



The City of Cape Coral
Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2016

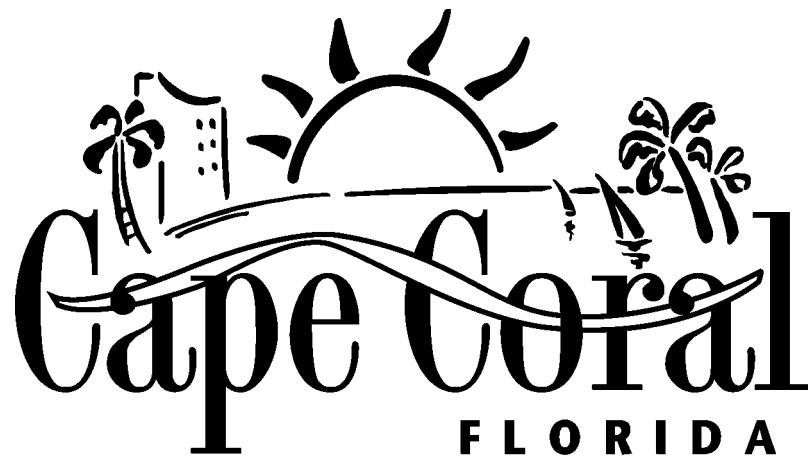
COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Cape Coral, Florida
For the Fiscal Year Ended
September 30, 2016



Prepared by:

Financial Services Department



CITY OF CAPE CORAL, FLORIDA

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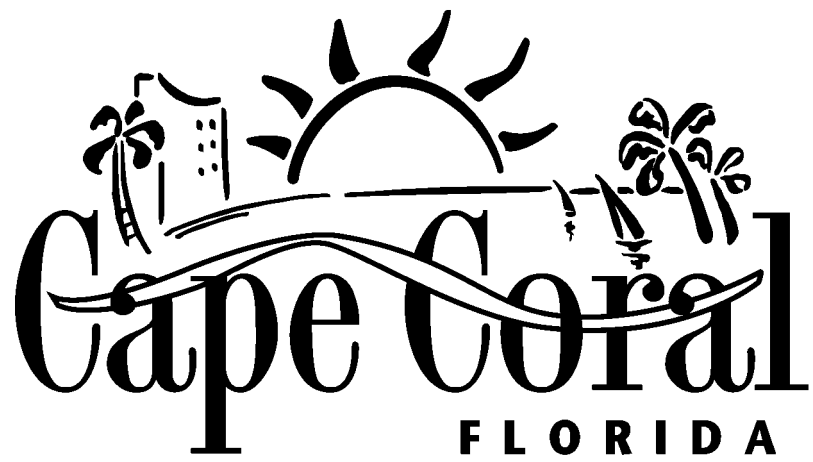
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Introductory Section



March 31, 2017

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, 2016. 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, 2016 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 168,425 making it the most populated city in Southwest Florida and tenth most populous in the state.



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

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

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

The City Council is required to adopt a final budget no later than the close of the preceding fiscal year to which the budget applies. Amendments to the City's operating budget in which appropriations are increased or decreased, or transfers between funds, must be approved by City Council via ordinance changes and include public input. The City Charter authorizes the City Manager to transfer appropriations within an operating department of the general fund and within the fund as a whole for all other funds. Transfers are reviewed and processed by the budget staff and approved by the City Manager when required by administrative policy.

LOCAL ECONOMY

New housing and commercial development in Cape Coral continues to grow at a rapid pace. New single family residential building permits were up by 36.6% over last year with a total dollar volume of \$383.9 million. The population continues to rise and has increased by over 3.3% since the 2010 U.S. census.

The number of new commercial building permits increased by 17.7% from 2015 to 2016 and the commercial tax base has increased from 8% to 12% of total tax base in Cape Coral. Forbes reports that the Cape Coral MSA had a 25.7% increase in new jobs since 2010, one of the highest rates in the U.S. Forbes also projects that Cape Coral will be one of the fastest growing cities in the U.S. over the next decade.

Caldwell & Kerr Advertising has relocated its headquarters to Cape Coral bringing in 175 jobs. They will be adding a full production studio on site and expect to double their employment level by the end of 2017. Florida Cancer Specialists are building a new \$5 million 27,000 square foot facility on Pine Island Road. A new 36,000 square foot conference center is under construction at the Westin Resort. The \$15 million project is scheduled to open by early 2018. Two new car dealerships are coming to Pine Island Road in 2017.

Cape Coral has been growing its manufacturing base and is adding the new 25 acre Kismet Industrial Park in 2017. A new German company, ESA Tubing Inc. is establishing their U.S. operations in Cape Coral and hiring 15 employees. They expect to begin operations in January 2017. Two new assisted living facilities are under construction or in permitting right now. Gulf Coast Village's new \$11.5 Palmview ALF/Memory Care Project is under construction. This is phase one of an overall \$79 million development on a former city owned parking lot. Liberty Village will begin construction on its \$7 million facility in early 2017.

Entrada, a new gated community in the NE Cape by DR Horton is in permitting. This development features 740 single family residences. The City is developing an Economic Development Master Plan for the future commercial buildout of the City.

The total taxable assessed property value in Cape Coral was \$10,330,956,745; \$11,120,507,186; and \$12,044,983,615 in fiscal years 2015, 2016 and 2017 respectively. The total taxable assessed property value increased 7.65% from fiscal year 2015 to 2016, and increased 8.31% from fiscal year 2016 to 2017. The total includes new construction of \$114,639,280, \$185,037,351, and \$232,341,287 in fiscal years 2015, 2016, and 2017 respectively.

The change in the taxable value of property on an annual basis is always a primary concern for the City as the receipts from the related ad valorem taxes provides the majority of the general fund's operating revenue. Fiscal year 2016 general fund ad valorem receipts of \$75,239,444 represents 51% 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. The City's revenue diversification initiative included the adoption of the Fire Service Assessment implemented in 2014 and generated \$21.7 million along with the Public Service Tax, which generated \$7.3 million during fiscal year 2016.

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 168,425, which is 3.3% 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 36.6% higher than our 2015 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 widening of Burnt Store Road which started in 2015. The widening will occur in three phases, the north portion of Burnt Store Road will be completed first, then the middle and finally the southern phase. The Florida Department of transportation is overseeing this work as Burnt Store Road is a State road.
- ◆ The Utilities Expansion Program (UEP) is moving forward, as SW 6&7 is completed and North 2 bidding is underway with construction slated to start in the spring of 2017 with completion approximately two (2) years later. The City has applied for the State Revolving Fund (SRF) loan for North 2 construction estimated to cost about \$220 million. The City has currently been placed on the priority list, has submitted the loan application for the SSRF loan, and is awaiting approval which is anticipated to occur in March.

LONG-TERM FINANCIAL PLANNING

A significant measure of the City's financial strength is the level of its fund balances (i.e. the accumulation of revenues exceeding expenditures). The general fund's fund balance decreased by \$4,279,107 or 7.8% from prior year primarily due to vehicle and equipment purchases that were approved in fiscal year 2015 but not actually acquired until fiscal year 2016. The City planned on building reserves during the previous fiscal year in anticipation of funding capital acquisitions in subsequent years.

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

STRATEGIC PLANNING

Mission Statement

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

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

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

ability to finance these programs and remain in compliance with the Comprehensive Plan will be a major directive in future City budgets.

RELEVANT FINANCIAL POLICIES

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

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

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

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

MAJOR INITIATIVES

The millage rate for General Fund operations for FY 2016 was 6.9570; the FY 2017 Adopted rate was reduced by 0.207 to 6.75 as planned for during FY 2015 as part of the three year rolling budget.

The current five year CIP for all funds includes approximately \$94.4 million of capital improvements scheduled in FY2017, of which \$53.3 million is for the UEP, \$21.8 million for utility facilities, \$9.5 million for transportation, \$2.5 million for stormwater, and \$7.3 million for fire station and fleet maintenance facility construction.

The UEP was restarted in FY 2012, the Southwest 6 and 7 areas are substantially completed. This included construction of water, sewer, and irrigation service capacity to nearly 7,000 lots including 3,500 households. The North 2 project is currently in the bidding phase with Construction starting in the spring of 2017 estimated costs right around \$220 million, the majority of which is financed through the State Revolving Fund (SRF) loan program. The North 2 area will provide water, sewer and irrigation service capacity to 8,700 lots including 3,300 households.

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, 2015. This is the 30th consecutive year that the City has achieved this prestigious award.

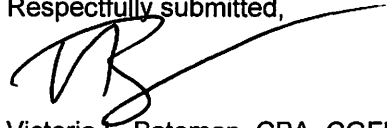
In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

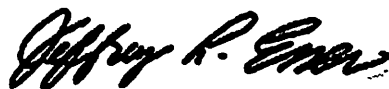
**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Cape Coral
Florida**

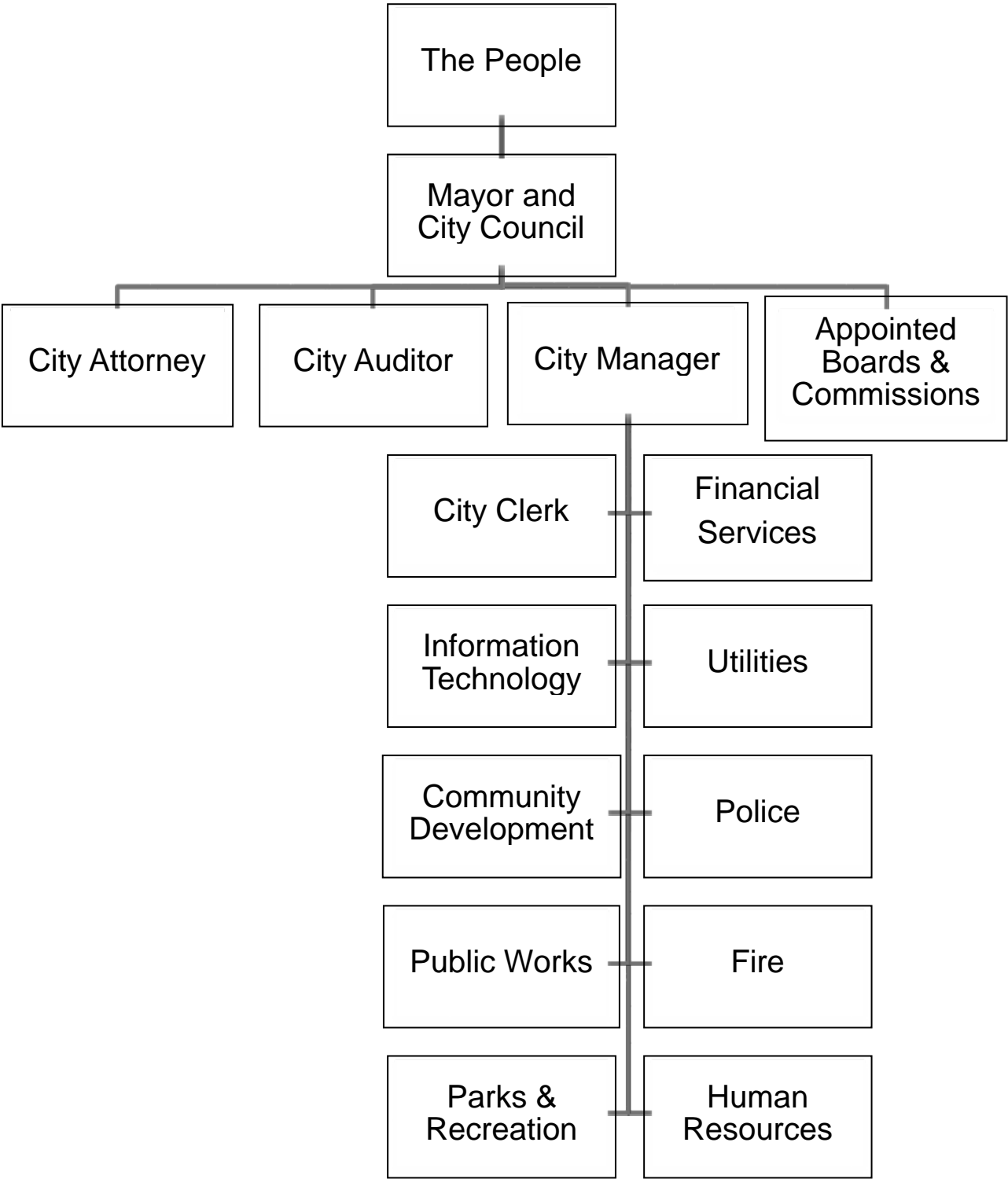
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015



