (a)	<u><u>\$ 270,717,611</u></u>	<u><u>\$ 256,471,274</u></u>	<u><u>\$ 241,749,598</u></u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 15,896,933	\$ 14,847,599	\$ 11,946,344
Contributions - Employee	3,900,545	3,740,529	3,377,905
Contributions - Buy Back	248,187	-	-
Net Investment Income	(2,670,840)	17,248,123	18,720,913
Benefit Payments, Including Refunds of Employee Contributions	(11,406,026)	(10,426,554)	(9,350,092)
Administrative Expense	<u>(219,890)</u>	<u>(209,604)</u>	<u>(145,987)</u>
Net Change in Plan Fiduciary Net Position	5,748,909	25,200,093	24,549,083
Plan Fiduciary Net Position - Beginning	193,605,450	168,405,357	143,856,274
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 199,354,359</u></u>	<u><u>\$ 193,605,450</u></u>	<u><u>\$ 168,405,357</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 71,363,252</u></u>	<u><u>\$ 62,865,824</u></u>	<u><u>\$ 73,344,241</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.64%	75.49%	69.66%
Covered Employee Payroll *	\$ 43,059,029	\$ 36,210,403	\$ 33,074,042
Net Pension Liability as a Percentage of Covered Employee Payroll	165.73%	173.61%	221.76%

Note to Schedule:

* The Covered Employee Payroll figures for the Fiscal Years 2013 and 2014 were not available. Pensionable Salary has been reported instead.

City of Cape Coral, Florida

SCHEDULE OF CONTRIBUTIONS
MUNICIPAL GENERAL EMPLOYEES
 Last 3 Fiscal Years

	2015	2014	2013
Actuarially Determined Contribution	\$ 15,890,988	\$ 14,847,599	\$ 11,946,344
Contributions in Relation to the			
Actuarially Determined Contribution	15,896,933	14,847,599	11,946,344
Contribution Deficiency (Excess)	<u>\$ (5,945)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll *	\$ 43,059,029	\$ 36,210,403	\$ 33,074,042
Contributions as a Percentage of			
Covered Employee Payroll	36.92%	41.00%	36.12%

* The Covered Employee Payroll figures for the Fiscal Years 2013 and 2014 were not available.
 Pensionable Salary has been reported instead.

Notes to Schedule:

Valuation Date: 10/01/13

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 6.9%.

Amortization Method: Level Percentage of Pay, Closed.

Remaining Amortization Period: 28 years (as of 10/01/2013).

Inflation: 3.0% per year.

Mortality: RP 2000 Combined Healthy (sex distinct), projected to valuation date using scale AA (previously static). Disabled lives are set forward 5 years.

Termination Rates:

Age	% Terminating During the Year
20	13.0%
30	10.0%
40	6.0%
50	5.7%
60	0.0%

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%
1	10%
2	10%
3	10%
4	10%
5	100%

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

Early Retirement:

Commencing upon eligibility for Early Retirement, Members are assume 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	7.0%
Under Age 50	20 or more years	5.8%
50-59	20 or more years	5.3%
60 and Older	20 or more years	5.0%

Payroll Increase:

Up to 5% per year (3.9% used for 10/01/2013 valuation).

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 3 Fiscal Years

	2015	2014	2013
Annual Money Weighted Rate of Return Net of Investment Expense	-1.36%	10.04%	12.71%

City of Cape Coral, Florida

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
MUNICIPAL POLICE OFFICERS'
 Last 3 Fiscal Years

	09/30/15	09/30/14	09/30/13
Total Pension Liability			
Service Cost	\$ 4,181,795	\$ 4,249,385	\$ 3,943,745
Interest	11,186,338	10,547,735	9,908,025
Change in Excess State Money	256,415	209,437	-
Differences Between Expected and Actual Experience	(2,507,874)	-	-
Benefit Payments, Including Refunds of Employee Contributions	(6,551,123)	(6,427,849)	(5,378,316)
Net Change in Total Pension Liability	6,565,551	8,578,708	8,473,454
Total Pension Liability - Beginning	144,450,685	135,871,977	127,398,523
Total Pension Liability - Ending (a)	<u>\$ 151,016,236</u>	<u>\$ 144,450,685</u>	<u>\$ 135,871,977</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 6,995,863	\$ 6,660,536	\$ 6,260,750
Contributions - State	1,132,937	1,085,959	1,002,434
Contributions - Employee	1,454,685	1,326,883	1,414,151
Net Investment Income	128,262	10,828,135	13,788,213
Benefit Payments, Including Refunds of Employee Contributions	(6,551,123)	(6,427,849)	(5,378,316)
Administrative Expense	(132,861)	(112,882)	(92,544)
Net Change in Plan Fiduciary Net Position	3,027,763	13,360,782	16,994,688
Plan Fiduciary Net Position - Beginning	123,126,165	109,765,383	92,770,695
Plan Fiduciary Net Position - Ending (b)	<u>\$ 126,153,928</u>	<u>\$ 123,126,165</u>	<u>\$ 109,765,383</u>
Net Pension Liability - Ending (a) - (b)	<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	83.54%	85.24%	80.79%
Covered Employee Payroll *	\$ 18,006,886	\$ 12,835,801	\$ 13,471,634
Net Pension Liability as a Percentage of Covered Employee Payroll	138.07%	166.13%	193.79%

Note to Schedule:

* For the Fiscal Years 2013 and 2014 the Covered Employee Payroll figures were not available. Pensionable Salary has been reported instead.

City of Cape Coral, Florida

**SCHEDULE OF CONTRIBUTIONS
MUNICIPAL POLICE EMPLOYEES**

Last 3 Fiscal Years

	2015	2014	2013
Actuarially Determined Contribution	\$ 7,613,340	\$ 7,537,058	\$ 7,137,272
Contributions in Relation to the			
Actuarially Determined Contribution	7,872,385	7,537,058	7,137,272
Contribution Deficiency (Excess)	<u>\$ (259,045)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll *	\$ 18,006,886	\$ 12,835,801	\$ 13,471,634
Contributions as a Percentage of			
Covered Employee Payroll	43.72%	58.72%	52.98%

* For the Fiscal Years 2013 and 2014 the Covered Employee Payroll figures were not available. Pensionable Salary has been reported instead.

Notes to Schedule:

Valuation Date: 10/01/13

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 7.20%.

Amortization Method: Level Percentage of Pay, Closed.

Remaining Amortization Period: 28 years (as of 10/01/2013).

Inflation: 3.0% per year.

Mortality: RP 2000 (combined healthy with no projection). Disabled lives are set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.

Normal Retirement:	Number of Years after First Eligible	Retirement Probability
	0-4	50%
	5 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%

A flat 7% salary increase assumption was utilized for valuations prior to October 1, 2012.

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%

A flat 10% load for all years of Credited Service was utilized for valuations prior to October 1, 2012.

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

Payroll Growth Assumption: 5%.

SCHEDULE OF INVESTMENT RETURNS
MUNICIPAL POLICE EMPLOYEES
Last 3 Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual Money Weighted Rate of Return Net of Investment Expense	0.10%	9.77%	14.48%

City of Cape Coral, Florida

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
MUNICIPAL FIREFIGHTERS'**

Last 3 Fiscal Years

	09/30/15	09/30/14	09/30/13
Total Pension Liability			
Service Cost	\$ 4,102,490	\$ 3,832,937	\$ 3,552,305
Interest	12,898,695	12,184,828	11,567,933
Change in Excess State Money		(1,825,958)	-
Differences Between Expected and Actual Experience	1,438,736	-	-
Changes of Assumptions		2,832,093	-
Contributions - Buy Back	33,685	-	-
Benefit Payments, Including Refunds of Employee Contributions	(6,376,309)	(7,469,627)	(7,714,523)
Net Change in Total Pension Liability	12,097,297	9,554,273	7,405,715
Total Pension Liability - Beginning	165,520,433	155,966,160	148,560,445
Total Pension Liability - Ending (a)	<u>\$ 177,617,730</u>	<u>\$ 165,520,433</u>	<u>\$ 155,966,160</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 7,706,894	\$ 6,047,404	\$ 7,365,990
Contributions - State	1,306,968	1,521,432	1,529,756
Contributions - Employee	1,338,752	1,315,620	1,241,892
Contributions - Buy Back	33,685	-	-
Net Investment Income	(460,924)	10,951,006	14,442,471
Benefit Payments, Including Refunds of Employee Contributions	(6,376,309)	(7,469,627)	(7,714,523)
Administrative Expense	(164,111)	(103,859)	(84,490)
Net Change in Plan Fiduciary Net Position	3,384,955	12,261,976	16,781,096
Plan Fiduciary Net Position - Beginning	127,545,164	115,283,188	98,502,092
Plan Fiduciary Net Position - Ending (b)	<u>\$ 130,930,119</u>	<u>\$ 127,545,164</u>	<u>\$ 115,283,188</u>
Net Pension Liability - Ending (a) - (b)	<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	73.71%	77.06%	73.92%
Covered Employee Payroll *	\$ 14,588,691	\$ 12,722,509	\$ 12,097,174
Net Pension Liability as a Percentage of Covered Employee Payroll	320.03%	298.49%	336.30%

Notes to Schedule:

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, 942.15 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)

Changes of Assumptions:

For the 2014 Fiscal year amounts reported as changes of assumptions were resulted from the following changes:

To comply with Chapter 112 Florida Statutes the payroll growth was limited to the ten year average rate of 4.41% (prior valuation used a 5.00% rate).

• As decided by the Board at the August 2, 2012 meeting the interest rate would be decreased from 8.00% down to 7.75% over a three year period. As such, the interest rate was decreased from 7.90% to 7.75% for the 2014 valuation.

* The Covered Employee Payroll figures for the Fiscal Years 2013 and 2014 were not available. Pensionable Salary has been reported instead.

City of Cape Coral, Florida

SCHEDULE OF CONTRIBUTIONS
MUNICIPAL FIRE EMPLOYEES
 Last 3 Fiscal Years

	2015	2014	2013
Actuarially Determined Contribution	\$ 9,013,862	\$ 9,104,319	\$ 8,680,932
Contributions in Relation to the			
Actuarially Determined Contribution	9,013,862	9,188,304	8,680,932
Contribution Deficiency (Excess)	\$ -	\$ (83,985)	\$ -
Covered Employee Payroll *	\$ 14,588,691	\$ 12,722,509	\$ 12,097,174
Contributions as a Percentage of			
Covered Employee Payroll	61.79%	72.22%	71.76%

* The Covered Employee Payroll figures for the Fiscal Years 2013 and 2014 were not available. Pensionable Salary has been reported instead.

Notes to Schedule:

Valuation Date: 10/01/13

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 7.9% assumption.

Salary - a full year, based on the current 7.5% assumption.

Amortization Method: Level Percentage of Pay, Closed.

Remaining Amortization Period: 29 years (as of 10/01/2013).

Mortality: RP 2000 (combined healthy with no projection). Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. Disabled lives set forward 5 years.

Interest Rate: 7.9% per year, compounded annually, net of investment related expenses.

Inflation: 3.0% 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 in this page. It is assumed that 75% of Disability Retirements are service-related.	
Termination Rates:	See table in 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:	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:	5.0% per year.	

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 3 Fiscal Years

	2015	2014	2013
Annual Money Weighted Rate of Return			
Net of Investment Expense	-0.36%	9.48%	14.44%

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>
10/1/2013	-	\$ 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%
10/1/2009	-	191,397,905	191,397,905	0.00%	64,088,876	298.64%

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>
2015	\$ 19,729,414	\$ 6,560,628	33.25%	\$ 134,959,471
2014	19,584,030	6,087,156	31.08%	121,790,685
2013	20,504,825	4,934,981	24.07%	108,293,811

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.
- Local Housing Assistance (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.
- 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.
 - 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, 2015

	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	\$ 5,143,011	\$ 50,058	\$ 1,550,631	\$ 13,001	\$ 493,637	\$ 282,216
Interest receivable	5,358	52	1,616	13	514	294
Accounts receivable, net	-	583	-	87	152	-
Assessments receivable, net	-	-	-	-	-	-
Intergovernmental receivable	1,262,705	-	-	-	-	-
Inventories	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	<u>6,411,074</u>	<u>50,693</u>	<u>1,552,247</u>	<u>13,101</u>	<u>494,303</u>	<u>282,510</u>
LIABILITIES						
Accounts payable and other accrued liabilities	-	-	-	87	-	76,496
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Intergovernmental payables	-	-	-	-	-	31,614
Unearned revenue	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>87</u>	<u>-</u>	<u>108,110</u>
DEFERRED INFLOW OF RESOURCES						
Unavailable revenue - grant reimbursements	-	-	-	-	-	-
Total Deferred Inflow of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	6,411,074	50,693	1,552,247	13,014	494,303	174,400
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficit)	<u>6,411,074</u>	<u>50,693</u>	<u>1,552,247</u>	<u>13,014</u>	<u>494,303</u>	<u>174,400</u>
Total liabilities and fund balances	<u>\$ 6,411,074</u>	<u>\$ 50,693</u>	<u>\$ 1,552,247</u>	<u>\$ 13,101</u>	<u>\$ 494,303</u>	<u>\$ 282,510</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	
\$ 10,945	\$ 217,397	\$ 10,012	\$ 67,057	\$ 1,060,719	\$ 16,081	\$ 85,201	\$ 2,021,126	
13	227	10	70	1,105	17	89	2,890	
80	916	-	-	-	26,655	-	5,303	
-	-	-	-	-	-	-	119,935	
1,135	21	-	-	756	-	50	28,722	
-	-	-	-	-	-	-	-	
1,856	-	-	-	-	-	-	-	
14,029	218,561	10,022	67,127	1,062,580	42,753	85,340	2,177,976	
-	-	-	3,024	14,236	172	1,715	83,803	
-	-	-	-	12,565	3,546	-	21,756	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	905,736	
-	23,995	-	-	-	-	185,422	-	
-	23,995	-	3,024	26,801	3,718	187,137	1,011,295	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
1,856	-	-	-	-	-	-	-	
12,173	194,566	10,022	-	1,035,779	-	-	-	
-	-	-	64,103	-	39,035	-	1,166,681	
-	-	-	-	-	-	(101,797)	-	
14,029	194,566	10,022	64,103	1,035,779	39,035	(101,797)	1,166,681	
\$ 14,029	\$ 218,561	\$ 10,022	\$ 67,127	\$ 1,062,580	\$ 42,753	\$ 85,340	\$ 2,177,976	

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (continued)
September 30, 2015

	Special Revenue					
	Parks and Recreation	Waterpark	Building	Community Development Block Grant	HUD Neighborhood Stabilization	Local Housing Assistance
ASSETS						
Cash and investments	\$ 1,057,259	\$ 845,359	\$ 3,338,636	\$ -	\$ 374,565	\$ 1,049,322
Interest receivable	1,097	877	3,478	-	-	-
Accounts receivable, net	20,189	936	254	-	-	-
Assessments receivable, net	-	-	-	-	-	-
Intergovernmental receivable	50,023	-	-	285,642	-	788,401
Inventories	54,547	31,809	-	-	-	-
Prepaid items	5,300	357	-	-	-	-
Total assets	<u>1,188,415</u>	<u>879,338</u>	<u>3,342,368</u>	<u>285,642</u>	<u>374,565</u>	<u>1,837,723</u>
LIABILITIES						
Accounts payable and other accrued liabilities	126,418	55,616	7,549	21,942	10,604	21,059
Accrued payroll	242,818	48,746	163,532	8,988	855	428
Due to other funds	-	-	-	150,596	-	-
Deposits	44,855	1,000	206,440	-	-	-
Intergovernmental payables	-	-	37,595	-	-	-
Unearned revenue	40,652	-	764,559	-	-	-
Advances from other funds	-	-	-	-	-	-
Total liabilities	<u>454,743</u>	<u>105,362</u>	<u>1,179,675</u>	<u>181,526</u>	<u>11,459</u>	<u>21,487</u>
DEFERRED INFLOW OF RESOURCES						
Unavailable revenue - grant reimbursements	6,851	-	-	-	-	644,732
Total Deferred Inflow of Resources	<u>6,851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>644,732</u>
FUND BALANCES						
Nonspendable	59,847	32,166	-	-	-	-
Restricted	-	-	2,162,693	104,116	363,106	1,171,504
Committed	666,974	741,810	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficit)	<u>726,821</u>	<u>773,976</u>	<u>2,162,693</u>	<u>104,116</u>	<u>363,106</u>	<u>1,171,504</u>
Total liabilities and fund balances	<u>\$ 1,188,415</u>	<u>\$ 879,338</u>	<u>\$ 3,342,368</u>	<u>\$ 285,642</u>	<u>\$ 374,565</u>	<u>\$ 1,837,723</u>

Construction Mitigation Program	Capital Projects			Total Nonmajor Governmental Funds
	Hurricane Charley Disaster Improvement	Parks Capital Improvements	Other Capital Improvements	
\$ -	\$ 3,155	\$ 2,139,099	\$ 2,706,492	\$ 22,534,979
-	3	2,229	2,953	22,905
-	-	-	-	55,155
-	-	-	-	119,935
6,121	-	-	-	2,423,576
-	-	-	-	86,356
-	-	-	-	7,513
6,121	3,158	2,141,328	2,709,445	25,250,419
-	-	-	4,988	427,709
-	-	-	-	503,234
6,649	-	-	-	157,245
-	-	-	-	252,295
-	-	-	-	69,209
-	-	-	-	1,710,947
-	-	-	-	209,417
6,649	-	-	4,988	3,330,056
6,121	-	-	-	657,704
6,121	-	-	-	657,704
-	-	-	-	93,869
-	-	1,876,127	-	15,625,817
-	3,158	265,201	2,704,457	5,651,419
(6,649)	-	-	-	(108,446)
(6,649)	3,158	2,141,328	2,704,457	21,262,659
\$ 6,121	\$ 3,158	\$ 2,141,328	\$ 2,709,445	\$ 25,250,419

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (continued)
For the Year Ended September 30, 2015

	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	8,324,355	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	754,762	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	43,663
Impact fees	-	3,290,520	1,221,496	-	-	-
Rent and royalties	-	7,133	-	-	-	-
Interest income	37,351	172	9,027	113	3,849	2,011
Contributions and donations	-	-	-	11,981	-	-
Other revenue	-	-	-	87	72,924	-
Total revenues	8,361,706	4,052,587	1,230,523	12,181	76,773	45,674
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety:						
Police	-	-	3,821	12,514	110,307	16,164
Fire	-	-	4,519	-	-	-
Building	-	-	-	-	-	-
Public works	-	15,708	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	-	15,708	8,340	12,514	110,307	16,164
Excess revenues over (under) expenditures	8,361,706	4,036,879	1,222,183	(333)	(33,534)	29,510
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	(5,684,624)	(4,036,124)	(339,347)	-	-	-
Issuance of debt	-	-	-	-	-	-
Proceeds on sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	(5,684,624)	(4,036,124)	(339,347)	-	-	-
Net change in fund balances	2,677,082	755	882,836	(333)	(33,534)	29,510
Fund balances (deficit) - beginning	3,733,992	49,938	669,411	13,347	527,837	144,890
Fund balances (deficit) - ending	\$ 6,411,074	\$ 50,693	\$ 1,552,247	\$ 13,014	\$ 494,303	\$ 174,400

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
\$ -	\$ -	\$ -	\$ -	\$ 644,650	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	26,488	-	-	-	-	122,201	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	102,224	-	3,118,088
14,376	1,318	-	-	-	-	75	42,554
-	-	1,041,410	-	-	-	-	-
-	-	-	-	-	-	-	-
104	4,943	22	667	9,479	135	13,554	22,173
-	-	-	-	-	-	-	-
80	13	-	222	-	144	178	28,011
14,560	32,762	1,041,432	889	654,129	102,503	136,008	3,210,826
-	-	-	-	-	-	-	-
-	2	-	47,370	-	-	-	-
14,031	-	-	-	-	95,454	-	-
-	-	-	-	301,780	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	22,642	3,018,832
-	-	7,444	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	383,490	-	-	-
-	2,198	-	-	-	-	12,722	-
14,031	2,200	7,444	47,370	685,270	95,454	35,364	3,018,832
529	30,562	1,033,988	(46,481)	(31,141)	7,049	100,644	191,994
-	-	-	-	-	-	-	-
-	-	(1,033,966)	-	(140,000)	(7,500)	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	(1,033,966)	-	(140,000)	(7,500)	-	-
529	30,562	22	(46,481)	(171,141)	(451)	100,644	191,994
13,500	164,004	10,000	110,584	1,206,920	39,486	(202,441)	974,687
\$ 14,029	\$ 194,566	\$ 10,022	\$ 64,103	\$ 1,035,779	\$ 39,035	\$ (101,797)	\$ 1,166,681

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (continued)
For the Year Ended September 30, 2015

	Special Revenue					
	Parks and Recreation	Waterpark	Building	Community Development Block Grant	HUD Neighborhood Stabilization	Local Housing Assistance
REVENUES						
Taxes						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fuel	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	4,845,936	-	-	-
Intergovernmental	444,028	-	-	927,146	28,776	725,470
Charges for services	3,295,449	2,281,885	-	-	-	-
Fines and forfeitures	3,873	-	29,517	-	-	-
Impact fees	-	-	-	-	-	-
Rent and royalties	-	-	-	-	-	-
Interest income	2,794	3,045	20,112	132	653	1,632
Contributions and donations	223,945	3	-	-	-	-
Other revenue	18,649	10,321	437	307,134	524,579	197,726
Total revenues	<u>3,988,738</u>	<u>2,295,254</u>	<u>4,896,002</u>	<u>1,234,412</u>	<u>554,008</u>	<u>924,828</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety:						
Police	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Building	-	-	2,929,952	-	-	-
Public works	-	-	-	-	-	-
Parks and recreation	7,134,398	1,944,154	-	-	-	-
Community development	-	-	-	1,062,595	643,791	501,828
Capital outlay	5,199	-	-	115,547	-	-
Debt service:						
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>7,139,597</u>	<u>1,944,154</u>	<u>2,929,952</u>	<u>1,178,142</u>	<u>643,791</u>	<u>501,828</u>
Excess revenues over (under) expenditures	<u>(3,150,859)</u>	<u>351,100</u>	<u>1,966,050</u>	<u>56,270</u>	<u>(89,783)</u>	<u>423,000</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	3,265,587	828,820	-	-	-	-
Transfers out	-	(446,545)	(696,548)	(7,175)	(14,352)	(7,175)
Issuance of debt	575,491	-	-	-	-	-
Proceeds on sale of capital assets	6,300	-	-	-	-	-
Total other financing sources (uses)	<u>3,847,378</u>	<u>382,275</u>	<u>(696,548)</u>	<u>(7,175)</u>	<u>(14,352)</u>	<u>(7,175)</u>
Net change in fund balances	696,519	733,375	1,269,502	49,095	(104,135)	415,825
Fund balances (deficit) - beginning	30,302	40,601	893,191	55,021	467,241	755,679
Fund balances (deficit) - ending	<u>\$ 726,821</u>	<u>\$ 773,976</u>	<u>\$ 2,162,693</u>	<u>\$ 104,116</u>	<u>\$ 363,106</u>	<u>\$ 1,171,504</u>

Construction Mitigation Program	Capital Projects			Total Nonmajor Governmental Funds
	Hurricane Charley Disaster Improvement	Parks Capital Improvements	Other Capital Improvements	
\$ -	\$ -	\$ -	\$ -	\$ 644,650
-	-	-	-	8,324,355
-	-	-	-	148,689
-	-	-	-	4,845,936
-	-	-	-	2,880,182
-	-	-	-	8,797,646
-	-	-	-	135,376
-	-	-	-	5,553,426
-	-	-	-	7,133
-	18	20,533	18,824	171,343
-	-	-	-	235,929
-	-	-	-	1,160,505
-	18	20,533	18,824	32,905,170
-	-	-	-	47,372
-	-	-	-	252,291
-	-	-	-	306,299
-	-	-	-	2,929,952
-	-	-	-	3,057,182
-	-	-	-	9,085,996
6,649	-	-	-	2,214,863
-	-	143,127	332,168	979,531
-	-	-	-	14,920
6,649	-	143,127	332,168	18,888,406
(6,649)	18	(122,594)	(313,344)	14,016,764
-	-	-	788,463	4,882,870
-	-	(1,021,263)	(13,463)	(13,448,082)
-	-	-	-	575,491
-	-	-	-	6,300
-	-	(1,021,263)	775,000	(7,983,421)
(6,649)	18	(1,143,857)	461,656	6,033,343
-	3,140	3,285,185	2,242,801	15,229,316
\$ (6,649)	\$ 3,158	\$ 2,141,328	\$ 2,704,457	\$ 21,262,659