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

David Newlan, Chief of Police

Paul Clinghan, 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 Sonogo, Human Resources Director

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

Financial Section

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cape Coral, Florida (City), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

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

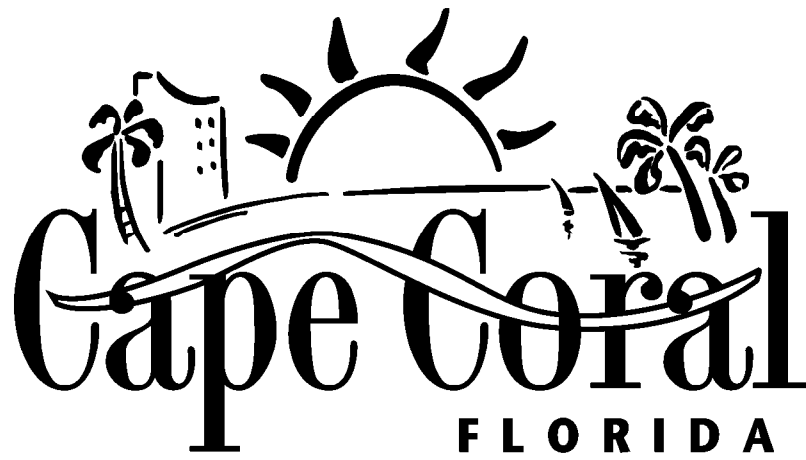
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Fort Myers, Florida
March 29, 2017



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 19) 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, 2016. 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 2016, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$578.6 million (net position). Governmental and business-type assets and deferred outflow of resources exceeded liabilities by \$131.4 million and \$447.2 million, respectively.
- The City's total net position increased by \$34.9 million or 6.4%, in comparison to the prior year.
- The City had negative \$151.3 million of unrestricted net position.
- Total revenues increased \$17.9 million or 5.8% in comparison to the prior year.
- Total expenses decreased \$4.1 million or 1.4% in comparison to the prior year.
- The City's governmental activities net position totaled \$131.4 million, which is an increase of \$15.4 million or 13.3% in comparison to the prior year. Unrestricted net position for governmental activities was negative \$133.6 million.
- The City's business-type activities reported total net position of \$447.2 million, which is an increase of \$19.5 million or 4.6% in comparison to the prior year. Unrestricted net position for business-type activities was negative \$17.7 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

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

The government-wide financial statements can be found on pages 19-20 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 21-24) 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 22 and 24). 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 26-27).

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 120-127).

The City adopts an annual appropriated budget for the General Fund and special revenue funds. Budgetary comparison statements for the general fund and community redevelopment agency are presented on pages 103-105 of the required supplementary information and other governmental funds are presented on pages 128-152 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 25-29), 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 154-159).

Fiduciary Funds. The *Fiduciary Fund* financial statements (see page 30) 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 31-102 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 103-116 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 146.3	\$ 138.9	\$ 145.0	\$ 138.3	\$ 291.3	\$ 277.2
Capital assets	423.5	421.1	995.3	1,004.9	1,418.8	1,426.0
Total assets	<u>569.8</u>	<u>560.0</u>	<u>1,140.3</u>	<u>1,143.2</u>	<u>1,710.1</u>	<u>1,703.2</u>
Deferred outflow on pension	38.0	27.8	8.8	5.7	46.8	33.5
Deferred outflow on refunding bonds	2.5	2.7	4.2	4.5	6.7	7.2
Total deferred outflows of resources	<u>40.5</u>	<u>30.5</u>	<u>13.0</u>	<u>10.2</u>	<u>53.5</u>	<u>40.7</u>
Current and other liabilities	12.5	13.5	15.8	18.7	28.3	32.2
Noncurrent liabilities	464.2	454.7	690.1	705.8	1,154.3	1,160.5
Total liabilities	<u>476.7</u>	<u>468.2</u>	<u>705.9</u>	<u>724.5</u>	<u>1,182.6</u>	<u>1,192.7</u>
Deferred inflow on pension	2.2	6.3	0.2	1.2	2.4	7.5
Deferred inflow on refunding bonds	-	-	-	-	-	-
Total deferred inflows of resources	<u>2.2</u>	<u>6.3</u>	<u>0.2</u>	<u>1.2</u>	<u>2.4</u>	<u>7.5</u>
Net position:						
Net investment in capital assets	215.6	206.0	375.0	361.7	590.6	567.7
Restricted	49.4	39.2	89.9	92.6	139.3	131.8
Unrestricted	(133.6)	(129.2)	(17.7)	(26.6)	(151.3)	(155.8)
Total net position	<u>\$ 131.4</u>	<u>\$ 116.0</u>	<u>\$ 447.2</u>	<u>\$ 427.7</u>	<u>\$ 578.6</u>	<u>\$ 543.7</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.

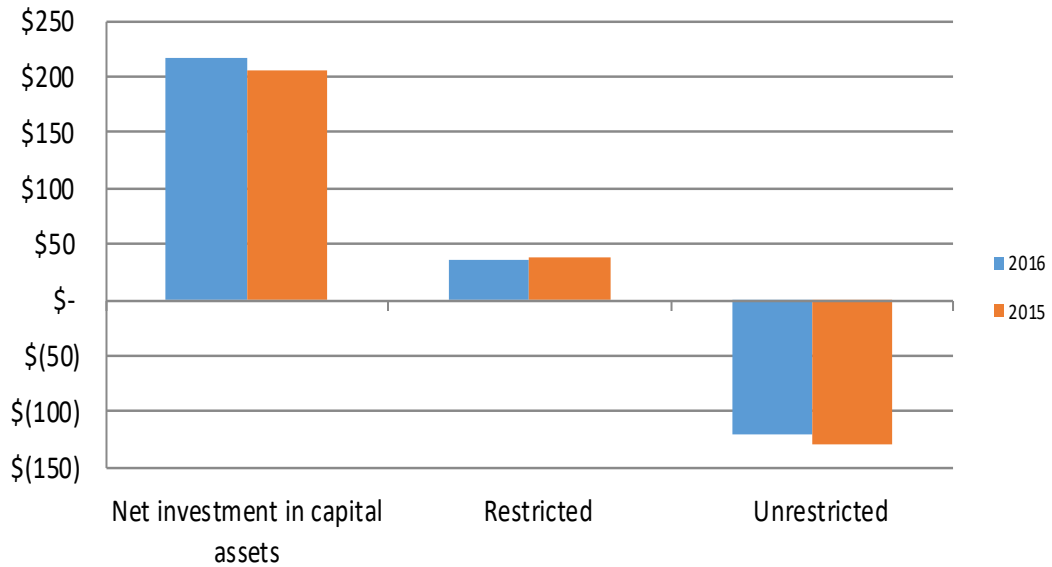
The investment in capital assets balance of \$590.6 million increased \$22.9 million or 4.0% in comparison to the prior year. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets 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 \$139.3 million (24.1% of total net position) decreased \$7.5 million or 5.7% in comparison to the prior year. This balance represents resources subject to external restrictions on their use.

The unrestricted net position balance improved from a negative \$155.8 million to a negative \$151.3 million which is a change of \$4.5 million from the prior year.