City of Cape Coral, Florida

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GAS TAX SPECIAL REVENUE FUND
For the Year Ended September 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Fuel taxes	\$ 7,225,908	\$ 7,225,908	\$ 8,324,355	\$ 1,098,447
Interest income	-	-	37,351	37,351
Prior year cash balance	1,895,775	2,517,701	-	(2,517,701)
Total revenues	<u>9,121,683</u>	<u>9,743,609</u>	<u>8,361,706</u>	<u>(1,381,903)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(7,440,647)	(5,763,382)	(5,684,624)	78,758
Reserves	(1,681,036)	(3,980,227)	-	3,980,227
Total other financing sources (uses)	<u>(9,121,683)</u>	<u>(9,743,609)</u>	<u>(5,684,624)</u>	<u>4,058,985</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	2,677,082	<u>\$ 2,677,082</u>
Fund balances - beginning			<u>3,733,992</u>	
Fund balances - ending			<u>\$ 6,411,074</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
ROAD IMPACT FEE SPECIAL REVENUE FUND
For the Year Ended September 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 743,343	\$ 743,343	\$ 754,762	\$ 11,419
Impact fees	1,569,400	3,290,520	3,290,520	-
Rent and royalties	7,302	7,302	7,133	(169)
Interest income	-	-	172	172
Prior year cash balance	50,000	49,894	-	(49,894)
Total revenues	<u>2,370,045</u>	<u>4,091,059</u>	<u>4,052,587</u>	<u>(38,472)</u>
EXPENDITURES				
Public works	-	15,709	15,708	1
Excess deficiency) of revenues over (under) expenditures	<u>2,370,045</u>	<u>4,075,350</u>	<u>4,036,879</u>	<u>(38,471)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,320,045)	(4,025,456)	(4,036,124)	(10,668)
Reserves	(50,000)	(49,894)	-	49,894
Total other financing sources (uses)	<u>(2,370,045)</u>	<u>(4,075,350)</u>	<u>(4,036,124)</u>	<u>39,226</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	755	<u>\$ 755</u>
Fund balances - beginning			<u>49,938</u>	
Fund balances - ending			<u>\$ 50,693</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
PUBLIC SAFETY IMPACT FEE SPECIAL REVENUE FUND
For the Year Ended September 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Impact fees	\$ 818,478	\$ 818,478	\$ 1,221,496	\$ 403,018
Interest income	1,237	1,237	9,027	7,790
Prior year cash balance	689,242	668,733	-	(668,733)
Total revenues	<u>1,508,957</u>	<u>1,488,448</u>	<u>1,230,523</u>	<u>(257,925)</u>
EXPENDITURES				
Public safety:				
Police	1,400	4,400	3,821	579
Fire	8,491	8,491	4,519	3,972
Total expenditures	<u>9,891</u>	<u>12,891</u>	<u>8,340</u>	<u>4,551</u>
Excess deficiency) of revenues over (under) expenditures	<u>1,499,066</u>	<u>1,475,557</u>	<u>1,222,183</u>	<u>(253,374)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(339,862)	(339,862)	(339,347)	515
Reserves	(1,159,204)	(1,135,695)	-	1,135,695
Total other financing sources	<u>(1,499,066)</u>	<u>(1,475,557)</u>	<u>(339,347)</u>	<u>1,136,210</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>882,836</u>	<u>\$ 882,836</u>
Fund balances - beginning			<u>669,411</u>	
Fund balances - ending			<u>\$ 1,552,247</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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Interest income	\$ -	\$ -	\$ 113	\$ 113
Contributions and donations	6,393	6,393	11,981	5,588
Other revenue	-	-	87	87
Prior year cash balance	5,607	13,228	-	(13,228)
Total revenues	<u>12,000</u>	<u>19,621</u>	<u>12,181</u>	<u>(7,440)</u>
EXPENDITURES				
Public safety: police	<u>12,000</u>	<u>19,621</u>	<u>12,514</u>	<u>7,107</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	(333)	<u>\$ (333)</u>
Fund balances - beginning			<u>13,347</u>	
Fund balances - ending			<u>\$ 13,014</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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Interest income	\$ 1,200	\$ 1,200	\$ 3,849	\$ 2,649
Other revenue	-	-	72,924	72,924
Prior year cash balance	525,131	527,643	-	(527,643)
Total revenues	<u>526,331</u>	<u>528,843</u>	<u>76,773</u>	<u>(452,070)</u>
EXPENDITURES				
Public safety: police	<u>119,520</u>	<u>119,520</u>	<u>110,307</u>	<u>9,213</u>
Excess (deficiency) of revenues over (under) expenditures	<u>406,811</u>	<u>409,323</u>	<u>(33,534)</u>	<u>(442,857)</u>
OTHER FINANCING SOURCES (USES)				
Reserves	<u>(406,811)</u>	<u>(409,323)</u>	<u>-</u>	<u>409,323</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(33,534)</u>	<u>\$ (33,534)</u>
Fund balances - beginning			<u>527,837</u>	
Fund balances - ending			<u>\$ 494,303</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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 43,663	\$ 43,663
Interest income	200	200	2,011	1,811
Prior year cash balance	129,725	144,655	-	(144,655)
Total revenues	<u>129,925</u>	<u>144,855</u>	<u>45,674</u>	<u>(99,181)</u>
EXPENDITURES				
Public safety: police	<u>60,000</u>	<u>60,000</u>	<u>16,164</u>	<u>43,836</u>
Excess (deficiency) of revenues over (under) expenditures	<u>69,925</u>	<u>84,855</u>	<u>29,510</u>	<u>(55,345)</u>
OTHER FINANCING SOURCES (USES)				
Reserves	<u>(69,925)</u>	<u>(84,855)</u>	<u>-</u>	<u>84,855</u>
Total other financing sources (uses)	<u>(69,925)</u>	<u>(84,855)</u>	<u>-</u>	<u>84,855</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>29,510</u>	<u>\$ 29,510</u>
Fund balances - beginning			<u>144,890</u>	
Fund balances - ending			<u>\$ 174,400</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
CRIMINAL JUSTICE EDUCATION SPECIAL REVENUE FUND
For the Year Ended September 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	\$ 15,000	\$ 15,000	\$ 14,376	\$ (624)
Interest income	-	-	104	104
Other revenue	-	-	80	80
Prior year cash balance	13,491	11,896	-	(11,896)
Total revenues	<u>28,491</u>	<u>26,896</u>	<u>14,560</u>	<u>(12,336)</u>
EXPENDITURES				
Public safety: police	<u>28,491</u>	<u>26,896</u>	<u>14,031</u>	<u>12,865</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	529	<u>\$ 529</u>
Fund balances - beginning			<u>13,500</u>	
Fund balances - ending			<u>\$ 14,029</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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Special assessments	\$ 31,330	\$ 31,330	\$ 26,488	\$ (4,842)
Fines and forfeitures	1,400	1,400	1,318	(82)
Interest income	-	-	4,943	4,943
Other revenue	-	-	13	13
Prior year cash balance	210,595	214,206	-	(214,206)
Total revenues	<u>243,325</u>	<u>246,936</u>	<u>32,762</u>	<u>(214,174)</u>
EXPENDITURES				
General government	2,800	2,800	2	2,798
Debt service:				
Principal	25,689	25,689	-	25,689
Interest and fiscal charges	4,495	4,495	2,198	2,297
Total expenditures	<u>32,984</u>	<u>32,984</u>	<u>2,200</u>	<u>30,784</u>
Excess (deficiency) of revenues over (under) expenditures	<u>210,341</u>	<u>213,952</u>	<u>30,562</u>	<u>(183,390)</u>
OTHER FINANCING SOURCES (USES)				
Reserves	<u>(210,341)</u>	<u>(213,952)</u>	<u>-</u>	<u>213,952</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>30,562</u>	<u>\$ 30,562</u>
Fund balances - beginning			<u>164,004</u>	
Fund balances - ending			<u>\$ 194,566</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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Impact fees	\$ 797,300	\$ 1,041,410	\$ 1,041,410	\$ -
Interest income	-	-	22	22
Prior year cash balance	10,000	10,000	-	(10,000)
Total revenues	<u>807,300</u>	<u>1,051,410</u>	<u>1,041,432</u>	<u>(9,978)</u>
EXPENDITURES				
Parks and recreation	11,960	11,960	7,444	4,516
Excess (deficiency) of revenues over (under) expenditures	<u>795,340</u>	<u>1,039,450</u>	<u>1,033,988</u>	<u>(5,462)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(785,340)	(1,029,450)	(1,033,966)	(4,516)
Reserves	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>	<u>10,000</u>
Total other financing sources (uses)	<u>(795,340)</u>	<u>(1,039,450)</u>	<u>(1,033,966)</u>	<u>5,484</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	22	<u>\$ 22</u>
Fund balances - beginning			10,000	
Fund balances - ending			<u>\$ 10,022</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
CITY CENTRUM BUSINESS PARK SPECIAL REVENUE FUND
For the Year Ended September 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Interest income	\$ -	\$ -	\$ 667	\$ 667
Other revenue	-	-	222	222
Prior year cash balance	115,730	110,475	-	(110,475)
Total revenues	<u>115,730</u>	<u>110,475</u>	<u>889</u>	<u>(109,586)</u>
EXPENDITURES				
General government	<u>51,278</u>	<u>51,278</u>	<u>47,370</u>	<u>3,908</u>
Excess (deficiency) of revenues over (under) expenditures	<u>64,452</u>	<u>59,197</u>	<u>(46,481)</u>	<u>(105,678)</u>
OTHER FINANCING SOURCES (USES)				
Reserves	<u>(64,452)</u>	<u>(59,197)</u>	<u>-</u>	<u>59,197</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(46,481)</u>	<u>\$ (46,481)</u>
Fund balances - beginning			<u>110,584</u>	
Fund balances - ending			<u>\$ 64,103</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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 667,233	\$ 667,233	\$ 644,650	\$ (22,583)
Interest income	-	-	9,479	9,479
Prior year cash balance	1,017,450	1,204,736	-	(1,204,736)
Total revenues	<u>1,684,683</u>	<u>1,871,969</u>	<u>654,129</u>	<u>(1,217,840)</u>
EXPENDITURES				
Public safety: fire	288,273	470,770	301,780	168,990
Capital outlay	350,000	323,184	383,490	(60,306)
Total expenditures	<u>638,273</u>	<u>793,954</u>	<u>685,270</u>	<u>108,684</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,046,410</u>	<u>1,078,015</u>	<u>(31,141)</u>	<u>(1,109,156)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(140,000)	(140,000)	(140,000)	-
Reserves	<u>(906,410)</u>	<u>(938,015)</u>	-	938,015
Total other financing sources (uses)	<u>(1,046,410)</u>	<u>(1,078,015)</u>	<u>(140,000)</u>	<u>938,015</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(171,141)</u>	<u>\$ (171,141)</u>
Fund balances - beginning			<u>1,206,920</u>	
Fund balances - ending			<u>\$ 1,035,779</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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 127,600	\$ 127,600	\$ 102,224	\$ (25,376)
Interest income	200	200	135	(65)
Other revenue	-	-	144	144
Prior year cash balance	6,954	14,806	-	(14,806)
Total revenues	<u>134,754</u>	<u>142,606</u>	<u>102,503</u>	<u>(40,103)</u>
EXPENDITURES				
Public safety: police	<u>123,443</u>	<u>123,443</u>	<u>95,454</u>	<u>27,989</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,311</u>	<u>19,163</u>	<u>7,049</u>	<u>(12,114)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(7,500)	(7,500)	(7,500)	-
Reserves	(3,811)	(11,663)	-	11,663
Total other financing sources (uses)	<u>(11,311)</u>	<u>(19,163)</u>	<u>(7,500)</u>	<u>11,663</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(451)</u>	<u>\$ (451)</u>
Fund balances - beginning			<u>39,486</u>	
Fund balances - ending			<u>\$ 39,035</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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Special assessments	\$ 122,000	\$ 122,000	\$ 122,201	\$ 201
Fines and forfeitures	-	-	75	75
Interest income	20,000	20,000	13,554	(6,446)
Other revenue	-	-	178	178
Prior year cash balance	51,996	68,925	-	(68,925)
Total revenues	<u>193,996</u>	<u>210,925</u>	<u>136,008</u>	<u>(74,917)</u>
EXPENDITURES				
Public works	35,115	35,115	22,642	12,473
Debt service:				
Principal	86,031	86,031	-	86,031
Interest and fiscal charges	12,722	12,722	12,722	-
Total expenditures	<u>133,868</u>	<u>133,868</u>	<u>35,364</u>	<u>98,504</u>
Excess (deficiency) of revenues over (under) expenditures	<u>60,128</u>	<u>77,057</u>	<u>100,644</u>	<u>23,587</u>
OTHER FINANCING SOURCES (USES)				
Reserves	(60,128)	(77,057)	-	77,057
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	100,644	<u>\$ 100,644</u>
Fund balances - beginning			(202,441)	
Fund balances - ending			<u>\$ (101,797)</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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 3,167,864	\$ 3,167,864	\$ 3,118,088	\$ (49,776)
Fines and forfeitures	51,000	51,000	42,554	(8,446)
Interest income	-	-	22,173	22,173
Other revenue	-	-	28,011	28,011
Prior year cash balance	1,789,750	1,940,708	-	(1,940,708)
Total revenues	<u>5,008,614</u>	<u>5,159,572</u>	<u>3,210,826</u>	<u>(1,948,746)</u>
EXPENDITURES				
Public works	3,818,864	4,428,335	3,018,832	1,409,503
Capital outlay	26,000	26,000	-	26,000
Total expenditures	<u>3,844,864</u>	<u>4,454,335</u>	<u>3,018,832</u>	<u>1,435,503</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,163,750</u>	<u>705,237</u>	<u>191,994</u>	<u>(513,243)</u>
OTHER FINANCING SOURCES (USES)				
Reserves	<u>(1,163,750)</u>	<u>(705,237)</u>	<u>-</u>	<u>705,237</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>191,994</u>	<u>\$ 191,994</u>
Fund balances - beginning			<u>974,687</u>	
Fund balances - ending			<u>\$ 1,166,681</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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 420,583	\$ 420,583	\$ 444,028	\$ 23,445
Charges for services	3,649,118	3,650,425	3,295,449	(354,976)
Fines and forfeitures	775	775	3,873	3,098
Interest income	2,244	2,244	2,794	550
Contributions and donations	130,534	130,534	223,945	93,411
Other revenue	10,400	16,700	24,949	8,249
Prior year cash balance	-	30,681	-	(30,681)
Total revenues	<u>4,213,654</u>	<u>4,251,942</u>	<u>3,995,038</u>	<u>(256,904)</u>
EXPENDITURES				
Parks and recreation	7,573,021	7,497,978	7,134,398	363,580
Capital outlay	464,241	701,861	5,199	696,662
Total expenditures	<u>8,037,262</u>	<u>8,199,839</u>	<u>7,139,597</u>	<u>1,060,242</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,823,608)</u>	<u>(3,947,897)</u>	<u>(3,144,559)</u>	<u>803,338</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,359,367	3,265,587	3,265,587	-
Issuance of debt	464,241	712,991	575,491	(137,500)
Reserves	-	(30,681)	-	30,681
Total other financing sources (uses)	<u>3,823,608</u>	<u>3,947,897</u>	<u>3,841,078</u>	<u>(106,819)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	696,519	<u>\$ 696,519</u>
Fund balances - beginning			30,302	
Fund balances - ending			<u>\$ 726,821</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)	\$ 3,995,038
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.	(6,300)
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 3,988,738</u>
Actual other financing sources (uses) (budgetary basis)	\$ 3,841,078
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.	6,300
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 3,847,378</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
WATERPARK SPECIAL REVENUE FUND
For the Year Ended September 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 2,143,116	\$ 2,143,116	\$ 2,281,885	\$ 138,769
Interest income	1,144	1,144	3,045	1,901
Contributions and donations	-	-	3	3
Other revenue	10,826	10,826	10,321	(505)
Prior year cash balance	-	11,595	-	(11,595)
Total revenues	<u>2,155,086</u>	<u>2,166,681</u>	<u>2,295,254</u>	<u>128,573</u>
EXPENDITURES				
Parks and recreation	2,122,146	2,132,146	1,944,154	187,992
Capital outlay	35,000	681,250	-	681,250
Total expenditures	<u>2,157,146</u>	<u>2,813,396</u>	<u>1,944,154</u>	<u>869,242</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,060)</u>	<u>(646,715)</u>	<u>351,100</u>	<u>997,815</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	413,869	1,070,119	828,820	(241,299)
Transfers out	(446,809)	(446,809)	(446,545)	264
Issuance of debt	35,000	35,000	-	(35,000)
Reserves	-	(11,595)	-	11,595
Total other financing sources (uses)	<u>2,060</u>	<u>646,715</u>	<u>382,275</u>	<u>(264,440)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>733,375</u>	<u>\$ 733,375</u>
Fund balances - beginning			<u>40,601</u>	
Fund balances - ending			<u>\$ 773,976</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
BUILDING SPECIAL REVENUE FUND
For the Year Ended September 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental				
Licenses and permits	\$ 3,531,749	\$ 3,725,204	\$ 4,845,936	\$ 1,120,732
Fines and forfeitures	32,435	32,435	29,517	(2,918)
Interest income	1,240	1,240	20,112	18,872
Other revenue	4,825	4,825	437	(4,388)
Prior year cash balance	350,000	1,206,233	-	(1,206,233)
Total revenues	<u>3,920,249</u>	<u>4,969,937</u>	<u>4,896,002</u>	<u>(73,935)</u>
EXPENDITURES				
Public safety: building	2,805,879	3,034,776	2,929,952	104,824
Capital outlay	77,920	77,920	-	77,920
Total expenditures	<u>2,883,799</u>	<u>3,112,696</u>	<u>2,929,952</u>	<u>182,744</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,036,450</u>	<u>1,857,241</u>	<u>1,966,050</u>	<u>108,809</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(698,426)	(698,426)	(696,548)	1,878
Reserves	(338,024)	(1,158,815)	-	1,158,815
Total other financing sources (uses)	<u>(1,036,450)</u>	<u>(1,857,241)</u>	<u>(696,548)</u>	<u>1,160,693</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>1,269,502</u>	<u>\$ 1,269,502</u>
Fund balances - beginning			<u>893,191</u>	
Fund balances - ending			<u>\$ 2,162,693</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
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
For the Year Ended September 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 859,788	\$ 859,788	\$ 927,146	\$ 67,358
Interest income	-	-	132	132
Other revenue	-	307,135	307,134	(1)
Total revenue	<u>859,788</u>	<u>1,166,923</u>	<u>1,234,412</u>	<u>67,489</u>
EXPENDITURES				
Community development	847,845	1,154,980	1,062,595	92,385
Capital outlay	-	-	115,547	(115,547)
Total expenditures	<u>847,845</u>	<u>1,154,980</u>	<u>1,178,142</u>	<u>(23,162)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,943</u>	<u>11,943</u>	<u>56,270</u>	<u>44,327</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(11,943)</u>	<u>(11,943)</u>	<u>(7,175)</u>	<u>4,768</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>49,095</u>	<u>\$ 49,095</u>
Fund balances - beginning			<u>55,021</u>	
Fund balances - ending			<u>\$ 104,116</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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 28,776	\$ 28,776
Interest income	-	-	653	653
Other revenue	-	524,580	524,579	(1)
Total revenue	-	524,580	554,008	29,428
EXPENDITURES				
Community development		524,580	643,791	(119,211)
Excess (deficiency) of revenues over (under) expenditures	-	-	(89,783)	(89,783)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(14,352)	(14,352)
Net change in fund balances	\$ -	\$ -	(104,135)	\$ (104,135)
Fund balances - beginning			467,241	
Fund balances - ending			\$ 363,106	

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
LOCAL HOUSING ASSISTANCE SPECIAL REVENUE FUND
For the Year Ended September 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ 834,987	\$ 725,470	\$ (109,517)
Interest income	-	-	1,632	1,632
Other revenue	-	197,727	197,726	(1)
Total revenues	-	1,032,714	924,828	(107,886)
EXPENDITURES				
Community development	-	1,026,714	501,828	524,886
Excess (deficiency) of revenues over (under) expenditures	-	6,000	423,000	417,000
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(6,000)	(7,175)	(1,175)
Total other financing sources (uses)	-	(6,000)	(7,175)	(1,175)
Net change in fund balances	\$ -	\$ -	415,825	\$ 415,825
Fund balances - beginning			755,679	
Fund balances - ending			\$ 1,171,504	

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
CONSTRUCTION MITIGATION PROGRAM SPECIAL REVENUE FUND
For the Year Ended September 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ 233,000	\$ -	\$ (233,000)
Total revenues	-	233,000	-	(233,000)
EXPENDITURES				
Community development	-	233,000	6,649	226,351
Excess (deficiency) of revenues over (under) expenditures	-	-	(6,649)	(6,649)
Net change in fund balances	\$ -	\$ -	(6,649)	\$ (6,649)
Fund balances - beginning			-	
Fund balances (deficit) - ending			\$ (6,649)	

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
DEBT SERVICE FUND**

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Rent and royalties	\$ 3,640,882	\$ 3,640,882	\$ 3,663,257	\$ 22,375
Interest income	-	-	55,791	55,791
Prior year cash balance	6,982,940	11,133,266	-	(11,133,266)
Total revenues	<u>10,623,822</u>	<u>14,774,148</u>	<u>3,719,048</u>	<u>(11,055,100)</u>
EXPENDITURES				
General government	-	1,150	4,335	(3,185)
Debt service:				
Principal	9,906,314	9,906,314	9,497,601	408,713
Interest and fiscal charges	10,455,295	11,018,023	10,327,341	690,682
Bond issuance costs	-	-	483,913	(483,913)
Total expenditures	<u>20,361,609</u>	<u>20,925,487</u>	<u>20,313,190</u>	<u>612,297</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,737,787)</u>	<u>(6,151,339)</u>	<u>(16,594,142)</u>	<u>(10,442,803)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	16,720,727	17,741,991	17,019,200	(722,791)
Issuance of debt	-	58,917,559	54,705,357	(4,212,202)
Premium on debt	-	-	4,260,306	4,260,306
Payment to refunded bond escrow agent	-	(59,492,200)	(59,492,199)	1
Reserves	(6,982,940)	(11,016,011)	-	11,016,011
Total other financing sources (uses)	<u>9,737,787</u>	<u>6,151,339</u>	<u>16,492,664</u>	<u>10,341,325</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(101,478)</u>	<u>\$ (101,478)</u>
Fund balances - beginning			<u>11,134,185</u>	
Fund balances - ending			<u>\$ 11,032,707</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 CAPITAL IMPROVEMENTS FUND**

From Inception and For the Year Ended September 30, 2015

	Prior Years	Current Year	Total to Date	Project Authorization
REVENUES				
Intergovernmental	\$ 1,418,264	\$ -	\$ 1,418,264	\$ 1,940,241
Interest income	2,160,178	20,533	2,180,711	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>3,650,346</u>	<u>20,533</u>	<u>3,670,879</u>	<u>5,332,979</u>
EXPENDITURES				
Parks and recreation	140,934	-	140,934	1,016,609
Capital outlay	47,914,900	143,127	48,058,027	59,035,927
Total expenditures	<u>48,055,834</u>	<u>143,127</u>	<u>48,198,961</u>	<u>60,052,536</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(44,405,488)</u>	<u>(122,594)</u>	<u>(44,528,082)</u>	<u>(54,719,557)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	21,658,255	-	21,658,255	21,664,295
Transfer out	(10,774,930)	(1,021,263)	(11,796,193)	(6,511,150)
Issuance of debt	36,735,161	-	36,735,161	39,566,412
Proceeds on sale of capital assets	72,187	-	72,187	-
Total other financing sources (uses)	<u>47,690,673</u>	<u>(1,021,263)</u>	<u>46,669,410</u>	<u>54,719,557</u>
Net change in fund balances	<u>\$ 3,285,185</u>	<u>(1,143,857)</u>	<u>\$ 2,141,328</u>	<u>\$ -</u>
Fund balances - beginning		<u>3,285,185</u>		
Fund balances - ending		<u>\$ 2,141,328</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, 2015

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
REVENUES				
Intergovernmental	\$ 8,071,921	\$ -	\$ 8,071,921	\$ 8,351,490
Interest income	1,326,914	18,824	1,345,738	1,192
Other revenue	1,695,936	-	1,695,936	1,182,770
Unassigned balance	-	-	-	1,941,554
Total revenues	<u>11,094,771</u>	<u>18,824</u>	<u>11,113,595</u>	<u>11,477,006</u>
EXPENDITURES				
General government	978,736	-	978,736	2,000,000
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	110,354,605	332,168	110,686,773	138,533,691
Debt service: interest and fiscal charges	1,585,471	-	1,585,471	628,994
Total expenditures	<u>123,324,657</u>	<u>332,168</u>	<u>123,656,825</u>	<u>153,274,581</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(112,229,886)</u>	<u>(313,344)</u>	<u>(112,543,230)</u>	<u>(141,797,575)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	26,175,941	788,463	26,964,404	60,310,133
Transfer out	(4,387,526)	(13,463)	(4,400,989)	(3,429,289)
Issuance of debt	92,684,272	-	92,684,272	84,916,731
Total other financing sources (uses)	<u>114,472,687</u>	<u>775,000</u>	<u>115,247,687</u>	<u>141,797,575</u>
Net change in fund balances	<u>\$ 2,242,801</u>	461,656	<u>\$ 2,704,457</u>	<u>\$ -</u>
Fund balances - beginning		<u>2,242,801</u>		
Fund balances - ending		<u>\$ 2,704,457</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, 2015

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
REVENUES				
Intergovernmental	\$ 10,008,506	\$ 1,759,791	\$ 11,768,297	\$ 9,251,974
Rent and royalties	4,367	-	4,367	-
Interest income	7,687,754	276,558	7,964,312	116,231
Contributions and donations	259,834	30,763	290,597	900,000
Other revenue	2,090,270	2,620,179	4,710,449	4,078,366
Unassigned balance	-	-	-	1,562,535
Total revenues	<u>20,050,731</u>	<u>4,687,291</u>	<u>24,738,022</u>	<u>15,909,106</u>
EXPENDITURES				
General government	583	-	583	-
Public works	1,148,579	636,245	1,784,824	2,037,375
Capital outlay	183,739,131	2,734,188	186,473,319	303,946,644
Debt Service: interest and fiscal charges	<u>805,049</u>	<u>-</u>	<u>805,049</u>	<u>-</u>
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>185,693,342</u>	<u>3,370,433</u>	<u>189,063,775</u>	<u>305,984,019</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(165,642,611)</u>	<u>1,316,858</u>	<u>(164,325,753)</u>	<u>(290,074,913)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	103,461,857	5,957,286	109,419,143	120,809,001
Transfers out	(3,796,531)	(257,372)	(4,053,903)	(6,762,591)
Issuance of debt	84,987,594	-	84,987,594	175,946,419
Proceeds on sale of capital assets	<u>106,168</u>	<u>118,451</u>	<u>224,619</u>	<u>82,084</u>
Total other financing sources (uses)	<u>184,759,088</u>	<u>5,818,365</u>	<u>190,577,453</u>	<u>290,074,913</u>
Net change in fund balances	<u>\$ 19,116,477</u>	<u>7,135,223</u>	<u>\$ 26,251,700</u>	<u>\$ -</u>
Fund balances - beginning		<u>19,116,477</u>		
Fund balances - ending		<u>\$ 26,251,700</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.

City of Cape Coral, Florida

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
September 30, 2015

	Yacht Basin	Golf Course	Total
ASSETS			
Current assets:			
Cash and investments	\$ 1,046,864	\$ 176,310	\$ 1,223,174
Interest receivable	1,091	-	1,091
Accounts receivable, net	1	376	377
Inventories	-	37,148	37,148
Prepaid items	-	5,955	5,955
Total current assets	<u>1,047,956</u>	<u>219,789</u>	<u>1,267,745</u>
Noncurrent assets:			
Land	20,555	1,797,171	1,817,726
Buildings	1,293	1,167,359	1,168,652
Building improvements	-	40,729	40,729
Improvements other than buildings	864,337	2,596,670	3,461,007
Equipment	20,425	679,546	699,971
Less accumulated depreciation	<u>(740,025)</u>	<u>(3,921,388)</u>	<u>(4,661,413)</u>
Total capital assets, net	<u>166,585</u>	<u>2,360,087</u>	<u>2,526,672</u>
Total noncurrent assets	<u>166,585</u>	<u>2,360,087</u>	<u>2,526,672</u>
Total assets	<u>1,214,541</u>	<u>2,579,876</u>	<u>3,794,417</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of pension earnings	24,482	204,497	228,979
Total deferred outflows of resources	<u>24,482</u>	<u>204,497</u>	<u>228,979</u>
LIABILITIES			
Current liabilities:			
Accounts payable and other accrued liabilities	18,646	102,584	121,230
Accrued payroll	6,252	56,984	63,236
Deposits	20,000	-	20,000
Unearned revenue	-	113,876	113,876
Compensated absences	909	11,396	12,305
Total current liabilities	<u>45,807</u>	<u>284,840</u>	<u>330,647</u>
Noncurrent liabilities:			
Advances from other funds	-	564,909	564,909
Compensated absences	12,285	63,844	76,129
OPEB obligation	175,447	1,471,058	1,646,505
Net Pension Liability	121,318	1,013,358	1,134,676
Total noncurrent liabilities	<u>309,050</u>	<u>3,113,169</u>	<u>3,422,219</u>
Total liabilities	<u>354,857</u>	<u>3,398,009</u>	<u>3,752,866</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of pension earnings	3,966	33,131	37,097
Deferred inflows of pension experience	1,180	9,852	11,032
Total deferred inflows of resources	<u>5,146</u>	<u>42,983</u>	<u>48,129</u>
NET POSITION			
Net investment in capital assets	166,585	2,360,087	2,526,672
Unrestricted	712,435	(3,016,706)	(2,304,271)
Total net position	<u>\$ 879,020</u>	<u>\$ (656,619)</u>	<u>\$ 222,401</u>

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, 2015

	<u>Yacht Basin</u>	<u>Golf Course</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 561,945	\$ 2,212,779	\$ 2,774,724
Other revenue	174	5,242	5,416
Total operating revenues	<u>562,119</u>	<u>2,218,021</u>	<u>2,780,140</u>
OPERATING EXPENSES			
Salaries, wages and employee benefits	130,073	1,203,552	1,333,625
Contractual services, materials and supplies	180,741	1,169,185	1,349,926
Depreciation	20,014	78,477	98,491
Total operating expenses	<u>330,828</u>	<u>2,451,214</u>	<u>2,782,042</u>
Operating income (loss)	<u>231,291</u>	<u>(233,193)</u>	<u>(1,902)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	7,537	587	8,124
Gain (loss) on sale of capital assets	(14,835)	(1,199)	(16,034)
Total nonoperating revenues (expenses)	<u>(7,298)</u>	<u>(612)</u>	<u>(7,910)</u>
Income (loss) before contributions and transfers	223,993	(233,805)	(9,812)
Transfers			
Transfers in	-	287,100	287,100
Transfers out	(115,000)	-	(115,000)
Total contributions and transfers	<u>(115,000)</u>	<u>287,100</u>	<u>172,100</u>
Change in net position	108,993	53,295	162,288
Total net position - beginning as restated	<u>770,027</u>	<u>(709,914)</u>	<u>60,113</u>
Total net position - ending	<u>\$ 879,020</u>	<u>\$ (656,619)</u>	<u>\$ 222,401</u>

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended September 30, 2015

	Yacht Basin	Golf Course	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 562,122	\$ 2,201,613	\$ 2,763,735
Cash payments to suppliers	(103,507)	(821,606)	(925,113)
Cash payments to employees	(146,564)	(1,302,005)	(1,448,569)
Interfund service payments	(69,962)	(304,523)	(374,485)
Net cash provided (used) by operating activities	<u>242,089</u>	<u>(226,521)</u>	<u>15,568</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	-	287,100	287,100
Transfers out	(115,000)	-	(115,000)
Net cash provided (used) by noncapital financing activities	<u>(115,000)</u>	<u>287,100</u>	<u>172,100</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	-	(14,025)	(14,025)
Sale of capital assets	3,100	5,600	8,700
Net cash provided (used) by capital and related financing activities	<u>3,100</u>	<u>(8,425)</u>	<u>(5,325)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment Earnings	7,365	696	8,061
Net cash provided (used) by investing activities	<u>7,365</u>	<u>696</u>	<u>8,061</u>
Net increase (decrease) in cash	137,554	52,850	190,404
Cash and investments - beginning	909,310	123,460	1,032,770
Cash and investments - ending	<u>\$ 1,046,864</u>	<u>\$ 176,310</u>	<u>\$ 1,223,174</u>

**The following reconciles cash and cash equivalents to the
Statement of Net Assets Nonmajor Enterprise Funds**

Cash and investments	<u>\$ 1,046,864</u>	<u>\$ 176,310</u>	<u>\$ 1,223,174</u>
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**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:**

Operating income (loss)	\$ 231,291	\$ (233,193)	\$ (1,902)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	20,014	78,477	98,491
(Increase) decrease in assets:			
Accounts receivable, net	3	163	166
Inventories	-	3,152	3,152
Prepaid items	-	1,539	1,539
Increase (decrease) in liabilities:			
Accounts payable and other accrued liabilities	7,272	38,365	45,637
Accrued payroll	947	12,970	13,917
Compensated absences	(21)	6,667	6,646
OPEB obligation	(7,239)	46,107	38,868
Due to other funds	-	-	-
Deposits	-	-	-
Change in deferred outflows	(24,482)	(204,497)	(228,979)
Change in deferred inflows	(142)	(4,924)	(5,066)
Net Pension Liability	14,446	45,224	59,670
Unearned revenue	-	(16,571)	(16,571)
Total adjustments	<u>10,798</u>	<u>6,672</u>	<u>17,470</u>
Net cash provided (used) by operating activities	<u>\$ 242,089</u>	<u>\$ (226,521)</u>	<u>\$ 15,568</u>

Supplemental disclosure of noncash investing, capital and financing activities:

Yacht Basin increase in fair value of investments of \$3,425.
Golf Course increase in fair value of investments of \$264.

City of Cape Coral, Florida

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS**

September 30, 2015

	Workers Compensation Insurance	Property and Casualty Insurance	Facilities & Fleet Management	Total
ASSETS				
Current assets:				
Cash and investments	\$ 7,220,639	\$ 2,567,707	\$ 1,405,195	\$ 11,193,541
Interest receivable	7,522	2,675	-	10,197
Accounts receivable, net	112	23	15,263	15,398
Prepaid items	-	71,066	215	71,281
Total current assets	<u>7,228,273</u>	<u>2,641,471</u>	<u>1,420,673</u>	<u>11,290,417</u>
Noncurrent assets:				
Capital assets (net of accumulated depreciation)				
Buildings	-	-	794,507	794,507
Building improvements	2,057	2,057	113,363	117,477
Improvements other than buildings	-	-	63,796	63,796
Equipment	61,784	11,103	1,461,124	1,534,011
Intangible computer software	-	-	705,245	705,245
Less accumulated depreciation	(33,957)	(10,890)	(2,200,426)	(2,245,273)
Total capital assets, net	<u>29,884</u>	<u>2,270</u>	<u>937,609</u>	<u>969,763</u>
Total assets	<u>7,258,157</u>	<u>2,643,741</u>	<u>2,358,282</u>	<u>12,260,180</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of pension earnings	51,844	43,204	866,953	962,001
Total deferred outflows of resources	<u>51,844</u>	<u>43,204</u>	<u>866,953</u>	<u>962,001</u>
LIABILITIES				
Current liabilities:				
Accounts payable and other accrued liabilities	151,665	618	296,389	448,672
Accrued payroll	3,077	7,863	160,717	171,657
Claims liability	1,283,000	545,000	-	1,828,000
Compensated absences	-	-	31,283	31,283
Total current liabilities	<u>1,437,742</u>	<u>553,481</u>	<u>488,389</u>	<u>2,479,612</u>
Noncurrent liabilities:				
Compensated absences	5,328	8,589	384,235	398,152
OPEB	188,943	188,943	4,170,248	4,548,134
Claims liability	4,296,000	986,000	-	5,282,000
Net pension liability	256,908	214,090	4,296,068	4,767,066
Total noncurrent liabilities	<u>4,747,179</u>	<u>1,397,622</u>	<u>8,850,551</u>	<u>14,995,352</u>
Total liabilities	<u>6,184,921</u>	<u>1,951,103</u>	<u>9,338,940</u>	<u>17,474,964</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of pension earnings	8,399	6,999	140,455	155,853
Deferred inflows of pension experience	2,498	2,081	41,769	46,348
Total deferred inflows of resources	<u>10,897</u>	<u>9,080</u>	<u>182,224</u>	<u>202,201</u>
NET POSITION				
Net investment in capital assets	29,884	2,270	937,609	969,763
Unrestricted	1,084,299	724,492	(7,233,538)	(5,424,747)
Total net position	<u>\$ 1,114,183</u>	<u>\$ 726,762</u>	<u>\$ (6,295,929)</u>	<u>\$ (4,454,984)</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, 2015

	Workers Compensation Insurance	Property and Casualty Insurance	Facilities & Fleet Management	Total
OPERATING REVENUES				
Charges for services	\$ 3,213,571	\$ 3,202,900	\$ 7,919,862	\$ 14,336,333
Other revenue	488,114	150,950	68,627	707,691
Total operating revenue	<u>3,701,685</u>	<u>3,353,850</u>	<u>7,988,489</u>	<u>15,044,024</u>
OPERATING EXPENSES				
Salaries, wages and employee benefits	216,341	274,335	4,129,283	4,619,959
Contractual services, materials and supplies	844,363	2,074,176	3,476,647	6,395,186
Claims and claims adjustments	1,928,683	555,285	-	2,483,968
Depreciation	919	3,907	327,487	332,313
Total operating expenses	<u>2,990,306</u>	<u>2,907,703</u>	<u>7,933,417</u>	<u>13,831,426</u>
Operating income (loss)	<u>711,379</u>	<u>446,147</u>	<u>55,072</u>	<u>1,212,598</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	51,659	13,933	-	65,592
Gain (loss) on disposal of capital assets	(1,490)	-	(1,830)	(3,320)
Total nonoperating revenues (expenses)	<u>50,169</u>	<u>13,933</u>	<u>(1,830)</u>	<u>62,272</u>
Change in net position	761,548	460,080	53,242	1,274,870
Total net position - beginning as restated	<u>352,635</u>	<u>266,682</u>	<u>(6,349,171)</u>	<u>(5,729,854)</u>
Total net position - ending	<u>\$ 1,114,183</u>	<u>\$ 726,762</u>	<u>\$ (6,295,929)</u>	<u>\$ (4,454,984)</u>

City of Cape Coral, Florida

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS**

For the Year Ended September 30, 2015

	Workers Compensation Insurance	Property and Casualty Insurance	Facilities & Fleet Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 3,701,620	\$ 3,353,839	\$ 7,989,149	\$ 15,044,608
Cash payments for claims	(1,754,683)	(546,285)	-	(2,300,968)
Cash payments to suppliers	(774,529)	(2,095,364)	(3,418,582)	(6,288,475)
Cash payments to employees	(213,391)	(158,418)	(4,060,972)	(4,432,781)
Net cash provided by operating activities	<u>959,017</u>	<u>553,772</u>	<u>509,595</u>	<u>2,022,384</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	-	-	(25,418)	(25,418)
Sale of capital assets	-	-	7,373	7,373
Net cash used by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(18,045)</u>	<u>(18,045)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment Earnings	50,350	13,270	-	63,620
Net cash provided (used) by investing activities	<u>50,350</u>	<u>13,270</u>	<u>-</u>	<u>63,620</u>
Net increase (decrease) in cash	1,009,367	567,042	491,550	2,067,959
Cash and investments - beginning	6,211,272	2,000,665	913,645	9,125,582
Cash and investments - ending	<u>\$ 7,220,639</u>	<u>\$ 2,567,707</u>	<u>\$ 1,405,195</u>	<u>11,193,541</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	<u>\$ 711,379</u>	<u>\$ 446,147</u>	<u>\$ 55,072</u>	<u>1,212,598</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	919	3,907	327,487	332,313
(Increase) decrease in assets:				
Accounts receivable, net	(65)	(11)	660	584
Prepaid items	150	(14,380)	(215)	(14,445)
(Increase) decrease in deferred outflows:				
Pension earnings	(51,844)	(43,204)	(866,953)	(962,001)
Pension assumptions	-	-	-	-
Pension experience	-	-	-	-
Increase (decrease) in liabilities:				
Accounts payable and other accrued liabilities	69,684	(6,808)	58,280	121,156
Accrued payroll	(4,026)	4,225	32,215	32,414
Compensated absences	(17,312)	3,125	100,249	86,062
OPEB liability	6,257	67,152	151,155	224,564
Claims liability	174,000	9,000	-	183,000
Net pension liability	68,311	82,072	649,850	800,233
Increase (decrease) in deferred inflows:				
Pension earnings	(934)	466	(39,974)	(40,442)
Pension assumptions	-	-	-	-
Pension experience	2,498	2,081	41,769	46,348
Total adjustments	<u>247,638</u>	<u>107,625</u>	<u>454,523</u>	<u>809,786</u>
Net cash provided (used) by operating activities	<u>\$ 959,017</u>	<u>\$ 553,772</u>	<u>\$ 509,595</u>	<u>\$ 2,022,384</u>