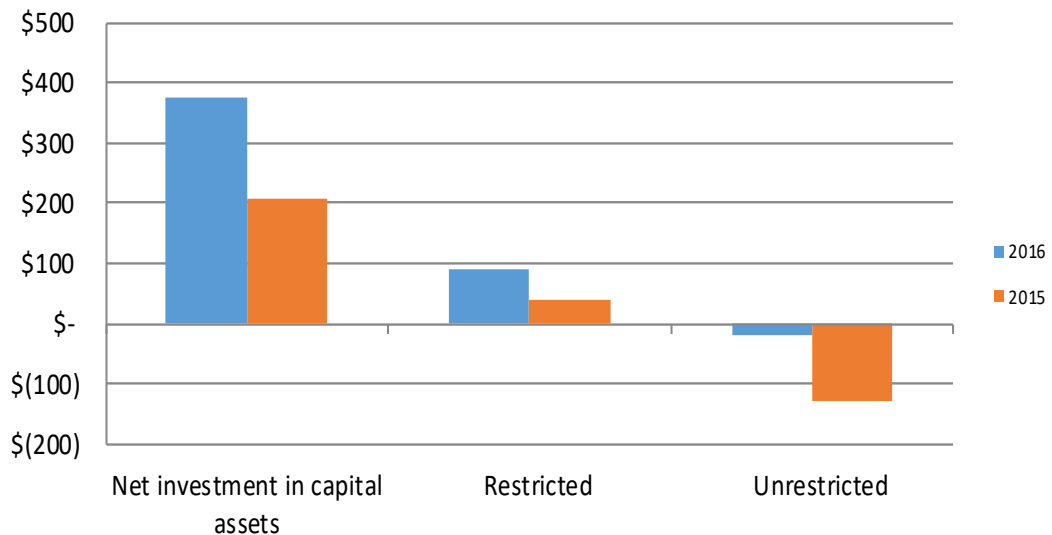
Net Position Governmental Activities

Millions



Net Position Business Type Activities

Millions

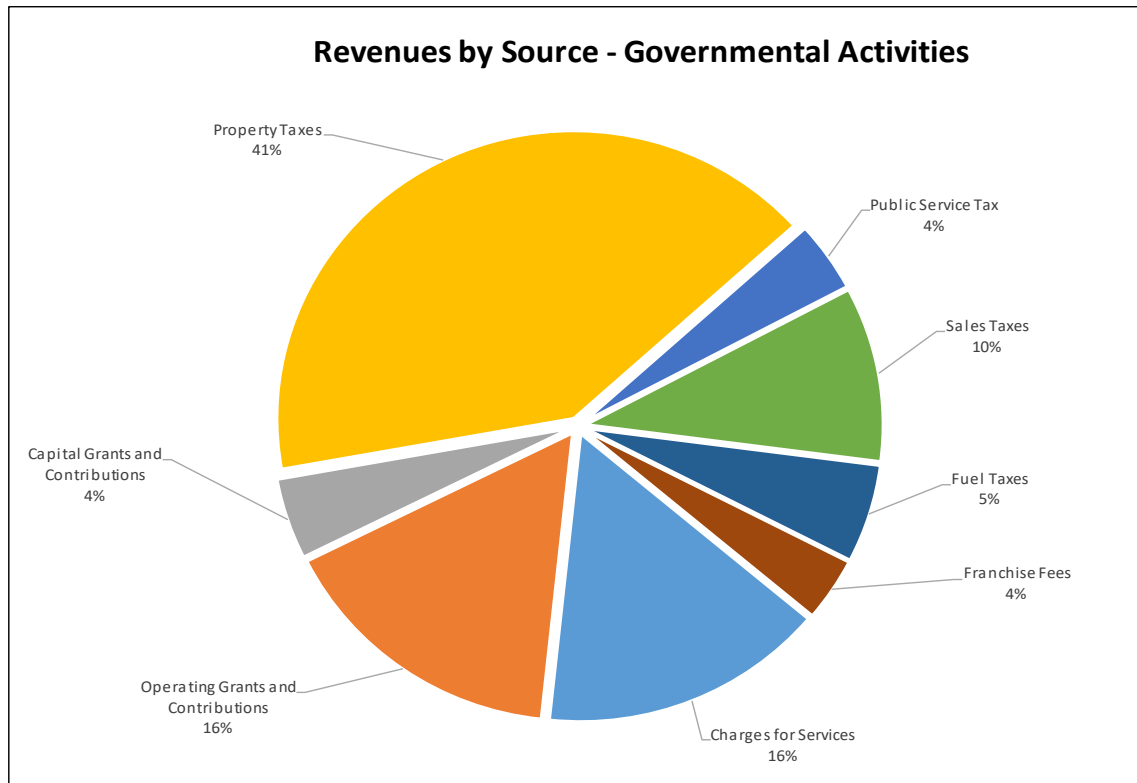


City of Cape Coral, Florida
Summary of Changes in Net Position
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
REVENUES:						
Program Revenues:						
Charges for Services	\$ 28.9	\$ 31.5	\$ 95.9	\$ 91.7	\$ 124.8	\$ 123.2
Operating Grants and Contributions	29.6	15.8	1.1	0.2	30.7	16.0
Capital Grants and Contributions	8.4	9.5	27.7	22.4	36.1	31.9
Property Taxes	76.3	78.3	-	-	76.3	78.3
Public Service Tax	7.3	7.2	-	-	7.3	7.2
Sales Taxes	18.2	18.4	-	-	18.2	18.4
Fuel Taxes	10.2	9.7	-	-	10.2	9.7
Franchise Fees	6.6	6.6	-	-	6.6	6.6
Communication Taxes	5.2	5.5	-	-	5.2	5.5
Interest Income	1.0	1.1	9.8	10.4	10.8	11.5
Total Revenues	191.7	183.6	134.5	124.7	326.2	308.3
EXPENSES:						
Program Activities						
Governmental Activities:						
General Government	51.6	52.3	-	-	51.6	52.3
Public Safety						
Police	37.9	37.8	-	-	37.9	37.8
Fire	29.9	34.1	-	-	29.9	34.1
Building	3.8	3.1	-	-	3.8	3.1
Public Works	18.2	18.1	-	-	18.2	18.1
Parks and Recreation	18.0	17.0	-	-	18.0	17.0
Community Development	7.0	5.6	-	-	7.0	5.6
Interest and fiscal charges	9.6	10.2	-	-	9.6	10.2
Business-type Activities:						
Water and Sewer	-	-	99.1	101.1	99.1	101.1
Stormwater	-	-	13.0	13.3	13.0	13.3
Yacht Club	-	-	0.4	0.3	0.4	0.3
Golf Course	-	-	2.8	2.5	2.8	2.5
Total Expenses	176.0	178.2	115.3	117.2	291.3	295.4
Increase in Net Position Before Transfers	15.7	5.4	19.2	7.5	34.9	12.9
Transfers, net	(0.3)	0.2	0.3	(0.2)	-	-
Change in Net Position	15.4	5.6	19.5	7.3	34.9	12.9
Net Position - beginning	116.0	110.4	427.7	420.4	543.7	530.8
Net Position - ending	\$ 131.4	\$ 116.0	\$ 447.2	\$ 427.7	\$ 578.6	\$ 543.7

Governmental Activities

The net position of the City's governmental activities increased by \$15.4 million; the net investment in capital assets for governmental activities increased by \$9.6 million.



Total revenues for governmental activities increased \$8.1 million or 4.4%, in comparison to prior year. Outlined below are the explanations for the significant revenue changes within governmental activities.

Charges for services decreased \$2.6 million or 8.3%. The primary reason for this change is because the City received settlement revenues from Lee County Electric Cooperative of \$2.6 million and no settlement revenues were received in FY16. In addition, with the implementation of self-funded health insurance, the City no longer receives health insurance profit sharing from the insurance provider since all revenues now go directly to the City through the internal service fund. Building permit revenue continued to increase resulting in revenue growth of \$1.5 million or 31.8% over FY15 due to an increase in single family home permits issued. In FY15 the City issued 937 single family home permits and in FY16 the City issued 1,280 single family home permits. Building permit revenue was \$4.6 million in FY15 and \$6.1 million in FY16.

Operating grants and contributions increased by \$13.8 million or 87.3%. The major factor that contributed to this change is the Fire Service Assessment revenues which increased by \$7.8 million or 56% over FY15. This increase is attributable to an increase in property values as well as an increase in the recovery rate to 64% as opposed to the 38% rate in FY15. Deferred revenues increased by \$1.2 million due to grant funding related to the transportation sidewalk disbursement requests not received within 60 days of fiscal year end. In addition, revenues for CDBG and SHIP that were classified as capital grants in FY15 were classified as operating grants in FY16 due to a change in accounting resulting in an additional \$1.4 million.

Capital grants and contributions decreased \$1.1 million or 11.6%. The primary reason for this change is CDBG and SHIP revenues that were classified as capital grants in FY15 were classified as operating grants in FY16 due to a change in accounting which resulted in a decrease in revenue of \$1.4 million. In addition, in FY15 \$1.7 million was received for transportation capital projects and only \$0.2 million was received in FY16. Revenue of \$1.2 million was recorded as a deferred revenue instead of a capital grant due to grant funding related to the transportation sidewalk disbursement requests not being received within 60 days of fiscal year end. Impact fees and special assessments increased by \$2.7 million in conjunction with the increase in FY16 of 343 single family home building permits issued.

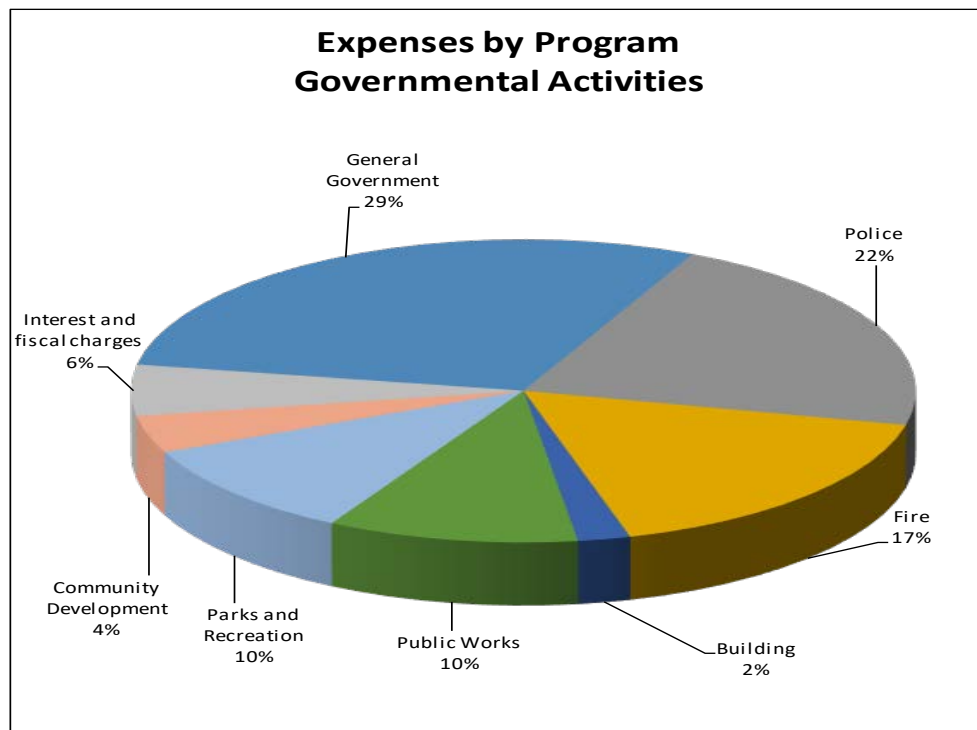
Property taxes decreased \$2.0 million or 2.6%. Taxable assessed property valuation of \$11,120,507,186 for fiscal year 2016 represents a 7.6% increase from the previous fiscal year. The millage rate was reduced by .75 mills, bringing the rate from 7.707 to 6.957 or a 10% decrease resulting in an overall reduction in property taxes. This is was a strategic decision to diversify the City's revenues sources and reduce over-reliance on property taxes as a revenue stream.

A public service tax (currently at 7.0%) on electricity is charged to residents and business owners who purchase electricity. The revenue from this tax increased .1 million or 1.4% due to an increase in electricity consumption as the population grows.

Fuel taxes increased \$.5 million or 5.2%. Fuel taxes are based on the number of gallons sold irrespective of the unit cost per gallon. An increase in gallons sold, resulting in increased revenue can be explained by lower fuel prices and population growth.

Franchise fees remained unchanged at \$6.6 million. 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 5.5%. In fiscal year 2001, the communications services tax replaced all local taxes on telephone and cable services. The communication tax rate of 5.2% has been in effect since January 1, 2010.



Total expenses for governmental activities decreased \$2.2 million or 1.2% in comparison to the prior year. Outlined below are the explanations for the most significant expense changes within governmental activities.