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, 2015

	Balance September 30, 2014	Additions	Reductions	Balance September 30, 2015
School Impact Fee Fund				
ASSETS				
Cash and investments	\$ 96,824	\$ 1,272,624	\$ 1,213,867	\$ 155,581
Interest receivable	88	162	88	162
Total assets	<u>\$ 96,912</u>	<u>\$ 1,272,786</u>	<u>\$ 1,213,955</u>	<u>\$ 155,743</u>
LIABILITIES				
Due to others	\$ 96,912	\$ 1,227,370	\$ 1,168,539	\$ 155,743
Total liabilities	<u>\$ 96,912</u>	<u>\$ 1,227,370</u>	<u>\$ 1,168,539</u>	<u>\$ 155,743</u>
Solid Waste Fund				
ASSETS				
Cash and investments	\$ 3,057,696	\$ 11,178,997	\$ 11,290,769	\$ 2,945,924
Interest receivable	3,063	3,069	3,063	3,069
Intergovernmental receivable	32,105	11,473,990	11,466,997	39,098
Total assets	<u>\$ 3,092,864</u>	<u>\$ 22,656,056</u>	<u>\$ 22,760,829</u>	<u>\$ 2,988,091</u>
LIABILITIES				
Due to others	\$ 3,092,864	\$ 11,650,685	\$ 11,755,458	\$ 2,988,091
Total liabilities	<u>\$ 3,092,864</u>	<u>\$ 11,650,685</u>	<u>\$ 11,755,458</u>	<u>\$ 2,988,091</u>
Total All Agency Funds				
ASSETS				
Cash and investments	\$ 3,154,520	\$ 12,451,621	\$ 12,504,636	\$ 3,101,505
Interest receivable	3,151	3,231	3,151	3,231
Intergovernmental receivable	32,105	11,473,990	11,466,997	39,098
Total assets	<u>\$ 3,189,776</u>	<u>\$ 23,928,842</u>	<u>\$ 23,974,784</u>	<u>\$ 3,143,834</u>
LIABILITIES				
Due to others	\$ 3,189,776	\$ 12,878,055	\$ 12,923,997	\$ 3,143,834
Total liabilities	<u>\$ 3,189,776</u>	<u>\$ 12,878,055</u>	<u>\$ 12,923,997</u>	<u>\$ 3,143,834</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	158
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	163
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	168
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	172
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	175
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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 97,126,405	\$ 161,840,332	\$ 196,850,151	\$ 218,770,809	\$ 203,524,150	\$ 210,969,144	\$ 211,308,256	\$ 211,168,912	\$ 211,573,951	\$ 206,045,063
Restricted	12,820,103	103,649,009	66,021,021	39,734,025	63,970,296	37,703,162	38,954,956	33,449,825	33,522,887	39,172,890
Unrestricted	123,674,877	20,085,796	24,697,432	4,107,230	(9,570,983)	(9,190,305)	(31,602,890)	(45,992,918)	(41,654,894)	(129,177,798)
Total governmental activities net position	233,621,385	285,575,137	287,568,604	262,612,064	257,923,463	239,482,001	218,660,322	198,625,819	203,441,944	116,040,155
Business-type activities										
Net investment in capital assets	275,030,372	312,334,525	347,320,967	360,394,183	378,762,735	371,543,292	373,653,297	370,704,547	362,080,880	361,707,442
Restricted	76,032,924	89,708,456	75,792,828	78,467,814	54,357,805	56,239,059	62,417,416	47,174,719	66,896,901	92,631,969
Unrestricted	10,183,241	(1,837,613)	6,335,631	17,725,385	35,473,769	42,002,781	24,960,060	23,014,260	16,979,433	(26,625,585)
Total business-type activities net position	361,246,537	400,205,368	429,449,426	456,587,382	468,594,309	469,785,132	461,030,773	440,893,526	445,757,214	427,713,826
Primary government										
Net investment in capital assets	372,156,777	474,174,857	544,171,118	579,164,992	582,286,885	582,512,436	584,961,553	581,873,459	573,654,831	567,752,505
Restricted	88,853,027	193,357,465	141,813,849	118,201,839	118,328,101	93,942,221	101,372,372	80,624,544	100,219,788	131,804,859
Unrestricted	133,858,118	18,248,183	31,033,063	21,832,615	25,902,786	32,812,476	(6,642,830)	(22,978,656)	(24,675,461)	(155,803,383)
Total primary government net position	\$ 594,867,922	\$ 685,780,505	\$ 717,018,030	\$ 719,199,446	\$ 726,517,772	\$ 709,267,133	\$ 679,691,095	\$ 639,519,345	\$ 649,199,158	\$ 543,753,981

City of Cape Coral, Florida
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

Schedule 2

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government										
Public safety:										
Police	\$ 25,996,961	\$ 28,043,308	\$ 38,120,980	\$ 31,534,140	\$ 29,986,307	\$ 32,639,906	\$ 31,642,181	\$ 35,750,067	\$ 43,386,715	\$ 52,344,411
Fire	30,919,655	35,714,577	42,210,585	45,501,686	42,473,233	43,046,173	38,563,123	40,883,574	34,285,016	37,755,665
Building ¹	23,018,770	25,998,082	29,022,228	30,824,609	29,047,066	31,336,823	32,509,360	33,280,113	29,089,119	34,071,631
Public works	-	-	-	2,013,917	2,057,602	2,284,267	2,382,927	2,557,567	2,995,300	3,134,523
Parks and recreation	21,870,371	24,725,744	29,295,132	25,229,774	22,375,570	19,250,191	16,844,612	14,216,303	16,905,388	18,101,671
Community development	12,741,393	15,398,273	16,928,374	17,846,602	17,212,764	16,556,468	18,101,675	17,457,679	17,069,459	17,024,031
Interest on long-term debt	4,749,501	9,812,164	9,499,969	8,831,139	11,348,878	9,141,207	10,294,730	7,978,824	6,640,062	5,559,972
Total governmental activities expenses	3,450,586	5,860,014	6,519,347	9,245,822	9,643,322	11,431,053	11,532,722	11,169,234	10,953,024	10,223,210
Business-type activities:										
Water and sewer	122,747,237	145,552,162	171,596,615	171,027,689	164,144,742	165,686,088	161,871,330	163,293,361	161,304,083	178,215,114
Stormwater	48,424,773	51,693,787	67,114,813	71,389,047	80,300,601	89,819,589	98,718,563	117,610,480	98,202,689	101,071,789
Building division ¹	7,524,876	8,378,842	9,313,160	9,489,673	10,659,980	10,488,428	13,694,526	13,744,777	13,572,941	13,270,032
Yacht basin	11,657,551	10,540,758	5,287,370	-	-	-	-	-	-	-
Golf course	285,233	335,385	305,506	282,733	295,691	312,368	340,445	372,930	992,058	345,457
Waterpark ¹	2,149,384	2,428,944	2,568,142	2,605,889	2,505,114	2,533,787	2,631,840	2,599,938	2,710,132	2,450,043
Total business-type activities expenses	2,799,978	2,849,170	3,073,086	-	-	-	-	-	-	-
Total primary government expenses	72,821,795	76,226,886	87,662,077	83,767,342	93,761,386	103,154,172	115,385,374	134,328,125	115,477,820	117,137,321
Total governmental activities expenses	\$ 195,569,032	\$ 221,779,048	\$ 259,258,692	\$ 254,795,031	\$ 257,906,128	\$ 268,840,260	\$ 277,256,704	\$ 297,621,486	\$ 276,781,903	\$ 295,352,435
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 11,627,849	\$ 12,978,493	\$ 11,648,711	\$ 12,421,835	\$ 13,286,099	\$ 11,243,424	\$ 12,700,342	\$ 14,451,088	\$ 9,820,161	\$ 11,911,283
Public safety:										
Police	751,933	718,233	820,650	1,341,052	974,279	726,795	857,660	683,428	831,945	938,606
Fire	720,380	646,379	410,271	242,902	155,235	182,658	178,483	181,491	231,567	312,388
Building ¹	-	-	-	14,316	36,006	140,044	29,218	4,022,162	4,875,890	4,875,890
Public works ²	63,165	370,437	2,888,699	1,843,098	127,755	7,023	1,063,713	2,948,171	4,036,205	6,130,223
Parks and recreation	2,957,419	3,426,513	3,245,753	5,215,121	5,441,211	5,379,904	5,391,333	5,397,502	5,740,866	5,873,336
Community development	1,719,011	1,416,183	194,083	762,617	663,254	1,110,747	1,955,527	2,113,420	1,515,921	1,679,724
Operating grants and contributions	6,944,021	4,753,706	5,166,569	4,801,931	4,839,251	5,408,078	5,311,553	4,126,255	16,150,059	16,222,090
Capital grants and contributions	31,678,459	17,342,541	10,996,862	10,563,598	12,591,891	13,778,035	9,750,662	7,108,832	7,306,283	9,505,165
Total governmental activities program revenues	56,462,237	41,652,485	35,371,598	37,206,470	38,114,981	37,976,708	37,246,164	37,039,405	49,655,169	57,448,705
Business-type activities:										
Charges for services:										
Water and sewer	40,793,041	43,375,421	46,486,235	52,886,921	63,953,774	65,052,190	71,111,199	76,690,422	73,603,154	76,614,078
Stormwater	13,525,806	12,745,684	12,436,993	12,540,547	12,602,744	12,435,730	11,356,728	12,352,001	12,329,090	12,317,747
Building division ¹	10,479,409	4,984,862	1,976,525	-	-	-	-	-	-	-
Yacht basin	326,494	363,088	301,884	302,466	271,315	345,013	338,006	394,553	992,314	562,119
Golf course	2,071,951	2,203,650	2,216,821	2,122,609	2,093,960	2,111,811	2,205,965	2,192,097	2,308,820	2,218,021
Waterpark ¹	2,107,405	1,936,543	2,231,202	-	-	-	-	-	-	-
Operating grants and contributions	32,156,850	38,300,875	38,547,215	25,801,725	19,224,350	15,062,288	12,624,199	15,329,046	29,123,990	9,989,134
Capital grants and contributions	111,554,886	115,431,033	115,230,627	107,588,437	108,620,886	102,968,134	105,153,232	113,862,456	124,928,459	124,658,792
Total business-type activities program revenues	168,017,123	157,083,518	150,602,225	144,794,907	146,735,867	140,944,842	142,399,396	150,901,861	174,583,628	182,107,497
Total primary government program revenues										
Net (Expense)/Revenue										
Governmental activities	\$ (66,285,000)	\$ (103,899,677)	\$ (136,225,017)	\$ (133,821,219)	\$ (126,029,761)	\$ (127,703,380)	\$ (124,625,166)	\$ (126,253,956)	\$ (111,648,914)	\$ (120,766,409)
Business-type activities	38,733,091	39,204,147	27,568,550	23,821,095	14,859,500	(186,040)	(10,232,142)	(20,465,669)	9,450,639	7,521,471
Total primary government net expense	\$ (27,551,909)	\$ (64,695,530)	\$ (108,656,467)	\$ (110,000,124)	\$ (111,170,261)	\$ (127,895,420)	\$ (134,857,308)	\$ (146,719,625)	\$ (102,198,275)	\$ (113,244,938)

Source: City of Cape Coral, Financial Services Department
See accompanying independent auditors' report.

CHANGES IN NET POSITION (continued)

Last Ten Fiscal Years
(accrual basis of accounting)

Schedule 2

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes, levied for general purpose	\$ 72,709,902	\$ 102,726,890	\$ 96,984,966	\$ 72,633,498	\$ 81,258,406	\$ 68,455,753	\$ 66,300,746	\$ 68,969,220	\$ 71,451,329	\$ 77,445,321
Property taxes, levied for debt service	3,373,980	1,313,051	1,266,562	948,169	-	-	-	690,036	755,178	900,184
Property taxes, other (CRA and All Hazards)	-	2,846,060	2,703,930	1,777,720	911,537	815,195	685,754	-	7,229,414	7,168,083
Public service tax	-	-	-	-	-	-	-	15,345,034	16,792,598	18,336,760
Sales ³	2,992,474	15,753,186	14,113,875	13,361,888	13,399,724	14,000,513	14,210,873	-	-	-
Half-cent sales	13,620,316	-	-	-	-	-	-	8,630,419	9,092,366	9,716,679
Fuel ⁴	1,361,609	9,656,004	8,987,485	8,604,266	8,438,785	8,322,095	8,090,870	59,659	72,845	69,298
Alcohol and beverage	46,403	48,814	56,874	73,592	57,086	59,456	72,585	-	-	-
Mobile home ⁵	1,001	-	-	-	-	-	-	-	-	-
Franchise	5,455,917	5,984,823	6,007,395	6,394,714	6,683,814	6,527,368	6,333,907	6,096,685	6,520,354	6,549,306
Communication	4,893,989	4,791,576	5,102,919	4,424,139	5,426,528	5,927,483	6,017,787	6,280,373	5,773,054	5,489,539
Gas ⁴	7,873,771	4,024,673	-	-	-	-	-	-	-	-
Interest income	2,436,801	8,227,560	2,466,668	3,963,554	2,312,707	2,053,012	2,055,480	142,344	246,807	494,208
Gain/Loss on sale of capital assets	199,665	235,476	2,201,318	-	-	-	-	-	-	-
Special items	-	8,227,560	-	-	-	-	-	-	-	-
Transfers	(3,297,822)	245,316	(1,675,508)	(750,891)	2,852,573	103,677	35,485	5,683	(4,180)	163,837
Total governmental activities	111,668,006	155,853,429	138,218,484	111,430,649	121,341,160	106,264,552	103,803,487	106,219,453	117,929,765	126,333,215
Business-type activities:										
Interest income	-	-	-	-	-	-	-	-	-	-
Transfers	3,297,822	(245,316)	1,675,508	750,891	(2,852,573)	1,056,065	1,513,268	334,105	4,180	(163,837)
Total business-type activities	3,297,822	(245,316)	1,675,508	750,891	(2,852,573)	(103,677)	(35,485)	(5,683)	4,180	(163,837)
Total primary government	\$ 114,965,828	\$ 155,608,113	\$ 139,893,992	\$ 112,181,540	\$ 118,488,587	\$ 107,216,940	\$ 105,281,270	\$ 106,547,875	\$ 117,933,945	\$ 126,169,378
Change in Net Position										
Governmental activities	\$ 45,383,006	\$ 51,953,752	\$ 1,993,467	\$ (22,390,570)	\$ (4,688,601)	\$ (21,444,828)	\$ (20,821,679)	\$ (20,034,503)	\$ 6,280,851	\$ 5,566,806
Business-type activities	42,030,913	38,958,831	29,244,058	24,571,986	12,006,927	766,348	(8,754,359)	(20,137,247)	9,454,819	7,357,634
Total primary government	\$ 87,413,919	\$ 90,912,583	\$ 31,237,525	\$ 2,181,416	\$ 7,318,326	\$ (20,678,480)	\$ (28,576,038)	\$ (40,171,750)	\$ 15,735,670	\$ 12,924,440

¹ Beginning in FY2009 the Building Division and the Waterpark were reclassified from a business-type activity to a governmental activity.² For years 2005-2007 Public Works charges for services were reported in general government.³ Beginning in FY2007 Half-cent sales tax is reported in sales tax.⁴ Beginning in FY2007 Gas Tax is reported in fuel tax.⁵ Beginning in FY2007 Mobile home is reported in charges for services.

City of Cape Coral, Florida

FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

Schedule 3

	2006	2007	2008	2009	2010	2011 ¹	2012 ¹	2013 ¹	2014 ¹	2015
General Fund										
Nonspendable	\$ 8,221,009	\$ 4,795,652	\$ 3,614,086	\$ 1,958,785	\$ 2,058,949	\$ 120,906	\$ 1,463,946	\$ 1,234,458	\$ 1,165,609	\$ 879,483
Restricted	-	6,680,309	3,223,814	921,181	5,155,447	-	-	-	-	-
Committed	-	7,350,000	7,400,000	4,400,000	4,400,000	5,400,000	5,644,358	5,504,998	4,502,186	6,169,213
Assigned	-	-	-	-	-	-	1,531,752	712,650	199,927	1,281,341
Unassigned	10,011,663	7,615,626	14,147,146	18,034,628	23,471,473	29,053,164	21,156,596	18,315,850	30,501,100	46,494,247
Total General Fund	\$ 18,232,672	\$ 26,421,587	\$ 28,385,046	\$ 25,314,594	\$ 35,085,869	\$ 34,574,070	\$ 29,796,652	\$ 25,767,956	\$ 36,368,822	\$ 54,824,284
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,190	\$ 87,732	\$ 92,302	\$ 110,351	\$ 93,869
Reserved	20,795,427	43,933,664	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
Committed	-	-	-	-	-	11,188,786	11,278,188	12,190,444	13,312,428	22,320,327
Unreserved, designated	-	-	-	-	-	-	-	-	-	-
Special Revenue Funds	-	32,572,989	19,162,976	12,561,192	29,816,396	-	-	-	-	-
Debt Service Funds	-	588,877	600,141	576,494	583,854	-	-	-	-	-
Capital Projects Funds	-	26,530,280	19,308,370	11,125,014	8,530,201	-	-	-	-	-
Unreserved, reported in:										
Special Revenue Funds	11,263,222	(1,602,793)	(1,202,123)	(2,982,708)	(1,764,088)	-	-	-	-	-
Debt Service Funds	797,619	-	-	-	-	-	-	-	-	-
Capital Improvement Funds	56,063,669	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(912,669)	(483,219)	(307,694)	(369,155)	(108,446)
Total All Other Governmental Funds	\$ 88,919,937	\$ 102,023,017	\$ 78,124,220	\$ 48,203,887	\$ 61,128,731	\$ 41,714,837	\$ 49,682,516	\$ 45,599,609	\$ 47,270,448	\$ 60,293,839

¹ Fund balance classifications have been revised due to the implementation of GASB 54 in fiscal year 2011.

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDSLast Ten Fiscal Years
(modified accrual basis of accounting)**Schedule 4**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 112,329,362	\$ 143,120,404	\$ 135,226,007	\$ 108,217,986	\$ 116,175,880	\$ 104,107,863	\$ 101,712,522	\$ 106,071,431	\$ 117,687,138	\$ 125,657,523
Special assessments	158,915	151,905	224,473	230,013	201,509	118,546	138,165	147,915	10,080,686	13,449,945
Licenses and permits	1,021,556	1,002,420	965,718	1,319,617	2,625,516	2,625,516	2,992,430	3,396,297	4,015,563	4,876,346
Intergovernmental	13,907,711	6,192,452	8,260,620	10,933,735	16,037,270	10,952,198	9,429,635	7,559,967	6,452,157	8,455,219
Charges for services	13,300,846	14,102,307	14,482,152	14,097,140	13,135,033	12,256,283	13,423,461	13,310,111	13,988,879	14,773,565
Fines and forfeitures	1,748,983	2,093,258	2,101,717	1,819,901	1,757,962	1,259,226	1,041,971	811,365	746,712	819,205
Impact fees	23,946,015	10,803,715	3,647,548	1,391,932	1,202,553	1,616,405	1,664,828	2,668,632	3,981,431	5,553,452
Rent and royalties	423,659	558,076	448,727	509,211	363,438	318,964	276,311	3,287,898	3,763,481	4,079,426
Interest income	4,934,153	7,001,077	4,763,937	2,676,476	1,378,130	888,074	1,042,212	267,079	469,754	1,013,354
Contributions and donations	299,989	51,147	54,295	61,126	109,846	270,191	288,975	253,646	264,250	277,742
Other revenue	1,132,373	1,049,663	552,698	1,366,684	1,053,240	1,392,160	3,740,640	3,954,928	2,343,858	5,621,385
Total revenues	173,203,562	186,126,424	170,727,892	142,623,821	154,201,909	140,905,426	135,751,150	141,729,169	163,793,909	184,577,162
Expenditures										
General government	23,686,949	25,279,037	28,559,663	22,760,144	21,232,646	25,984,632	22,925,185	28,029,485	36,664,982	40,382,204
Public safety:										
Police	27,535,381	32,248,087	35,851,640	38,160,407	36,639,732	35,940,838	33,576,378	35,511,381	29,742,744	31,974,963
Fire	21,360,986	23,788,557	24,742,025	24,774,802	24,531,497	26,542,275	27,711,702	28,462,946	24,848,816	26,028,314
Building	-	-	-	2,013,917	2,057,602	2,284,267	2,382,927	2,557,567	2,689,712	2,929,952
Public works	17,697,993	20,131,029	23,938,745	19,756,841	17,378,616	15,365,368	11,599,377	8,932,540	11,788,826	12,540,223
Parks and recreation	10,393,341	12,936,233	13,747,027	14,281,266	13,608,142	13,642,352	13,753,583	13,560,974	13,756,920	14,603,776
Community development	4,526,805	9,409,933	8,732,865	7,903,124	10,499,730	8,765,773	9,475,576	7,101,799	5,691,090	5,979,224
Transportation	-	-	-	-	-	-	-	-	-	-
Capital outlay	78,334,900	94,821,448	60,861,774	68,363,473	29,296,160	27,951,051	11,394,393	6,029,345	8,921,521	10,676,484
Debt service:										
Principal	5,122,789	6,439,897	7,504,937	6,798,151	5,483,753	6,409,810	6,894,790	8,530,114	8,844,063	9,497,601
Interest and fiscal charges	1,538,594	5,941,131	5,050,579	5,472,400	9,861,791	9,930,304	8,880,760	11,178,064	10,813,779	10,342,261
Bond issuance cost	-	-	-	-	-	-	-	-	101,611	483,913
Total expenditures	190,197,738	230,995,352	208,989,255	210,284,545	170,589,669	172,816,670	148,594,671	149,894,215	151,864,064	165,438,915
Excess of revenues under expenditures	(16,994,176)	(44,868,928)	(38,261,363)	(67,660,724)	(16,387,760)	(31,911,244)	(12,843,521)	(8,165,046)	11,929,845	19,138,247
Other Financing Sources (Uses)										
Transfers in	63,552,157	40,616,869	24,897,974	26,423,987	24,621,888	14,451,468	22,957,260	23,960,633	27,265,208	31,887,089
Transfers out	(67,890,949)	(40,371,553)	(28,282,365)	(23,478,193)	(23,770,218)	(14,347,791)	(10,813,421)	(23,954,950)	(27,259,388)	(31,723,252)
Refunding bonds issued	-	-	-	-	-	-	-	-	(21,371,001)	-
Issuance of debt	46,629,889	56,729,192	17,300,037	34,585,710	38,208,714	11,725,289	3,696,691	-	26,733,000	66,965,000
Premium on debt	-	-	-	-	-	-	-	-	-	4,260,306
Payment to escrow agent to refund bonds	-	-	-	-	-	-	-	-	(5,252,769)	(59,492,199)
Refunds	-	-	-	(324,797)	-	-	-	-	-	-
Insurance damage claims	-	-	-	-	-	-	8,602	21,064	-	-
Proceeds on sale of capital assets	199,665	958,855	209,061	76,356	23,495	156,585	184,650	26,696	226,810	443,662
Total other financing sources	42,490,762	57,933,363	14,124,707	37,283,063	39,083,879	11,985,551	16,033,782	53,443	341,860	12,340,606
Special Items										
Contribution due to difference in market value of land transaction	-	8,227,560	2,201,318	-	-	-	-	-	-	-
Net change in fund balances	\$ 25,496,586	\$ 21,291,995	\$ (21,935,338)	\$ (30,377,661)	\$ 22,696,119	\$ (19,925,693)	\$ 3,190,261	\$ (8,111,603)	\$ 12,271,705	\$ 31,478,853
Debt service as a percentage of noncapital expenditures	5.95%	9.09%	8.48%	8.65%	10.86%	11.28%	11.50%	13.70%	13.56%	12.82%

City of Cape Coral, Florida

IMPACT FEE REVENUE
Last Ten Fiscal Years

Schedule 5

	Governmental Activities					Business-type activities			
Fiscal Year	Fire ¹	Police ^{1,2}	Advanced Life Support ^{1,2}	Park Recreational Facilities	Road	Water	Wastewater	Irrigation	
2006	\$ 2,071,852	\$ 597	\$ 35	\$ 6,283,690	\$ 15,589,841	\$ 3,852,089	\$ 4,232,043	\$ 1,087,044	
2007	886,616	593,989	35,714	1,374,795	7,912,601	1,931,246	4,516,851	493,887	
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	2,338,035	6,435,254	1,104,473	

¹ Fire, Police and Advanced Life Support are component business units of Public Safety.

² Effective September 2006, the City started collecting police and advanced life support impact fees.

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
2006	\$ 18,219,711,530	\$ 367,826,880	\$ 4,422,231,930	\$ 14,165,306,480	5.39	\$ 18,587,538,410	76.21
2007	28,695,049,620	419,035,330	7,430,714,830	21,683,370,120	4.94	29,114,084,950	74.48
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

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	
2006	5.2787	0.1119	5.3906	3.9332	7.882	2.694	19.8998
2007	4.8787	0.0627	4.9414	3.5216	7.012	2.365	17.8400
2008	4.7698	0.0627	4.8325	3.6506	6.960	1.788	17.2311
2009	4.7698	0.0627	4.8325	3.6506	6.868	1.6935	17.0446
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	1.747	21.3828
2012	7.9570	0.0000	7.9570	3.6506	7.854	1.798	21.2597
2013	7.9570	0.0000	7.9570	3.6506	7.584	1.716	20.9077
2014	7.7070	0.0000	7.7070	4.1506	7.598	1.458	20.9136
2015	7.7070	0.0000	7.7070	4.1506	7.416	1.4144	20.6880

Source: Lee County Property Appraiser

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	2015			2006		
	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	\$ 31,350,714	1	.30 %	-		-
International Capital	21,474,027	2	.21	-		-
Freeman + Hasselwander Resort	18,963,396	3	.18	-		-
Coral Walk FL LLC	18,731,988	4	.18	\$ 33,606,000	5	.24 %
GRE Coralwood LP	17,962,955	5	.17	22,012,820	8	.16
Publix Super Markets Inc	14,008,845	6	.14	-		-
Coral Pointe Investment LLC	11,688,818	7	.11	-		-
Wal-Mart Stores East LP	11,081,720	8	.11	-		-
Cape Memorial Hospital	11,045,400	9	.11	-		-
Agybe LLC	10,934,958	10	.11	-		-
Theiman Enterprises LLC	-		-	109,077,650	1	.77
K. Hovnanian First Homes LLC	-		-	70,272,210	2	.50
Adams Homes of NW Florida, Inc.	-		-	50,042,950	3	.35
Eagle Gregory W. Trust	-		-	45,998,100	4	.32
Tarpon Point Associates LLC	-		-	24,168,260	6	.17
Sydass Investments Ltd.	-		-	23,852,350	7	.17
Windsor-Thomas Group Inc	-		-	20,976,610	9	.15
Adam Land Investments	-		-	20,050,020	10	.14
Total	<u>\$ 167,242,821</u>		<u>1.62 %</u>	<u>\$ 420,056,970</u>		<u>2.97 %</u>

¹ Source: Lee County Property Appraiser

Total taxable assessed value of Cape Coral for 2015	\$ 10,330,956,745
Total taxable assessed value of Cape Coral for 2006	\$ 14,165,306,480

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
2006	\$ 76,359,501	\$ 73,608,762	96.40 %	\$ (30,539) ³	\$ 73,578,223	96.36 %
2007	107,146,205	103,514,601	96.61	25,229	103,539,830	96.63
2008	101,441,558	97,664,523	96.28	465,382	98,129,905	96.74
2009	75,854,023	72,700,638	95.84	486,997	73,187,635	96.48
2010	83,646,270	80,145,761	95.82	238,313	80,384,074	96.10
2011	71,017,898	67,864,550	95.56	267,739	68,132,289	95.94
2012	68,164,357	65,633,185	96.29	82,371	65,715,556	96.41
2013	70,844,314	68,242,587	96.33	(40,123) ³	68,200,152	96.27
2014	73,373,091	70,741,212	96.41	9,883	70,751,095	96.43
2015	79,620,684	76,697,068	96.33	-	76,697,068	96.33

¹ Source: City of Cape Coral, Financial Services Department

² Source: Lee County Property Appraiser

Property taxes are levied on November 1 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 1 of each year, and tax certificates for the full amount of any unpaid taxes and assessments are sold at public auction prior to June 1 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	Installment Lease Purchase	Commercial Paper Obligation	Special Assessment	Revenue Bonds ²	Notes Payable ³	Special Assessment ⁴	Installment Lease Purchase				Commercial Paper Obligation
2006	\$ 4,551,655	\$ 90,298,311	\$ 1,610,574	\$ 38,312,321	\$ -	\$ 25,766,186	\$ 34,173,559	\$ 91,832,572	\$ 189,311	\$ 61,220,000	\$ 347,954,489	7.83 %	\$ 846
2007	3,067,868	122,750,095	2,913,690	26,497,436	-	213,768,163	23,167,212	167,437,338	96,922	27,928,564	587,627,288	13.25	942
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	986
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	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	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	1,535
2012	-	229,435,647	3,414,530	-	-	477,416,707	8,935,129	150,750,308	-	-	869,952,321	24.60	1,501
2013	-	221,515,976	2,840,017	-	-	469,565,055	5,780,734	140,579,667	-	-	840,281,449	21.92	1,434
2014	-	213,730,572	2,256,647	-	-	461,361,073	35,859,855	130,219,029	-	-	843,427,176	20.98	1,343
2015	-	203,703,427	13,675,000	-	1,500,000	457,847,790	68,925,322	118,933,390	-	-	864,584,929	20.64	1,338

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
2006	\$ 4,551,655	\$ 255,083	\$ 4,296,572	2.31%	\$ 26.34
2007	3,067,868	24,958	3,042,910	1.05%	18.16
2008	1,549,049	35,458	1,513,591	0.55%	8.90
2009 ⁴	-	-	-	-	-
2010 ⁴	-	-	-	-	-
2011 ⁴	-	-	-	-	-
2012 ⁴	-	-	-	-	-
2013 ⁴	-	-	-	-	-
2014 ⁴	-	-	-	-	-
2015 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, 2015

Schedule 12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Lee County	\$ 264,403,000 ¹	15.187% ²	\$ 40,154,884
City direct debt			<u>215,987,219 ³</u>
Total direct and overlapping debt			<u><u>\$ 256,142,103</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)	\$ 10,330,956,745
by the total taxable valuation of Lee County.	\$ 62,686,090,992

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				
	Net Available					Net Available				
	Operating Revenues ¹	Less: Operating Expenses ²	Revenue for Debt Services	Principal	Interest	Operating Revenues ⁵	Less: Operating Expenses ²	Revenue for Debt Service	Principal	Interest
2006	\$ 41,279,734	\$ 28,504,230	\$ 12,775,504	\$ 1,190,000	\$ 911,906	\$ 13,915,617	\$ 6,361,099	\$ 7,554,518	\$ 518,068	\$ 160,214
2007	48,981,238 ⁷	31,650,430	17,330,808	3,170,000	8,844,750	12,604,313	7,194,618	5,409,695	542,389	134,394
2008	46,910,483	35,168,911	11,741,572	3,710,000	9,595,120	12,820,251	8,118,303	4,701,948	561,922	111,861
2009	53,030,486	35,202,653	17,827,833	3,810,000	9,501,847	12,992,483	8,033,659	4,958,824	485,000	88,506
2010	63,886,074	34,499,895	29,386,179	3,915,000	15,247,558	12,927,544	9,358,232	3,569,312	505,000	69,106
2011	67,236,758	32,982,527	34,254,231	4,035,000	14,211,052	12,625,482	9,393,954	3,231,528	525,000	48,906
2012	71,703,204	34,483,112	37,220,092	5,640,000	22,290,563	11,544,704	12,243,641	(698,937) ⁸	545,000 ⁹	27,250
2013	75,862,707	36,213,510	39,649,197	6,755,000	22,379,635	12,379,372	12,221,417	157,955	-	-
2014	73,678,329	38,138,225	35,540,104	7,825,000	21,964,200	12,393,540	12,071,965	321,575	-	-
2015	77,043,774	40,442,926	36,600,848	8,395,000	21,018,222	12,404,199	11,744,731	659,468	-	-

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 \$5,014,898 of capitalized interest not shown as interest income in the segment note or fund statements.