General Government expenses decreased \$.7 million or 1.3%. The primary reasons are a change in pension related balances of \$5.0 million and retirement costs increased by \$1.2 million or 5.0% due to personnel costs that increased by \$.9 million or 12.8% resulting from employees that were given raises and new positions being added. Equipment purchases increased by \$1.0 million or 171.0% due to an increase in computer equipment to support new positions, the upgrade old equipment, and purchases of safety equipment for fleet vehicles.

Public Safety – Fire expenses decreased \$4.2 million or 12.3%. The primary reason for this decrease is due to a decrease in expense related to pensions of \$3.8 million.

Public Safety – Building expenses increased \$.7 million or 22.6%. The primary reason is due to a \$.3 million or 16.0% increase in personnel costs. Twelve full-time equivalent employees have been added during this year to accommodate

the increase in building permits. Expenses related to pensions increased by \$.1 million. Overtime expenses increased by \$.1 million or 50% over FY15 due to a shortage of building inspectors. Inspectors worked overtime to keep up with increasing number of permits while new staff was trained.

Public Works expenses increased \$.1 million or .6%. The primary reason is due to a \$.3 million or 12.3% increase in personnel costs as employees were given raises and new positions were added.

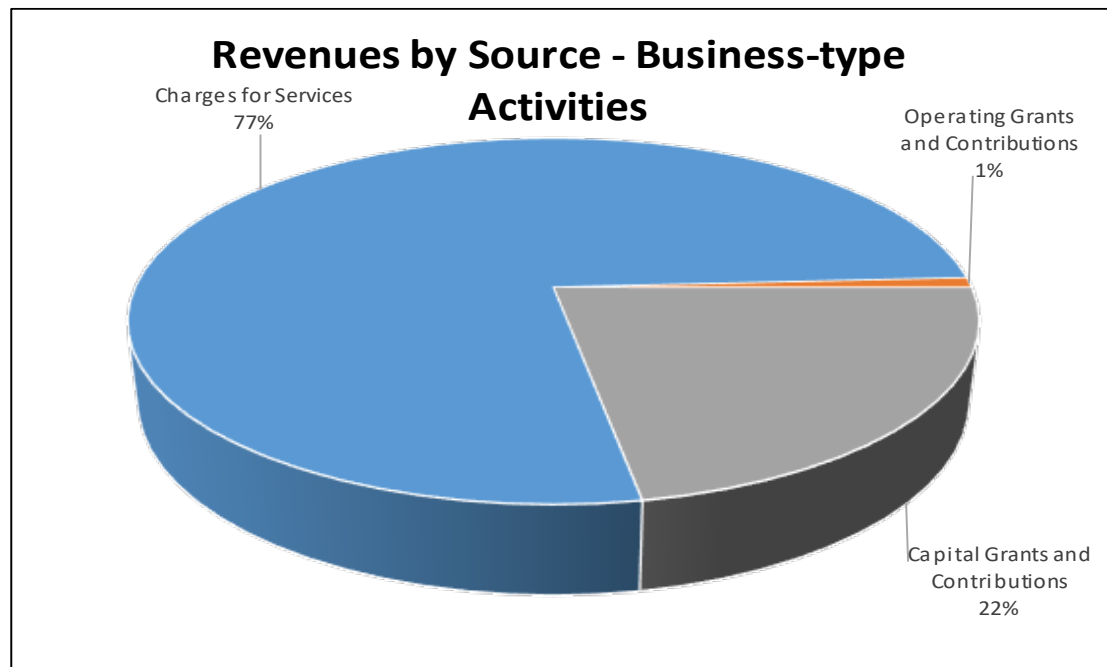
Community Development expenses increased \$1.4 million or 25.0%. The primary reason is due to an increase in pension related expenses of \$.7 million. Additionally, Residential Construction Mitigation Program increased \$.4 million and personnel costs increased by \$.2 million or 7.6% over FY15 as employees were given raises.

Parks and Recreation expenses increased \$1.0 million or 5.9%. The primary reason is due to an increase in personnel costs of \$.5 million or 7.0% resulting from raises. Additionally, pension related expenses increased by \$.3 million. Parks Maintenance and repairs increased by \$.1 million or 100.0% over FY15.

Interest and fiscal charges decreased \$.6 million or 5.9%. This decrease is primarily a result of scheduled debt payments.

Business-type Activities

The net position of the City's business-type activities increased by \$19.5 million or 4.6%. The increase in the business-type activities' net investment in capital assets is \$13.3 million, or 3.7% in comparison to prior year.

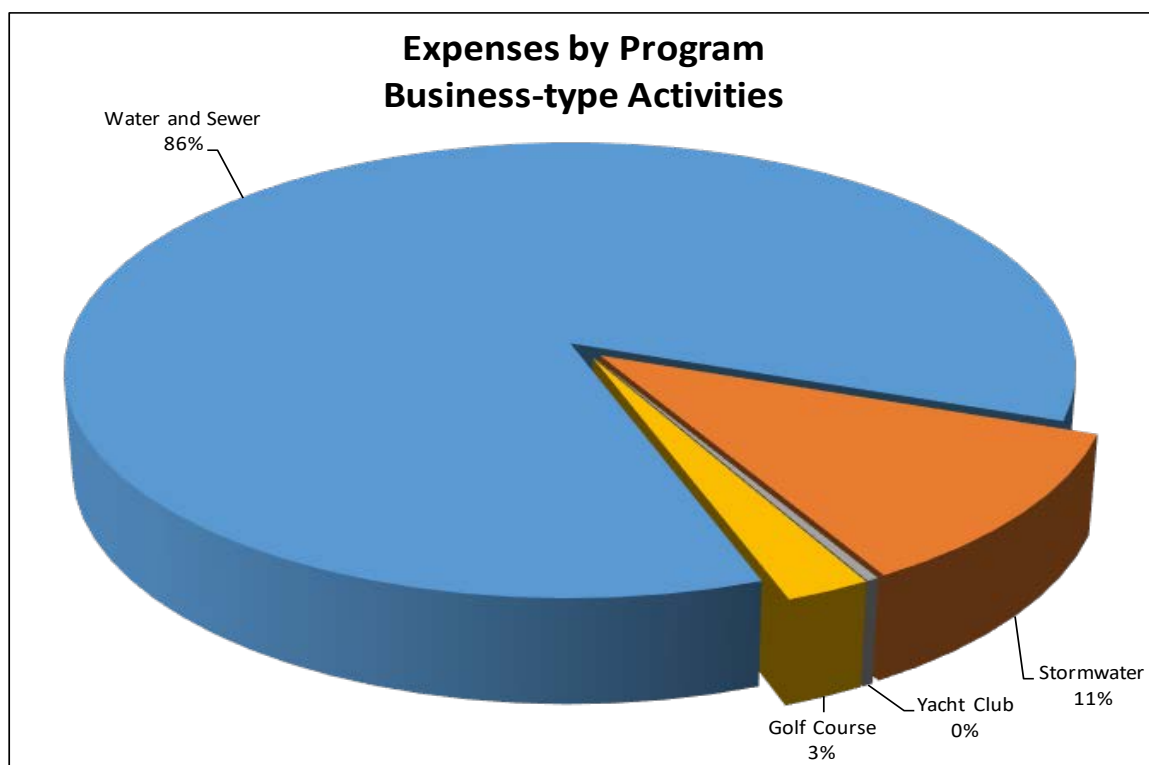


Charges for services reported in business-type activities increased \$4.2 million or 4.6%. The primary reason for the increase is due to the portion of the SW 6/7 Utility Extension Program (UEP) area that was released and connected to the system in the prior fiscal year has now started to post charges to water, sewer and irrigation in the current fiscal year.

Operating grants and contributions reported in business-type activities increased \$0.9 million or 450.0% due to an increase in the gain on sale of capital assets from updating the general ledger to balance to the fixed assets subsidiary ledger by function.

Capital grants and contributions, reported in business-type activities increased \$5.3 million or 23.7%. The primary reason for this change was, in FY15 an allowance for uncollectible was recorded for the first time for balances dating back to 2004 for the utility extension tax billed assessment areas. The FY16 allowance for uncollectible adjustments represented only a one year adjustment to revenue. There was also a \$0.7 million increase in Capital Improvement Special Assessment charges. Lastly there was a \$1.3 million increase in Impact and CIAC revenues due to additional impact permits because of a continued increase in construction permits.

Interest income reported in business-type activities decreased \$0.6 million or 5.8% due to the change in fair value of investments.



Water and sewer expenses reported in business-type activities decreased \$2.0 million or 2.0%. The primary reasons for the decrease was a result of a debt refunding in FY15 in which our payment terms went from semi-annual to quarterly; therefore, reducing our principal and interest over the current year.

Stormwater expenses reported in business-type activities decreased \$.3 million or 2.3%. The decrease in stormwater expenses is a result of an increase in salaries and wages of \$.5 million due to raises and new positions that were added to improve the operations of the City, an increase in depreciation due to the reclassification of fixed assets in the general ledger and then a decrease of \$.9 million largely due to Stormwater Master Plan expenses for UEP that we incurred in FY15 and not in FY16.

Other Enterprise funds expenses increased \$.4 million or 14.3% due to a \$.2 million increase in salaries, wages and employee benefits resulting from raises and a \$.2 million increase in contractual services, materials and supplies for the Golf Course where multiple renovations and improvements to the grounds including the parking lots and driveways, chemicals for fairways and greens and an overall update to the facilities occurred.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