⁸ Includes a \$978,611 one-time adjustment to reconcile the receivable to the Lee County Tax Collector outstanding amount.

⁹ 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 Capita Personal Income ³	Median Age ⁴	School Enrollment ⁵	Unemployment Rate ⁶
2006	163,126	\$ 4,445,999,130	\$ 27,255	40	17,780	2.5 %
2007	167,572	4,433,787,548	26,459	43	17,992	5.2
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

¹ Source: Lee County Economic Development (prior to 2005); City of Cape Coral Economic Development Office at fiscal year end.

² Determined by multiplying population by per capita personal income.

³ Source for years 2004-2006: Lee County Economic Development, per capita income is for entire Lee County as City of Cape Coral was not available.

Source for 2007-2012: City of Cape Coral, Economic Development, per capita income is for City of Cape Coral only.

⁴ Source: City of Cape Coral, Economic Development

⁵ Source: School District of Lee County (Excludes Charter Schools)

⁶ Source: Department of Labor, Bureau of Labor Statistics

City of Cape Coral, Florida

PRINCIPAL EMPLOYERS¹
Current Year and Nine Years Ago

Schedule 15

Employer	2015			2006		
	Employees	Rank	Percentage of Total City Employment ²	Employees	Rank	Percentage of Total City Employment ³
Lee County School District	2,455	1	3.17 %	1,969	1	2.66 %
Lee Memorial Health System	2,108	2	2.73	1,541	3	2.08
City of Cape Coral	1,291	3	1.67	1,773	2	2.40
Publix Super Market	1,288	4	1.67	913	4	1.24
Sam's/Wal-Mart	735	5	.95	718	5	0.97
Home Depot	567	6	.73	-	-	-
Regional VA Clinic	561	7	.73	-	-	-
Gulf Coast Village	424	8	.55	275	8	0.37
Cape Coral Charter School	387	9	.50	-	-	-
Lowes Home Improvement Center	315	10	.41	340	6	0.46
Marine Concepts	-	-	.00	-	-	-
McDonald's	-	-	.00	300	7	0.41
Whitney Education Group	-	-	.00	234	9	0.32
The Shopper & The Breeze	-	-	.00	211	10	0.29

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 2015 was 77,330.
Source: U.S. Department of Labor - Bureau of Labor Statistics

³ The total city employment for 2006 was 73,925.
Source: U.S. Department of Labor - Bureau of Labor Statistics

See accompanying independent auditors' report.

City of Cape Coral, Florida

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Schedule 16

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	144	199	195	124	125	119	185	128	128	138
Public Safety:										
Police	348	417	412	368	359	344	336	336	334	334
Fire	194	231	222	219	216	206	206	205	206	210
Building	163	115	27	26	26	27	28	29	29	36
Public Works ¹	174	224	228	195	154	150	78	132	137	140
Community Development	54	79	71	61	58	59	57	53	54	57
Parks and Recreation	240	250	244	180	187	190	180	193	197	209
Water and Sewer	233	216	233	269	266	260	218	236	266	279
Stormwater	92	95	92	90	114	113	104	96	96	96
Yacht Basin	3	3	3	3	2	2	2	3	3	3
Golf Course	40	38	38	36	35	36	32	32	32	32
Waterpark	50	51	51	50	67	64	60	62	62	62
Total	<u>1,735</u>	<u>1,918</u>	<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>

¹ Beginning in FY2013 Transportation was reported in Public Works.

OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Schedule 17

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Number of sworn officers	189	270	256	244	239	216	219	212	226	226
Total calls received ¹	358,873	373,241	242,584	219,785	194,688	192,289	239,686	269,161	261,436	275,478
Number of crime scenes processed by evidence technician	573	785	831	1,019	648	704	635	814	827	950
Traffic citations issued (all units)	24,974	27,106	25,590	26,117	23,480	18,256	9,797	10,277	10,277	8,806
Vice, intelligence and narcotics arrests	861	1,308	1,061	1,490	1,055	893	719	820	906	835
Fire										
Number of firefighters and officers	177	181	191	188	192	192	192	191	191	198
Calls for service	16,480	16,099	16,943	17,458	18,127	18,718	19,372	19,652	19,672	20,321
Inspections	7,108	8,516	6,784	7,000	6,747	5,274	7,978	6,757	5,599	8,092
Public Works										
Tons of debris collected and disposed of	1,286	604	840	972	13,486	614	112	154	74	160
Lane miles of road surface restored	135	111	57	14	6	42	34	15	59	21
Community Development										
Contacts (counter and telephone)	23,965	19,173	21,592	27,487	24,388	52,715	58,292	48,520	49,758	51,023
Certificates of use	759	837	535	670	661	643	602	610	596	585
Sign permits issued	542	482	329	423	423	260	251	250	259	645
Parks and Recreation										
Programs held at art studio	170	211	234	193	184	366	486	413	390	435
Sessions held for aquatics	152	144	205	46	64	89	114	133	128	127
Senior centers memberships	1,285	1,285	1,564	1,094	941	917	751	758	707	751
Transportation program-total miles driven	79,579	75,881	76,716	75,336	73,418	76,730	94,533	87,197	115,000	85,173
Transportation										
Signs made	13,240	14,120	14,392	12,587	4,706	3,133	3,745	4,620	4,178	5,695
Centerline miles of roadway striped annually	293	443	721	553	453	705	555	389	493	767
Water and Sewer										
Finished water pumped to system (millions of gallons)	4,461	4,026	3,572	3,161	3,488	3,519	3,542	3,435	3,516	3,644
Dry tons of bio-solids generated	2,097	1,888	2,140	2,291	1,914	6,889	1,906	1,772	1,789	1,763
Stormwater Utility										
Cubic yards dredged from canals	183,092	176,030	124,440	150,646	120,732	90,073	38,325	41,073	28,945	45,605
Swale requests received	505	416	567	742	706	652	711	409	247	346
Swale regraded (Square Feet)	1,007,020	1,581,186	2,190,017	2,163,310	2,360,047	2,060,663	1,311,430	1,516,353	1,541,520	1,326,156
Building Division										
Total inspections	269,789	128,126	43,088	31,584	43,750	46,573	33,779	35,877	64,686	83,536
Permits issued	59,113	30,094	15,620	12,217	12,574	12,237	13,603	19,983	19,300	22,019
Yacht Basin										
Average annual slip rentals	89	89	78	63	63	69	69	90	76	69
Golf Course										
Rounds played	60,897	61,616	62,994	62,355	59,888	60,751	62,550	61,974	58,735	57,390
Waterpark										
Admissions	155,431	130,330	145,879	154,099	151,562	131,364	113,267	107,699	113,358	116,293

¹ FY2010 and FY2011 actual counts can not be determined due to system software error.

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Schedule 18

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	8	9	11	11	11	10	10	10	10	11
Public Works										
Paved alleys (miles)	12	12	12	12	12	12	12	12	12	12
Sidewalks (miles)	74	134	143	164	184	190	194	194	202	209
Parks and Recreation										
City owned developed parks	25	26	29	30	30	30	34	34	34	34
Number of developed acres	348	367	387	401	401	401	405	409	409	409
City owned undeveloped parks	25	24	21	20	20	20	24	24	24	24
Number of undeveloped acres	1,061	1,075	1,083	1,085	1,086	1,086	1,094	1,095	1,095	1,098
City owned senior centers	2	2	2	2	2	2	2	2	2	2
City owned boat launches, locks, and lifts ⁴	7	7	7	8	12	10	11	22	22	22
Transportation										
Paved streets (lane miles) ³	3,111	3,111	3,111	3,111	3,115	3,123	3,157	3,047	3,047	3,047
Water and Sewer										
Number of water connections	50,138	50,345	51,829	53,777	55,468	55,343	55,591	55,790	56,522	56,215
Number of sewer connections	45,769	48,254	49,889	51,962	53,533	54,069	54,193	54,222	54,678	56,899
Miles of water distribution	701	732	855	855	848	849	849	853	856	907
Stormwater										
Stormwater drainage pipes (miles)	519	509	521	518	528	519	510	514	517	519
Swales (miles) ¹	2,897	3,680	6,732	6,732	3,363	3,363	3,363	3,363	3,363	3,363
Catch basins ²	22,727	22,383	22,889	22,927	22,961	22,994	22,725	22,767	22,894	22,940
Yacht Basin										
Boat slips	93	93	93	108	112	108	93	112	112	112
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 2004 included all outfalls, ditch outlets and other stormwater points or connections. Starting in year 2005, the City has Geographic Information Systems (GIS) which can query on the individual items to be counted that are actual maintenance structures such as storm drain inlets.

³ Year 2013 Cartograph report excluded bike paths and vacations of roads and included road widening and new roads.

⁴ Year 2013 included both improved and unimproved boat launches.

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 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 (the City) as of and for the year ended September 30, 2015, 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 30, 2016. The financial statements of the discretely presented component unit as of and for the year ended June 30, 2015 were audited by us. We issued a separate report dated November 13, 2015. 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. Our report includes a reference to other auditors who audited the financial statements of the Municipal General Employees' Pension Plan, the Municipal Police Officers' Pension Plan, and the Municipal Firefighters' Pension Plan as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs we identified certain deficiencies in internal control that we consider to be a material weakness.

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

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. We consider the deficiencies described as item 2015-001 in the accompanying schedule of findings and questioned costs to be a material weakness.

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 of Cape Coral, Florida's Response to Finding

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 30, 2016

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 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

We have audited the City of Cape Coral, Florida's (City) compliance with the types of compliance requirements described in OMB Circular A-133 *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, 2015. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133 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.

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.

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

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, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2015-002. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs was not subjected to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

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 OMB Circular A-133 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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 were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 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. We consider the deficiencies in internal control over compliance as described in the accompanying schedule of findings and questioned costs as item 2015-002 to be a material weakness.

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

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-003 and 2015-004 to be significant deficiencies.

The City's response to the internal control over compliance findings identified in our audit are 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 compliance and, accordingly, we express no opinion on that response.

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 result of that testing based on the requirements of OMB Circular A-133 and Chapter 10.550. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Fort Myers, Florida
March 30, 2016

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2015

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	B14MC120027	\$ 834,792	\$ 719,467
		B13MC120027	350,336	349,134
Neighborhood Stabilization Program (NSP-1)		B08MN120003	547,998	284,141
Neighborhood Stabilization Program (NSP-3)		B09MN120003	110,145	84,379
			<u>1,843,271</u>	<u>1,437,121</u>
U.S. DEPARTMENT OF JUSTICE:				
Office of Justice Programs (OJP):				
JAG Program Cluster				
Edward Byrne Justice Assistance Grant (JAG) FY15	16.738	2014-DJ-BX-0113	18,728	
Equipment and Technology Grant	16.738	2015-JAGC-LEE-3-R3-095	43,333	
SWAT Tactical Vests Grant	16.738	2015-JAGC-LEE-7-D7-257	13,480	
			<u>75,541</u>	
Joint Law Enforcement Operations Equitable Sharing	16.922	FL0360200	110,306	
<i>Passed-Through State of Florida, Office of the Attorney General</i>				
Victims of Crime Act (VOCA) 2014-15	16.575	V149-14284	88,060	
			<u>2,117,178</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>193,970</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				
Oasis Boulevard Sidewalks	20.205	428111-1-58-01	177,867	
Chiquita Boulevard Sidewalks	20.205	430890-1-58-01	645,213	
Cape Coral Parkway Sidewalks	20.205	430891-1-58-01	339,911	
Wildwood Parkway Sidewalks	20.205	433231-1-58-01	2,120	
			<u>1,165,111</u>	
National Highway Traffic Safety Administration:				
<i>Passed-Through State of Florida, Department of Transportation:</i>				
FDOT Impaired Driving Enforcement	20.616	M5HVE-15-06-19	40,644	
Federal Motor Carrier Safety Administration:				
<i>Passed-Through State of Florida, Department of Highway Safety and Motor Vehicles:</i>				
Safety Data Improvement Project	20.234	FM-SAD-0039-14-01-00	<u>28,001</u>	
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,544,904</u>	<u>\$ 1,437,121</u>

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (continued)**
For the Year Ended September 30, 2015

<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.)	52.901	N/A	\$ 509,003	\$ 467,375
STATE OF FLORIDA, DIVISION OF EMERGENCY MANAGEMENT:				
Residential Construction Mitigation Program (RCMP)	31.066	RCMP2015-002	\$ 6,649	\$ 5,325
STATE OF FLORIDA, AGENCY FOR PERSONS WITH DISABILITIES:				
Association for the Development of the Exceptional:				
Transportation Services	67.006	N/A	37,934	
			37,934	
STATE OF FLORIDA, DEPARTMENT OF ENVIRONMENTAL PROTECTION				
State Revolving Fund Program				
Clean Water State Revolving Fund	37.077	WW360100	12,806,705	
Drinking Water State Revolving Fund	37.076	DW360103	2,812,329	
			15,619,034	
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			16,172,620	472,700
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			\$ 19,717,524	\$ 1,909,821

The notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

September 30, 2015

NOTE 1. PURPOSE OF THE SCHEDULE

The 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 the Office of Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations* and by Chapter 691-5, Rules of the Florida Department of Financial Services, Florida Administrative Code, and *Schedule of Expenditures of State Financial Assistance*.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

Federal Financial Assistance – Pursuant to the Single Audit Act of 1984 (Public Law 98-502), the Single Audit Act Amendments of 1996 (Public Law 104-156), and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, that nonfederal entities receive or administer, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property interest subsidies, insurance, or direct appropriations.

State Financial Assistance – Pursuant to Florida Single Audit Act (Section 215.97, Florida Statutes) and Chapter 691-5, Rules of the Florida Department of Financial Services, Florida Administrative Code, state financial assistance is defined as assistance from state resources, not including federal financial assistance and state matching, provided to nonstate entities to carry out a state project. State Financial Assistance includes all types of state assistance as stated in the rules of the Department of Financial Services, established in consultation with the Comptroller and appropriate state agencies that provide state financial assistance. It includes state financial assistance provided directly by state awarding agencies or indirectly by recipients of state awards or subrecipients. It does not include procurement contracts used to buy goods or services from vendors.

Catalog of Federal Domestic Assistance – OMB Circular A-133 requires the Schedule to present the total expenditures for each of the City's federal financial assistance programs as identified in the Catalog of Federal Domestic Assistance (CFDA). The CFDA is a government-wide compendium of individual federal programs. Federal financial assistance programs that have not been assigned a CFDA number are indicated with an "N/A."

Catalog of State Financial Assistance – Chapter 691-5, Rules of the Florida Department of Financial Services, Florida Administrative Code requires the Schedule to present the total state financial assistance expended for each individual state project as identified in the Catalog of State Financial Assistance (CSFA). The CSFA is a comprehensive listing of state projects. State financial assistance projects that have not been assigned a CSFA number are indicated with an "N/A."

B. Type A and Type B Programs

The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish the levels of expenditures to be used in defining Type A and Type B federal financial assistance programs. Type A assistance programs for the City of Cape Coral are those programs that exceeded \$300,000 for federal assistance and \$300,000 for state projects for the year ended September 30, 2015.

All local governments that expend \$500,000 or more a year in federal financial assistance for fiscal years beginning before January 1, 2015 must undergo a single audit conducted in compliance with OMB Circular A-133.

Each nonstate entity that expends a total amount of state financial assistance equal to or in excess of \$500,000 in fiscal years beginning before January 1, 2015 is required to have a state single audit for such fiscal year in accordance with the requirements of the Florida Single Audit Act (Section 215.97, Florida Statutes).

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

September 30, 2015

C. Reporting Entity

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.

D. Basis of Accounting

Expenditures included in the Schedule are reported using the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for enterprise funds as defined in Note I to the basic financial statements.