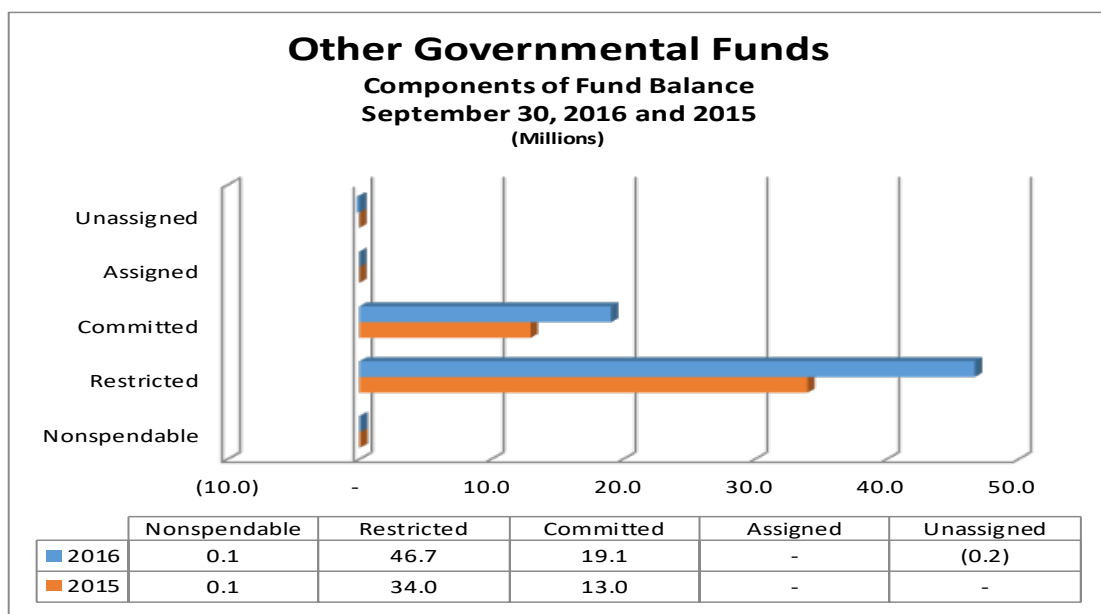
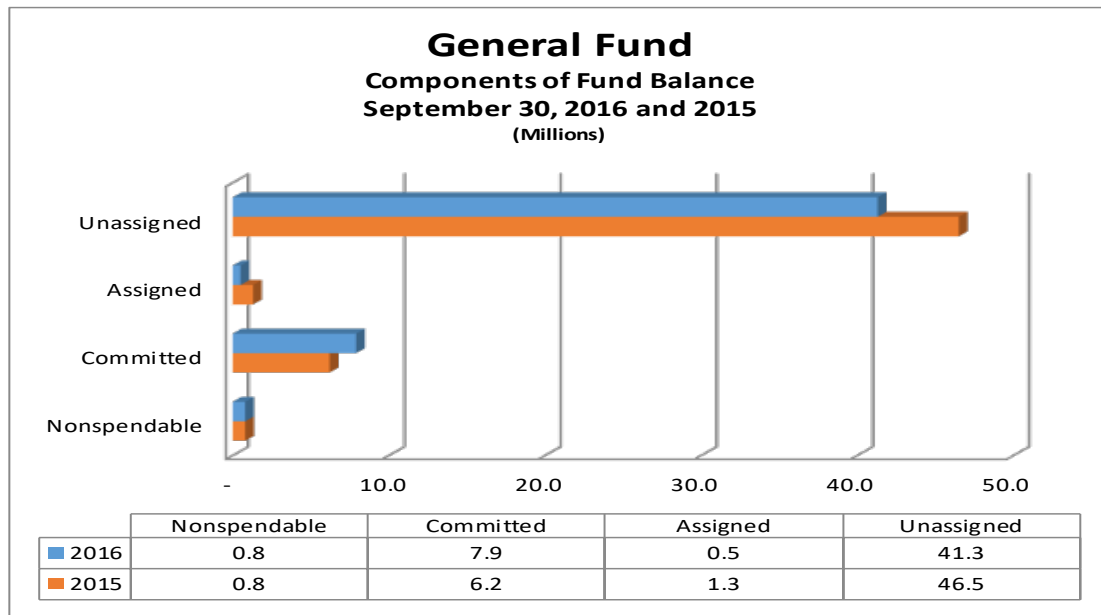
Governmental funds are comprised of the general fund, special revenue funds, debt service fund and the capital projects funds. Governmental funds use the current financial resources measurement focus that provides information on near-term inflows, outflows, and balances of spendable resources. The following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

The *General Fund* is the chief operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$41.3 million, while total fund balance reached \$50.5 million. The fund balance of the City's general fund decreased by \$4.3 million during the current fiscal year or 7.8%.

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 \$23.1 million. The fund balance decreased by \$3.2 million or 11.8% in comparison to prior year.

The *Community Redevelopment Agency Fund* is used to account for monies received from tax incremental revenue by certain taxing authorities in the community redevelopment area. This fund has a fund balance of \$2.4 million, an increase of \$.7 million or 37.6% compared to the prior year. The increase in fund balance is due to an increase in revenue in FY16 and a decrease in capital outlay.

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 \$7.4 million, a decrease of \$3.6 million or 32.7% 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 103-104. Two budget amendments were adopted by City Council for fiscal year 2016. Major changes to the budget as a result of those amendments include:

Revenues

- Balances brought forward in the amount of \$7,023,952 were utilized to fulfill capital purchases not completed by the end of FY 2015.
- Intergovernmental revenue was increased by \$396,971 to include various grants that were received.

Expenses

- Capital Outlay was increased by \$3,985,689 as a result of rolling over for capital outlay items from FY 2015 as well as new authorizations for the purchase of replacement rolling stock.
- Overall reserves were increased by \$15,514,289 as a result of balances being brought forward from FY 2015.

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 \$428,150 or 3.17% 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.
- State Shared Sales tax revenue was \$481,601 or 12.91% higher than originally budgeted.
- Franchise fees were (\$396,838) or 5.65% lower than had been forecasted as a result of reduction in the power cost adjustment on electric bills.
- Communications service tax revenue was (\$915,986) or 15.05% 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 was \$42,632 or 3.05% higher than originally budgeted. Estimated revenue is conservatively budgeted at 95% of the state distribution.
- Fines and forfeitures revenue was less than expected at (\$141,815) or 16.75%. This revenue line item includes several different fines and fees including ordinance violation fines, filing fees, tax billed penalties, etc.
- Interest revenue was \$213,053 or 72.34% more than budgeted as a result of an increase in cash balance accounts.
- Revenues of \$438,767 were realized for off-duty Police Officers from extended bar hour activities.

Expenditures

- Capital Outlay expenditures were \$6,838,868 or 50.12% less than budgeted primarily due to the backlog of capital expenditure efforts created from the late release of funding in FY 2015 from the Fire Service Assessment revenues.
- Expenditures of \$412,616 resulted in off-duty Police Officers utilized in extended bar hour activities.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The following schedule reflects the City's net capital assets as of September 30, 2016 and 2015:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 150.7	\$ 150.6	\$ 32.7	\$ 32.5	\$ 183.4	\$ 183.1
Buildings	88.5	91.8	314.4	323.6	402.9	415.4
Building Improvements	3.0	2.7	1.6	2.0	4.6	4.7
Improvements other than buildings	29.3	31.3	137.9	144.8	167.2	176.1
Equipment	13.5	8.7	9.1	8.2	22.6	16.9
Intangible computer software	0.3	0.7	-	-	0.3	0.7
Infrastructure	131.8	131.1	375.0	387.3	506.8	518.4
Construction in progress	6.4	4.2	124.6	106.5	131.0	110.7
Total capital assets	<u>\$ 423.5</u>	<u>\$ 421.1</u>	<u>\$ 995.3</u>	<u>\$ 1,004.9</u>	<u>\$ 1,418.8</u>	<u>\$ 1,426.0</u>

The City's total capital assets decreased by \$7.2 million, or .5%, during the current fiscal year. The overall decrease is primarily a result of \$44.8 million of increased capital purchases and depreciation expense of \$50.4 million.

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

- Police equipment
- Fire equipment
- Local road resurfacing
- Lift station improvements
- Sidewalk improvements
- Utility Extension 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 2016, the major rating institutions reaffirmed various ratings. Below is a summary of the bonds which were reviewed.

Fitch:	Special Assessments Bonds "BBB+"
Standard & Poor's:	Special Obligation Refunding Bonds "AA-/Stable"

In May 2016, Fitch reaffirmed the BBB+ rating for Water and Sewer Special Assessment Debt. The report reflected the following key rating driver is the Back-up Pledge. 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, 2016, the City had \$833.9 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 \$642.1 million, or 77%, 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 \$109.0 million, or 13.1%, 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 \$81.7 million, or 9.8%, of the total outstanding debt. Capital leases, which are collateralized by the related equipment, had an outstanding balance \$1.1 million, or .1% of the total outstanding debt.

The following is a schedule of outstanding debt as of September 30, 2016 and 2015:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenue Bonds	\$ 194.5	\$ 203.7	\$ 447.6	\$ 457.9	\$ 642.1	\$ 661.6
Special Assessment Debt with Governmental Commitment	1.4	1.5	107.6	118.9	109.0	120.4
Notes Payable	12.1	13.7	69.6	68.9	81.7	82.6
Capital Leases	1.1	1.6	-	-	1.1	1.6
Total	\$ 209.1	\$ 220.5	\$ 624.8	\$ 645.7	\$ 833.9	\$ 866.2

The City's total debt decreased by \$32.3 million, or 3.7%, during the current fiscal year. The Governmental Activities overall decreased of 11.4 million or 5.2% is due to scheduled debt payments. The Business-type overall decrease of \$20.9 million is due to \$18.8 million in scheduled debt payments and \$2.1 million of special assessment debt redemptions.

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, 2016.

Pursuant to the Balanced Budget and Emergency Deficit Control Act, as amended, the President of the United States ordered that certain automatic spending cuts be implemented pursuant to calculations provided by the United States Office of Management and Budget (OMB) in its Report to the Congress on sequestration dated March 1, 2013. These included automatic across-the-board cuts in certain categories of federal spending for the from March 1, 2013 and will be applied unless and until a law is enacted that cancels or otherwise impacts the sequester, at which time the sequestration reduction rate is subject to change. The cuts include mandatory reductions in the amounts scheduled to be paid by the federal government to issuers of Build America Bonds. The Internal Revenues Service announced on October 1, 2013, that payments to issuers of Direct-Pay bonds from the budget accounts associated with these bonds are subject to reduction. In May 2010, the City issued \$33,815,000 of Federally Taxable Build America Bonds. As a result of this act the City's reimbursement was reduced by \$55,364 in FY2016. The reduction in FY2017 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 2017 fiscal year:

- The FY 2017 budget was again developed as part of a three-year rolling budget and included FY 2018 and 2019 with only FY 2017 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 2017 budget provides continued funding of the capital and infrastructure needs of governmental activities which was reestablished in FY 2014. Not unlike the neglect of capital improvement needs, the organizational infrastructure had also been ignored. After seven years of pay freezes and pay reductions, the FY 2015 budget provided funding to start addressing employee pay issues. Provisions for salary increases were included in the budget as efforts continue to restore the organization infrastructure through salary range adjustments as well as addressing pay parity issues.
- As a result of property tax and state-shared revenue increases beyond the amounts forecasted, the FY 2016 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 2017 budget as the projects progress through their various stages of completion.
- The FY 2017 – 2019 rolling budget was adopted with an operating millage rate of 6.750 which was a decrease of 0.207 mills. This reduction was executed in conjunction with a fire service assessment recovery rate of 64%. The focus of the FY 2018 and 2019 budgets and beyond will be to continue revenue diversification and reducing the reliance upon ad valorem tax revenues. These changes have resulted 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 \$87 per ERU and will be re-examined annually per resolution 122-16. The previous rate was \$80.
- Non-enterprise recreational programs are budgeted in a Special Revenue Fund. Each program is supported by a certain level of user fees. Program costs and projected revenues are evaluated annually to ensure the program costs are being recovered while maintaining a constant level of general fund support. Program fees will cover approximately 55% of the program expenditures.
- Impact Fee Funds: No new projects have been planned to be funded from impact fees for fiscal year 2017. 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 48.45 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.

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, 2016

	Primary Government			Component Unit
	Governmental	Business-type		Cape Coral Charter
	Activities	Activities	Total	School Authority
ASSETS				
Cash and investments	\$ 136,843,555	\$ 30,380,350	\$ 167,223,905	\$ 5,659,550
Interest receivable	167,313	42,123	209,436	-
Accounts receivable, net	1,551,957	8,451,153	10,003,110	44,845
Assessments receivable, net	588	-	588	-
Intergovernmental receivable	8,370,070	69,800	8,439,870	69,107
Due from component unit	34,667	-	34,667	-
Internal balances	(1,131,402)	1,131,402	-	-
Inventories	125,287	1,778,419	1,903,706	-
Prepaid items	222,827	1,846	224,673	53,877
Unamortized bond insurance	151,159	3,541,778	3,692,937	-
Restricted:				
Cash and investments	-	96,312,181	96,312,181	-
Interest receivable	-	227,810	227,810	-
Accounts receivable, net	-	1,053,068	1,053,068	-
Intergovernmental receivable	-	123,796	123,796	-
Assessments receivable	-	1,991,104	1,991,104	-
Capital assets (net of accumulated depreciation):				
Land and construction in progress	157,133,931	157,300,407	314,434,338	-
Other capital assets, net of depreciation	266,400,117	837,953,533	1,104,353,650	1,321,351
Total assets	<u>569,870,069</u>	<u>1,140,358,770</u>	<u>1,710,228,839</u>	<u>7,148,730</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	2,502,124	4,192,913	6,695,037	-
Deferred charge of pension contributions	-	-	-	772,266
Deferred outflows of pension earnings	12,266,294	3,086,109	15,352,403	1,997
Deferred outflows of pension assumptions	21,207,252	4,497,340	25,704,592	489,935
Deferred outflows of pension experience	4,537,307	1,218,281	5,755,588	317,637
Total deferred outflows of resources	<u>40,512,977</u>	<u>12,994,643</u>	<u>53,507,620</u>	<u>1,581,835</u>
LIABILITIES				
Accounts payable and other accrued liabilities	5,599,980	3,502,604	9,102,584	154,663
Retainage payable	258,632	1,310,386	1,569,018	-
Accrued payroll	2,792,790	431,637	3,224,427	341,898
Accrued interest payable	553,462	1,228,599	1,782,061	-
Deposits	398,720	2,693,001	3,091,721	-
Intergovernmental payable	205,657	-	205,657	18,918
Unearned revenue	2,710,675	6,626,148	9,336,823	21,844
Noncurrent liabilities:				
Due within one year	14,086,779	24,942,858	39,029,637	482,737
Due in more than one year	450,153,906	665,189,319	1,115,343,225	7,878,096
Total liabilities	<u>476,760,601</u>	<u>705,924,552</u>	<u>1,182,685,153</u>	<u>8,898,156</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred charge on refunding	11,353	-	11,353	-
Deferred inflows of pension earnings	-	-	-	718,445
Deferred inflows of pension experience	2,206,270	203,518	2,409,788	71,359
Total deferred inflows of resources	<u>2,217,623</u>	<u>203,518</u>	<u>2,421,141</u>	<u>789,804</u>
NET POSITION				
Net investment in capital assets	215,610,383	374,994,099	590,604,482	359,546
Restricted for:				
Community redevelopment agency	2,403,644	-	2,403,644	-
Public safety	4,911,025	-	4,911,025	-
Parks and recreation	3,372,122	-	3,372,122	-
Public works	13,111,194	-	13,111,194	-
Debt service	7,817,226	9,497,725	17,314,951	-
Community development	7,245,137	-	7,245,137	-
Capital improvements	10,529,368	74,472,250	85,001,618	-
Renewal and replacement	-	5,967,221	5,967,221	-
Unrestricted	(133,595,277)	(17,705,952)	(151,301,229)	(1,316,941)
Total net position	<u>\$ 131,404,822</u>	<u>\$ 447,225,343</u>	<u>\$ 578,630,165</u>	<u>\$ (957,395)</u>

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

City of Cape Coral, Florida
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2016

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-type Activities
Primary governmental activities:						
Governmental activities:						
Public safety:						
Police	\$ 51,588,399	\$ 11,008,789	\$ 506,752	\$ 31,668	\$ (40,041,190)	\$ -
Fire	37,862,679	1,244,054	1,748,546	833,600	(34,036,479)	-
Building	29,941,799	288,432	23,039,940	6,771	(6,606,656)	-
Public works	3,804,593	6,411,115	-	-	2,606,522	-
Parks and recreation	18,268,298	3,151,358	1,614,423	5,979,541	(7,522,976)	-
Community development	17,997,257	5,397,864	561,186	1,565,227	(10,472,980)	-
Interest on long-term debt	6,979,622	1,408,377	2,088,305	-	(3,482,940)	-
Total governmental activities	9,641,749	-	-	-	(9,641,749)	-
	176,084,396	28,909,989	29,559,152	8,416,807	(109,198,448)	-
Business-type activities:						
Water and sewer	99,123,629	80,067,263	802,440	27,669,127	-	9,415,201
Stormwater	13,029,277	13,123,358	239,412	-	-	333,493
Yacht basin	372,349	588,539	-	-	-	216,190
Golf course	2,790,829	2,126,888	80,816	-	-	(583,125)
Total business-type activities	115,316,084	95,906,048	1,122,668	27,669,127	-	9,381,759
Total primary government	\$ 291,400,480	\$ 124,816,037	\$ 30,681,820	\$ 36,085,934	\$ (109,198,448)	\$ (99,816,689)
Component unit:						
Cape Coral Charter School Authority	\$ 22,775,696	\$ 709,472	\$ 1,871,590	\$ 588,201	\$ -	\$ -
						\$ (19,606,433)
General revenues:						
Taxes:						
			Florida education finance program		\$ -	\$ -
			Property taxes, levied for general purpose		-	-
			Property taxes, other (CRA and All Hazards)		75,239,444	21,156,371
			Public service tax		1,094,755	-
			Sales		7,250,872	-
			Fuel		18,136,627	-
			Alcohol and beverage		10,222,671	-
			Franchise		67,005	-
			Communication		-	-
			Interest income		5,168,297	-
			Transfers, net		1,044,202	14,827
			Total general revenues and transfers		9,846,901	10,891,103
			Change in net position		282,857	-
			Net position - beginning		10,129,758	134,692,873
			Net position - ending		19,511,517	21,171,198
					34,876,184	1,564,765
					543,753,981	(2,522,160)
					\$ 447,225,343	\$ (957,395)

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, 2016

	General	Transportation Capital Improvements	Community Redevelopment Agency	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 50,848,144	\$ 23,766,722	\$ 2,402,167	\$ 7,432,202	\$ 34,590,795	\$ 119,040,030
Interest receivable	72,110	29,176	3,171	1,416	44,449	150,322
Accounts receivable, net	1,394,681	-	76	-	53,176	1,447,933
Assessments receivable, net	422	-	-	-	166	588
Intergovernmental receivable	3,312,086	1,385,930	-	937,070	2,734,984	8,370,070
Due from other funds	126,244	-	-	-	-	126,244
Advances to other funds	659,921	-	-	-	-	659,921
Inventories	38,180	-	-	-	87,107	125,287
Prepaid items	144,507	-	403	-	585	145,495
Total assets	<u>\$ 56,596,295</u>	<u>\$ 25,181,828</u>	<u>\$ 2,405,817</u>	<u>\$ 8,370,688</u>	<u>\$ 37,511,262</u>	<u>\$ 130,065,890</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable and other accrued liabilities	2,583,901	632,597	228	-	717,764	3,934,490
Accrued retainage	-	258,632	-	-	-	258,632
Accrued payroll	2,427,768	12,122	1,542	-	278,439	2,719,871
Due to other funds	-	-	-	-	126,244	126,244
Deposits	107,527	-	-	-	291,193	398,720
Intergovernmental payables	92,284	-	-	-	113,373	205,657
Unearned revenue	716,580	-	-	-	1,994,095	2,710,675
Advances from other funds	-	-	-	-	95,012	95,012
Total liabilities	<u>5,928,060</u>	<u>903,351</u>	<u>1,770</u>	<u>-</u>	<u>3,616,120</u>	<u>10,449,301</u>
Deferred inflows of resources:						
Unavailable revenue - grant reimbursement	11,659	1,240,120	-	-	1,093,439	2,345,218
Unavailable revenue - taxes	-	-	-	-	838	838
Unavailable revenue - other	111,399	-	-	-	-	111,399
Deferred inflow - lease	-	-	-	937,070	-	937,070
Total deferred inflows of resources	<u>123,058</u>	<u>1,240,120</u>	<u>-</u>	<u>937,070</u>	<u>1,094,277</u>	<u>3,394,525</u>
Fund balances:						
Nonspendable	842,608	-	403	-	87,692	930,703
Restricted	-	9,289,248	2,403,644	7,433,618	27,545,200	46,671,710
Committed	7,946,254	13,749,109	-	-	5,325,363	27,020,726
Assigned	469,442	-	-	-	-	469,442
Unassigned	41,286,873	-	-	-	(157,390)	41,129,483
Total fund balances	<u>50,545,177</u>	<u>23,038,357</u>	<u>2,404,047</u>	<u>7,433,618</u>	<u>32,800,865</u>	<u>116,222,064</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 56,596,295</u>	<u>\$ 25,181,828</u>	<u>\$ 2,405,817</u>	<u>\$ 8,370,688</u>	<u>\$ 37,511,262</u>	<u>\$ 130,065,890</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, 2016

Fund balances - total governmental funds	\$	116,222,064
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Amounts reported for governmental activities in the statement of net position are different because:

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

Capital assets	\$ 589,563,326	
Accumulated depreciation	<u>(166,967,614)</u>	422,595,712

Internal service funds are used by the City to charge costs of workers compensation insurance, property and casualty insurance, and Self-funded Health Insurance to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.	(583,904)
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Unamortized bond insurance is not current financial resources and therefore is not reported in the funds.	151,159
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Net pension liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities.	(121,728,311)
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Debt interest payable that will not be liquidated with current financial resources is not reported in the funds.	(553,462)
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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	\$ 2,502,124	
Pension earnings, experience and assumptions	<u>36,518,765</u>	39,020,889

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

Loss on refunding of debt	\$ (11,353)	
Lease	937,070	
Grant reimbursement	2,345,218	
Other	112,237	
Pension earnings and experience	<u>(2,171,769)</u>	1,211,403

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

Bonds, notes, and capital leases payable	\$ (209,030,590)	
OPEB obligation	(111,355,210)	
Compensated absences	<u>(4,544,928)</u>	<u>(324,930,728)</u>
Total net position of governmental activities	<u>\$</u>	<u>131,404,822</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, 2016