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	\$ 1,068,601
Neighborhood Stabilization Program	14.218	368,520
		<u>\$ 1,437,121</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.)	52.901	\$ 467,375
Residential Construction Mitigation Program (R.C.M.P.)	31.066	5,325
		<u>\$ 472,700</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**
September 30, 2015

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	\$ 232,246
Special Revenue Funds:	
Community Development Block Grant (CDBG)	1,185,128
HUD Neighborhood Stabilization	658,143
Parks and Recreation - Special Populations	193,970
Department of Justice Joint Law Enforcement Operations	110,306
Capital Improvement Funds:	
Transportation - Sidewalk Construction	1,165,111
	<u><u>\$ 3,544,904</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	\$ 37,934
Local Housing Assistance Fund - State Housing	
Initiatives Partnership Program (S.H.I.P)	509,003
Residential Construction Mitigation Program	6,649
Capital Improvement Funds:	
Water and Sewer - Utility Extension Project	15,619,034
	<u><u>\$ 16,172,620</u></u>

**CITY OF CAPE CORAL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended September 30, 2015

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) No

Noncompliance material to financial statements noted? No

Federal Awards Section

Internal control over compliance:

Material weakness identified? Yes

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 OMB Circular A-133, Section 510 (a) Yes

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
14.218	Community Development Block Grants/Entitlement Grants

Dollar threshold used to determine Type A Federal programs \$300,000

Auditee qualified as low-risk auditee? Yes

**CITY OF CAPE CORAL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended September 30, 2015

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) 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 state requirements? No

Identification of major state projects:

CFDA Number	Name of Federal Program or Cluster
37.076	Drinking Water Facility Construction
37.077	Wastewater Treatment Facility Construction
52.901	State Housing Initiatives Partnership Program

Dollar threshold used to determine Type A State projects \$485,179

Part II - Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting in a Circular A-133 audit.

2015-001 Audit Adjustments

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Criteria

City management is responsible for establishing and maintaining internal controls for the proper recording of all the City's transactions.

**CITY OF CAPE CORAL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended September 30, 2015

Condition

As part of our audit we proposed adjustments to revise the City's books at year-end. These adjustments included the correction of the water and sewer allowance for uncollectible accounts and the correction for reporting the proceeds from a sale of a capital asset that were recorded as a deposit liability in the Transportation fund and the recognition of the sale of the capital asset.

Cause

Internal review of the City's financial statements did not identify these misstatements.

Effect

Water and sewer accounts receivable, allowance of uncollectible accounts and related revenues were materially misstated. Transportation fund liabilities and revenues were materially misstated. Capital Assets in the Government Wide statement of net position were misstated.

Recommendation

We recommend that management enhance its review over journal entries to ensure that all adjustments are accurate. We also recommend that management enhance its communication of the sale of capital assets.

Views of Responsible Officials and Corrective Action Plan

Land Capital Asset: Management has communicated to staff that all land transactions require a purchase, transfer, or retirement of real estate form completed. In addition, the real estate division will review the land capital listing for accuracy on a routine basis.

Journal Entries: Staff will provide proof of general ledger balances with pending transactions as part of the journal entry support for transactions that this is possible. In addition, staff will review balances to ensure that balances are accurate.

Part III - Findings and Questioned Costs – Major Federal Programs

This section identifies the audit findings required to be reported by Section 501(a) of Circular A-133 as well as any abuse finding involving federal awards that is material to a major program.

2015-002 Subrecipient Monitoring

Federal Program Information

U.S. Department of Housing and Urban Development
CFDA 14.218 Community Development Block Grants/Entitlement Grants
Grant Award Number: B-13-MC-12-0027/B-14-MC-12-0027
Contract Year: FY 2015

**CITY OF CAPE CORAL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended September 30, 2015

Type of Finding:

- Material Weakness in Internal Control over Compliance
- Compliance

Criteria

According to 24 CFR 85.36, non-federal entities are prohibited from contracting or making sub awards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. The non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded.

Context and Condition

There was no procurement suspension or debarment statement signed by any of the subrecipients or review of the federal excluded parties listing system by the City for each of the 6 subrecipients under the grant.

Questioned Costs

None

Cause

The City entered into 4 subrecipient agreements during the year and did not verify the subrecipients were not suspended or debarred.

Effect

The lack of effective controls could result in questioned costs.

Recommendation

We recommend the City implement procedures to ensure that all individuals responsible for the administration of the grants are educated on grant requirements and that projects adhere to the suspension and debarment requirement.

Views of Responsible Officials and Corrective Action Plan

Actions planned in response to finding: The Housing Coordinator will review all subrecipients for suspension or debarment prior to the contract being signed. A printout showing results will be required to be included in the vendor file.

Responsible party: Amy Yearsley Thomas, Housing Coordinator

Planned completion date for corrective action plan: March 31, 2016

Plan to monitor completion of corrective action plan: The grant accountant will verify that the printout is part of the vendor file before the final contract is signed.

**CITY OF CAPE CORAL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended September 30, 2015

2015-003 Allowable Costs

Federal Program Information

U.S. Department of Housing and Urban Development
CFDA 14.218 Community Development Block Grants/Entitlement Grants
Grant Award Number: B-13-MC-12-0027/B-14-MC-12-0027
Contract Year: FY 2015

Type of Finding:

- Significant Deficiency in Internal Control over Compliance

Criteria

Costs that benefit more than one funding stream are considered to be indirect costs and must be allocated to the various grants benefited in a reasonable and consistent manner. Management is responsible for designing and implementing controls that ensure compliance with the requirements of OMB Circular A-87.

Context and Condition

We noted two errors in grant wage allocations out of a sample of 24.

Questioned Costs

None

Cause

The City began allocating all of the wages for two employees within the Department of Community Development to the CDBG grant then journaling out the allocation of wages attributable to other grants based on a manual worksheet summarizing employees' timesheet and wages. The errors were missed during final review.

Effect

The total amount of errors noted was less than \$10,000. However, the lack of effective controls could result in questioned costs.

Recommendation

We recommend the City implement a procedure to closely evaluate the timesheet data and the grant allocations prior to posting.

**CITY OF CAPE CORAL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended September 30, 2015

Views of Responsible Officials and Corrective Action Plan

Actions planned in response to finding: Accounting has made the following changes to the payroll split process: 1) the two Department of Community Development employees home base business unit has been changed from CDBG to an allocation business unit; 2) there will be another review of the split before posting and instruction has been given to the secondary posting person while the senior accounting manager is out of the office; 3) the allocation worksheet has been locked so that formulas can't be changed; 4) summary payroll total by each employee are attached to the journal entry and will be reconciled to the allocation worksheet; and 5) the new split business unit will be monitored to ensure that balances are zero.

Responsible party: Cossette Burgos, Senior Accountant

Planned completion date for corrective action plan: March 31, 2016

Plan to monitor completion of corrective action plan: The grant accountant will reconcile any balances in the allocation business unit.

Part IV –Findings and Questioned Costs – Major State Projects

This section identifies the audit findings required to be reported under Rule 10.554(1)(l)4, Rules of the Auditor General.

2015-004 Allowable Costs

State Program Information

Florida Housing Finance Corporation

CFSA A 52.901 State Housing Initiatives Partnership (SHIP) Program

Grant Award Number: City of Cape Coral

Contract Year: FY 2015

Type of Finding:

- Significant Deficiency in Internal Control over Compliance

Criteria

The salary allocated to SHIP administrative expenditures of any employee shall reflect activities involving administration of the SHIP program; no SHIP program funds are permitted to be expended for the administration of activities not involving SHIP funds.

Context and Condition

We noted one error in grant wage allocations out of a sample of 9.

Questioned Costs

None

**CITY OF CAPE CORAL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended September 30, 2015

Cause

The City began allocating all of the wages for two employees within the Department of Community Development to the CDBG grant then journaling out the allocation of wages attributable to other grants based on a manual worksheet summarizing employees' timesheet and wages. The errors were missed during final review.

Effect

The total amount of error noted was less than \$10,000. However, the lack of effective controls could result in questioned costs.

Recommendation

We recommend the City implement a procedure to closely evaluate the timesheet data and the grant allocations prior to posting.

Views of Responsible Officials and Corrective Action Plan

Actions planned in response to finding: Accounting has made the following changes to the payroll split process: 1) the two Department of Community Development employees home base business unit has been changed from CDBG to an allocation business unit; 2) there will be another review of the split before posting and instruction has been given to the secondary posting person while the senior accounting manager is out of the office; 3) the allocation worksheet has been locked so that formulas can't be changed; 4) summary payroll total by each employee are attached to the journal entry and will be reconciled to the allocation worksheet; and 5) grant accountant will monitor the new split business unit to ensure that balances are zero.

Responsible party: Cossette Burgos, Senior Accountant

Planned completion date for corrective action plan: March 31, 2016

Plan to monitor completion of corrective action plan: The grant accountant will reconcile any balances in the allocation business unit.

**CITY OF CAPE CORAL, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

Year Ended September 30, 2015

2014-002 Reporting Requirements

Federal Program Information

U.S. Department of Housing and Urban Development
CFDA 14.218 Community Development Block Grants/Entitlement Grants
Grant Award Number: B-13-MC-12-0027
Contract Year: FY 2014

Context and Condition

We noted one financial report (SF 425 Federal Cash Transaction Report) out of a sample of seven reports that was not remitted timely.

Recommendation

We recommended that, to overcome potential staffing resource issues, the City should identify alternate individual(s) to be assigned the responsibility of preparing and remitting these reports as a backup resource. Proper training should be conducted to ensure that the alternate can accurately and timely fulfill the necessary reporting requirements.

Current Status

Corrective action was taken.

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, 2015, and have issued our report thereon dated March 30, 2016.

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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; 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*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 30, 2016, 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. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. See Appendix A.

Official Title and Legal Authority

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

Financial Condition

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

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

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2015, 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, 2015. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

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

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. Our current year recommendations are listed in Appendix B to this Management Letter.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

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 30, 2016

CITY OF CAPE CORAL, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2015

APPENDIX A– PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Prior Year Findings		Current Year Status		
Finding Reference #	Comment	Cleared	Partially Cleared	Not Cleared
MLC 2014-001	Permit Fee Modification		X	
MLC 2014-002	Cashiering Functions	X		
MLC 2014-003	Payment Processing: Access Restrictions	X		
MLC 2014-004	Review of Monthly Cash Reconciliations	X		
MLC 2014-005	Check Request Approval Process	X		
MLC 2014-006	Capital Asset Inventory Process	X		
MLC 2014-007	Direct Purchase Orders	X		

CITY OF CAPE CORAL, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2015

APPENDIX B– RECOMMENDATIONS TO IMPROVE FINANCIAL MANAGEMENT

MLC 2014-001 Permit Fee Modification

Criteria

For new occupancy permits, inspections, and other similar fee-generating services, applications are submitted with appropriate documentation, routed to the appropriate departments (such as utilities, fire services, and code enforcement) for review and approval, and then assigned applicable fees based upon predetermined criteria.

Condition

There appears to be a lack of adequate internal controls in place to prevent or detect a deletion or a modification of assigned department level fees that could occur subsequent to the review process but prior to customer receipt and payment. Thus, fees associated with these services could be altered without requisite approval and authorization prior to presenting to a customer.

Cause

There are currently no restrictions on employee access to add, delete, or modify fees within a permit application that has already completed the review and approval stage.

Effect

Permit and inspection revenues are susceptible to misstatement, either by error or fraud, if the fees can be removed or altered by an employee prior to payment at the cashiering station.

Recommendation

We recommend that the City either remove, or at least restrict to only authorized individuals, the ability to initiate any changes to permit applications after the departmental review and approval process has been completed. Any necessary changes subsequent to that process should be accompanied by sufficient supporting documentation and also should be prepared and approved by only authorized individuals.

Management's Response

FY2014 Response: Management will develop a procedure(s) to restrict access by unauthorized staff members to change or alter permit applications and permit fee assessments prior to issuance of a final permit and/or development order from the Community Development Department.

Central Billing Services (CBS) has a report (the split and combine report) that runs daily and is emailed to a select group of users. This report runs through all utility related fees (CIAC, Impact, Meter Fees, etc.) and identifies any instance where an unpaid fee is changed prior to permit issuance. This report was requested by CBS in an effort to identify any occurrence where a fee is changing. This report is monitored daily by the Assessment & Billing Manager.

FY2015 Update: The Department of Community Development did not implement a corrective action during FY2015. The Customer Billing Services Division (CBS) took corrective action by utilizing (the split and combine report) that runs daily and is emailed to the Assessment & Billing Manager and the Assessment Supervisor daily for review. The report is reviewed daily, printed and retained for review.

CITY OF CAPE CORAL, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2015

APPENDIX B– RECOMMENDATIONS TO IMPROVE FINANCIAL MANAGEMENT

FY2015 Update Response: During FY2016, DCD began to review and expects to make changes to limit the number of employees who can make changes to permit applications after the departmental review and approval process has been completed. Other changes have been implemented subsequent to the FY2015 audit in regards to the ability to issue a permit without payment.

MLC 2015-001 Purchases Exceeded Approved Amount

Criteria

Invoice processors can only increase an open purchase order by 10%; however, the amount can not exceed \$50. A change order is required for increases over \$50.

Condition

We observed 33 instances of payments made in excess of the approved purchase order by an amount of \$50 or greater. Furthermore, 10 of the 33 payments exceeded the approved purchase order by an amount greater than 10%.

Cause

There are currently no specific reviews to ensure the actual payments charged against purchase orders do not exceed the amount approved.

Effect

Purchases can be made in excess of the approved amount.

Recommendation

We recommend that actual payments be periodically monitored and compared against the amount on the approved purchase order.

Management's Response

The Invoice Processing Standard Operating Guide was updated to ensure a clear understanding of when and how an open purchase order can exceed its' original amount. All certified agency buyers, invoice processors, accounts payable staff, and procurement staff were notified of the clarification. The guide now states: Invoice Processors can only process invoices greater than the amount that remains on an Open Purchase Order by the lesser of 10% or \$50.00. This rule only applies to open dollar Purchase Order amounts and not to quantity based Purchase Orders. Invoices that do not meet the rule above require a change order through Procurement.

The accounts payable staff has implemented the following actions: the Voucher Journal Report that accompanies invoices that were processed in each batch will be reviewed. If the policy is not followed and found before payment, the invoice and Purchase Order will be sent back to the department with a note explaining why it is being returned. As part of this review, the accounts payable staff will note on the Voucher Journal Report to inform the accounts payable supervisor when the Purchase Order has more than 1 line and it is not related to the exceeding Purchase Order rule.

CITY OF CAPE CORAL, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2015

APPENDIX B– RECOMMENDATIONS TO IMPROVE FINANCIAL MANAGEMENT

The Accounts Payable Supervisor will monitor the invoice/purchase order activity using the Idea Software program to find the variances that exceed stated policy guidelines. All instances of noncompliance will be sent to the Procurement Manager so that the policy can be reinforced with the Certified Agency Buyers and invoice processors.

MLC 2015-002 Review of Stormwater Assessment Rolls

Criteria

Properly designed internal control includes the review of significant items by someone independent of the preparation process to assure completeness and accuracy of information. Such reviews should also be formally documented by those performing them.

Condition

It was noted that there is no documentation that a formal review is performed of the completeness and accuracy of the property roll used for stormwater assessments prior to submission to the Tax Collector.

Cause

There are no written policies and procedures for supervisory reviews to ensure the completeness of the stormwater assessment rolls submitted to the Tax Collector.

Effect

Due to changes that can occur relating to properties that may be subject to the stormwater assessment (such as unimproved to improved, demolition and property splits or combinations), special assessment revenue may be misstatement if the assessment rolls are incomplete or contain incorrect data.

Recommendation

We recommend that management implement written policies and procedures to enhance its internal control over the stormwater assessment roll.

Management's Response

Customer Billing Services management will develop a procedure to account for all changes in the stormwater database. These changes will be reviewed prior to the annual tax billing by either the Assessment Supervisor or the Assessment & Billing Manager.

A reconciliation workbook will be created on the stormwater shared drive that will start with the total amount of ERUs billed to the tax collector for the fiscal year. The stormwater clerk will net the changes to ERUs on the reconciliation sheet. Supporting documentation will be saved as backup. Prior to the next annual stormwater billing, either the Assessment Supervisor or the Billing & Assessment Manager will verify the changes.

**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, 2015. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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



CliftonLarsonAllen LLP

Fort Myers, Florida
March 30, 2016