	General	Transportation Capital Improvements	Community Redevelopment Agency	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 75,239,444	\$ -	\$ 410,949	\$ -	\$ 682,968	\$ 76,333,361
Public service	7,250,872	-	-	-	-	7,250,872
Sales	18,136,627	-	-	-	-	18,136,627
Fuel	1,441,409	-	-	-	8,798,909	10,240,318
Alcohol and beverage	67,005	-	-	-	-	67,005
Franchise	6,622,099	-	-	-	-	6,622,099
Communication	5,168,297	-	-	-	-	5,168,297
Special assessments	20,808,145	-	-	-	122,740	20,930,885
Licenses and permits	863,016	-	-	-	6,388,718	7,251,734
Intergovernmental	3,680,801	216,378	-	-	3,070,252	6,967,431
Charges for services	6,040,709	-	-	-	7,979,382	14,020,091
Fines and forfeitures	704,935	-	-	-	136,895	841,830
Impact fees	-	-	-	-	8,510,926	8,510,926
Rent and royalties	399,255	-	1,000	3,703,030	7,016	4,110,301
Interest income	507,553	145,108	16,400	71,007	220,923	960,991
Contributions and donations	4,025	45,805	-	-	192,897	242,727
Other revenue	639,024	68	76	-	1,287,045	1,926,213
Total revenues	<u>147,573,216</u>	<u>407,359</u>	<u>428,425</u>	<u>3,774,037</u>	<u>37,398,671</u>	<u>189,581,708</u>
EXPENDITURES						
Current:						
General government	45,508,938	-	-	2,961	67,303	45,579,202
Public safety:						
Police	34,329,227	-	-	-	416,184	34,745,411
Fire	26,122,494	-	-	-	451,905	26,574,399
Building	-	-	-	-	3,405,018	3,405,018
Public works	9,294,791	397,019	-	-	2,630,942	12,322,752
Parks and recreation	5,837,980	-	-	-	9,443,606	15,281,586
Community development	3,961,936	-	140,711	-	2,606,436	6,709,083
Capital outlay	6,838,868	11,265,306	2,400	-	1,282,600	19,389,174
Debt service:						
Principal	-	-	-	11,292,837	-	11,292,837
Interest and fiscal charges	-	-	-	9,713,574	9,188	9,722,762
Total expenditures	<u>131,894,234</u>	<u>11,662,325</u>	<u>143,111</u>	<u>21,009,372</u>	<u>20,313,182</u>	<u>185,022,224</u>
Excess revenues over (under) expenditures	<u>15,678,982</u>	<u>(11,254,966)</u>	<u>285,314</u>	<u>(17,235,335)</u>	<u>17,085,489</u>	<u>4,559,484</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	3,793,832	8,150,000	788,808	13,641,920	4,677,566	31,052,126
Transfers out	(23,892,888)	(111,277)	(416,848)	(5,674)	(10,230,959)	(34,657,646)
Proceeds on sale of capital assets	140,967	2,900	-	-	6,110	149,977
Total other financing sources (uses)	<u>(19,958,089)</u>	<u>8,041,623</u>	<u>371,960</u>	<u>13,636,246</u>	<u>(5,547,283)</u>	<u>(3,455,543)</u>
Net change in fund balances	(4,279,107)	(3,213,343)	657,274	(3,599,089)	11,538,206	1,103,941
Fund balances - beginning	<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>
Fund balances - ending	<u>\$ 50,545,177</u>	<u>\$ 23,038,357</u>	<u>\$ 2,404,047</u>	<u>\$ 7,433,618</u>	<u>\$ 32,800,865</u>	<u>\$ 116,222,064</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, 2016

Net change in fund balances - total governmental funds: \$ 1,103,941

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital outlay	\$ 19,389,174	
Depreciation	<u>(14,763,822)</u>	4,625,352

The net effect of various miscellaneous transactions on capital assets.

Net disposition of capital assets	(983,287)
-----------------------------------	-----------

Changes to long-term compensated absences.	2,094,872
--	-----------

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

Principal debt payments - governmental funds	\$ 11,292,837	
Debt issuance costs	<u>(19,023)</u>	11,273,814

Vehicle lease payments received from Charter School.	(255,035)
--	-----------

Certain revenues not considered available are not recognized in the governmental funds but are included in the statement of activities.	1,549,904
---	-----------

Changes in net pension obligations are reported only in the statement of activities.	1,759,749
--	-----------

Internal service funds are used by the City to charge costs of workers compensation insurance, property and casualty insurance, fleet and facilities charges, and self insurance. The net revenues of internal service funds is recorded within governmental activities.	4,627,838
--	-----------

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	\$ (10,513,493)	
Net change in accrued interest on long-term debt	<u>81,012</u>	<u>(10,432,481)</u>

Change in net position - governmental activities	<u>\$ 15,364,667</u>
--	----------------------

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2016

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Sewer	Stormwater	Other Enterprise Funds	Total	
ASSETS					
Current assets:					
Cash and investments	\$ 17,979,561	\$ 11,651,170	\$ 749,619	\$ 30,380,350	\$ 17,803,525
Interest receivable	26,367	14,857	899	42,123	16,991
Accounts receivable, net	8,441,687	9,097	369	8,451,153	138,691
Intergovernmental receivable	-	69,800	-	69,800	-
Inventories	1,732,162	-	46,257	1,778,419	-
Prepaid items	1,816	30	-	1,846	77,332
Restricted:					
Cash and investments	96,312,181	-	-	96,312,181	-
Interest receivable	227,810	-	-	227,810	-
Intergovernmental receivable	123,796	-	-	123,796	-
Assessments receivable, net	3,368	-	-	3,368	-
Total restricted assets	96,667,155	-	-	96,667,155	-
Total current assets	124,848,748	11,744,954	797,144	137,390,846	18,036,539
Noncurrent assets:					
Unamortized bond insurance	3,541,778	-	-	3,541,778	-
Restricted:					
Accounts receivable, net	1,053,068	-	-	1,053,068	-
Assessments receivable	1,987,736	-	-	1,987,736	-
Total restricted assets	3,040,804	-	-	3,040,804	-
Capital assets:					
Land	24,522,078	6,355,077	1,817,726	32,694,881	-
Buildings	384,287,160	83,408	1,338,450	385,709,018	794,507
Building improvements	1,938,029	1,833,038	40,729	3,811,796	117,477
Improvements other than buildings	291,642,310	21,560,642	3,439,916	316,642,868	63,796
Equipment	29,109,276	7,427,275	755,506	37,292,057	1,591,118
Infrastructure	578,483,079	14,272,054	286,049	593,041,182	-
Intangible computer software	-	-	-	-	705,245
Construction in progress	120,561,959	4,043,567	-	124,605,526	-
Less accumulated depreciation	(470,918,320)	(23,012,853)	(4,612,215)	(498,543,388)	(2,333,807)
Total capital assets, net	959,625,571	32,562,208	3,066,161	995,253,940	938,336
Total noncurrent assets	966,208,153	32,562,208	3,066,161	1,001,836,522	938,336
Total assets	1,091,056,901	44,307,162	3,863,305	1,139,227,368	18,974,875
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	4,192,913	-	-	4,192,913	-
Deferred outflows of pension earnings	2,267,039	711,754	107,316	3,086,109	523,164
Deferred outflows of pension assumptions	3,303,722	1,037,229	156,389	4,497,340	762,397
Deferred outflows of pension experience	894,942	280,974	42,365	1,218,281	206,527
Total deferred outflows of resources	10,658,616	2,029,957	306,070	12,994,643	1,492,088

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS (continued)
September 30, 2016

	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	\$ 3,190,923	\$ 142,040	\$ 169,641	\$ 3,502,604	\$ 1,665,490
Accrued retainage	1,277,916	32,470	-	1,310,386	-
Accrued payroll	298,880	111,484	21,273	431,637	72,919
Claims liability	-	-	-	-	2,231,694
Accrued interest payable	1,228,599	-	-	1,228,599	-
Deposits	2,673,001	-	20,000	2,693,001	-
Unearned revenue	6,443,719	-	182,429	6,626,148	-
Compensated absences	239,689	77,461	11,532	328,682	48,713
Debt:					
Revenue bonds	9,960,000	-	-	9,960,000	-
Special assessment debt	9,520,000	-	-	9,520,000	-
Notes	5,134,176	-	-	5,134,176	-
Total debt	24,614,176	-	-	24,614,176	-
Total current liabilities	39,966,903	363,455	404,875	40,735,233	4,018,816
Noncurrent liabilities:					
Advances from other funds	-	-	564,909	564,909	-
Compensated absences	890,252	317,573	44,132	1,251,957	174,354
OPEB obligation	23,370,125	7,494,691	1,822,345	32,687,161	5,029,363
Claims liability	-	-	-	-	4,837,000
Net pension liability	22,795,596	7,156,849	1,079,082	31,031,527	5,260,522
Debt:					
Revenue bonds	437,706,810	-	-	437,706,810	-
Special assessment debt	98,067,751	-	-	98,067,751	-
Notes	64,444,113	-	-	64,444,113	-
Total debt	600,218,674	-	-	600,218,674	-
Total noncurrent liabilities	647,274,647	14,969,113	3,510,468	665,754,228	15,301,239
Total liabilities	687,241,550	15,332,568	3,915,343	706,489,461	19,320,055
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of pension experience	149,503	46,938	7,077	203,518	34,501
Total deferred inflows of resources	149,503	46,938	7,077	203,518	34,501
NET POSITION					
Net investment in capital assets	339,398,199	32,529,738	3,066,162	374,994,099	938,336
Restricted for:					
Debt service	9,497,725	-	-	9,497,725	-
Capital improvements	74,472,250	-	-	74,472,250	-
Renewal and replacement	5,967,221	-	-	5,967,221	-
Unrestricted	(15,010,931)	(1,572,125)	(2,819,207)	(19,402,263)	174,071
Total net position	\$ 414,324,464	\$ 30,957,613	\$ 246,955	\$ 445,529,032	\$ 1,112,407
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.				1,696,311	
Net position of business-type activities				\$ 447,225,343	

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, 2016

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Sewer	Stormwater	Other Enterprise Funds	Total	
OPERATING REVENUES					
Charges for services	\$ 78,983,576	\$ 12,932,963	\$ 2,709,890	\$ 94,626,429	\$ 27,169,868
Other revenue	1,083,687	190,395	5,537	1,279,619	772,128
Total operating revenues	<u>80,067,263</u>	<u>13,123,358</u>	<u>2,715,427</u>	<u>95,906,048</u>	<u>27,941,996</u>
OPERATING EXPENSES					
Salaries, wages and employee benefits	22,382,183	7,283,913	1,519,624	31,185,720	4,812,476
Contractual services, materials and supplies	19,522,505	4,020,135	1,512,578	25,055,218	7,703,226
Claims and claims adjustments	-	-	-	-	13,000,336
Depreciation	33,365,552	1,792,678	133,654	35,291,884	304,841
Total operating expenses	<u>75,270,240</u>	<u>13,096,726</u>	<u>3,165,856</u>	<u>91,532,822</u>	<u>25,820,879</u>
Operating income (loss)	<u>4,797,023</u>	<u>26,632</u>	<u>(450,429)</u>	<u>4,373,226</u>	<u>2,121,117</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	9,751,932	89,802	5,167	9,846,901	83,211
Interest expense	(24,478,716)	-	-	(24,478,716)	-
Debt service costs	(244,099)	-	-	(244,099)	-
Gain (loss) on sale of capital assets	802,440	239,412	80,816	1,122,668	40,400
Total nonoperating revenues (expenses)	<u>(14,168,443)</u>	<u>329,214</u>	<u>85,983</u>	<u>(13,753,246)</u>	<u>123,611</u>
Income (loss) before contributions and transfers	<u>(9,371,420)</u>	<u>355,846</u>	<u>(364,446)</u>	<u>(9,380,020)</u>	<u>2,244,728</u>
Capital contributions					
Special assessments	22,083,170	-	-	22,083,170	-
Impact fees and contribution in aid of construction	5,585,957	-	-	5,585,957	-
Total capital contributions	<u>27,669,127</u>	<u>-</u>	<u>-</u>	<u>27,669,127</u>	<u>-</u>
Transfers					
Transfers in	-	108,563	604,000	712,563	3,322,663
Transfers out	(205,206)	(9,500)	(215,000)	(429,706)	-
Total transfers	<u>(205,206)</u>	<u>99,063</u>	<u>389,000</u>	<u>282,857</u>	<u>3,322,663</u>
Change in net position	18,092,501	454,909	24,554	18,571,964	5,567,391
Total net position - beginning	396,231,963	30,502,704	222,401	426,957,068	(4,454,984)
Total net position - ending	<u>\$ 414,324,464</u>	<u>\$ 30,957,613</u>	<u>\$ 246,955</u>	<u>\$ 445,529,032</u>	<u>\$ 1,112,407</u>
Change in net position of business-type activities				\$ 18,571,964	
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.				939,553	
Change in net position of business-type activities				<u>\$ 19,511,517</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, 2016

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Sewer	Stormwater	Other Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 80,336,357	\$ 13,301,824	\$ 2,783,987	\$ 96,422,168	\$ 27,818,702
Cash payments for claims	-	-	-	-	(13,041,642)
Cash payments to suppliers	(14,381,032)	(4,068,868)	(1,051,935)	(19,501,835)	(6,463,912)
Cash payments to employees	(21,927,890)	(7,275,644)	(1,592,254)	(30,795,788)	(4,840,684)
Cash payments for interfund services	(4,808,266)	-	(415,386)	(5,223,652)	-
Net cash provided (used) by operating activities	<u>39,219,169</u>	<u>1,957,312</u>	<u>(275,588)</u>	<u>40,900,893</u>	<u>3,472,464</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	-	108,563	604,000	712,563	3,322,663
Transfers out	(205,206)	(9,500)	(215,000)	(429,706)	-
Net cash used by noncapital financing activities	<u>(205,206)</u>	<u>99,063</u>	<u>389,000</u>	<u>282,857</u>	<u>3,322,663</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(25,141,631)	(1,156,174)	(586,401)	(26,884,206)	(301,960)
Proceeds from sale of capital assets	852,750	43,365	(5,925)	890,190	40,400
Principal payments on long-term debt	(21,348,615)	-	-	(21,348,615)	-
Collection of special assessments	30,272,755	-	-	30,272,755	-
Impact fees and contribution in aid of construction	5,824,408	-	-	5,824,408	-
Interest paid	(24,556,400)	-	-	(24,556,400)	-
Net cash used by capital and related financing activities	<u>(34,096,733)</u>	<u>(1,112,809)</u>	<u>(592,326)</u>	<u>(35,801,868)</u>	<u>(261,560)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment Earnings	1,279,515	91,859	5,359	1,376,733	76,417
Net cash provided by investing activities	<u>1,279,515</u>	<u>91,859</u>	<u>5,359</u>	<u>1,376,733</u>	<u>76,417</u>
Net increase (decrease) in cash	6,196,745	1,035,425	(473,555)	6,758,615	6,609,984
Cash and investments - beginning	108,094,997	10,615,745	1,223,174	119,933,916	11,193,541
Cash and investments - ending	<u>\$ 114,291,742</u>	<u>\$ 11,651,170</u>	<u>\$ 749,619</u>	<u>\$ 126,692,531</u>	<u>\$ 17,803,525</u>
CLASSIFIED AS:					
Cash and investments	\$ 17,979,561	\$ 11,651,170	\$ 749,619	\$ 30,380,350	\$ 17,803,525
Restricted cash and investments	96,312,181	-	-	96,312,181	-
Total cash and investments	<u>\$ 114,291,742</u>	<u>\$ 11,651,170</u>	<u>\$ 749,619</u>	<u>\$ 126,692,531</u>	<u>\$ 17,803,525</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, 2016

	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)	\$ 4,797,023	\$ 26,632	\$ (450,429)	\$ 4,373,226	\$ 2,121,117
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	33,365,552	1,792,678	133,654	35,291,884	304,841
(Increase) decrease in assets:					
Accounts receivable, net	30,683	175,544	7	206,234	(123,294)
Intergovernmental receivable	-	2,922	-	2,922	-
Inventories	269,749	-	(9,109)	260,640	-
Prepaid items	(70)	275	5,955	6,160	(6,051)
Increase (decrease) in liabilities:					
Accounts payable and other accrued liabilities	63,528	(49,008)	48,411	62,931	1,245,365
Accrued payroll	(537,450)	(164,023)	(41,963)	(743,436)	(98,738)
Compensated absences	(450,794)	(148,286)	(32,770)	(631,850)	(206,368)
OPEB obligation	2,221,976	719,726	175,840	3,117,542	481,229
Net Pension Liability	2,264,388	527,203	(55,594)	2,735,997	493,456
Change in Deferred inflows	114,708	28,221	(38,433)	104,496	25,237
Change in Deferred outflows	(3,158,536)	(954,572)	(79,710)	(4,192,818)	(723,024)
Claims liability	-	-	-	-	(41,306)
Deposits	239,292	-	-	239,292	-
Unearned revenue	(880)	-	68,553	67,673	-
Total adjustments	34,422,146	1,930,680	174,841	36,527,667	1,351,347
Net cash provided (used) by operating activities	<u>\$ 39,219,169</u>	<u>\$ 1,957,312</u>	<u>\$ (275,588)</u>	<u>\$ 40,900,893</u>	<u>\$ 3,472,464</u>

Supplemental disclosure of noncash investing, capital and financing activities:

Water and Sewer decrease in fair value of investments of \$7,166.
Water and Sewer recognized \$4,192,913 of deferred loss.
Water and Sewer recognized \$3,541,778 capital asset contributions.
Water and Sewer had \$1,851,296 of capital related accounts payable.
Stormwater increase in fair value of investments of \$534.
Stormwater had \$17,558 of capital related accounts payable.
Other Enterprise Funds decrease in fair value of investments of \$509.
Other Enterprise Funds had \$15,598 of capital related accounts payable.
Internal Service Funds increase in fair value of investments of \$1,937.
Internal Service Funds had \$24,131 of capital related accounts payable.

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

City of Cape Coral, Florida

STATEMENT OF NET POSITION
FIDUCIARY FUNDS
September 30, 2016

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	15,100,229	2,829,029
Receivables		
Member contributions	504	-
Employer contributions	248,061	-
Due from brokers	1,190,221	-
Investment income	398,665	3,682
Total receivables	1,837,451	3,682
Intergovernmental receivable		35,785
Investments, at fair value:		
Certificates of deposit	341,205	-
US Government Obligations and		
Federal Agency Guaranteed Securities	25,115,926	-
Mortgage Backed Securities	10,199,291	-
Collateralized Mortgage Obligations	3,574,176	-
Corporate Bonds	20,153,524	-
Municipal obligations	278,626	-
Stocks	178,189,774	-
Unit Investment Trusts	1,982,690	-
Mutual and ETF funds		
Equity	53,665,686	-
Balanced	26,847,644	-
Pooled/common/commingled funds		
Equity	135,842,703	-
Real Estate	31,942,548	-
Partnerships	9,529,726	-
Real Estate	719,292	-
Total investments	498,382,811	-
Prepaid expenses	1,769	-
Total assets	515,322,260	2,868,496
LIABILITIES		
Accounts payable	395,802	
Due to broker for securities purchased	2,075,957	
Prepaid contributions	9,777	
Due to others	-	\$ 2,868,496
Total liabilities	2,481,536	
NET POSITION RESTRICTED FOR PENSIONS	\$ 512,840,724	

City of Cape Coral, Florida

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2016

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 32,003,413
Plan members	7,062,422
Member buybacks	252,607
State of Florida	2,706,052
Total contributions	42,024,494
Investment income (expenses)	
Investment income	10,585,629
Net appreciation (depreciation) in fair	
value of investments	32,762,295
Less: investment expenses	(1,992,075)
Net Investment Income (Loss)	41,355,849
Total additions	83,380,343
DEDUCTIONS	
Benefits and refunds	26,533,541
Administrative expenses	444,484
Total deductions from net pension	26,978,025
Net increase in net position	56,402,318
Net position - beginning	456,438,406
Net position - ending	\$ 512,840,724

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

Notes to Financial Statements

City of Cape Coral

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2016

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NOTES TO THE FINANCIAL STATEMENTS

September 30, 2016

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, 2016, and their report dated October 13, 2016, was previously issued under separate

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

2. Related Organization

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

3. Summary of Significant Accounting Policies

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

Basic Financial Statements

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities of the government-wide presentation.

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

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

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

1. Accrual:

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

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

2. Modified Accrual:

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

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

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

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

Basis of Presentation

The financial transactions of the City are recorded in individual funds. The operations for each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses. Resources are allocated to and accounted for in individual funds, based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

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

The following major funds are used by the City:

1. Governmental Funds:

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

- a. **General Fund** is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.
- b. **Transportation Capital Improvements Fund** is used to account for the following projects:
 - Road Resurfacing – paving residential streets.
 - Sidewalks – construction of sidewalks on Cape Coral Parkway, Wildwood Parkway, Sands Boulevard South, Palm Tree Boulevard, and SW 20th Avenue.
 - Other Transportation Capital Improvements – improvements to various roadways including miscellaneous road resurfacing, median curbing, turn lane improvements, and purchase of road widening right of way.
- c. **Community Redevelopment Agency Fund** is used to account for monies received from tax incremental revenue by certain taxing authorities in the community redevelopment area.
- d. **Debt Service Fund** is used to account for the accumulation of resources for, and payment of, general long-term debt principal and interest.

2. Proprietary Funds:

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

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

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

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

3. Other Funds:

Additionally, the City reports the following Funds:

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

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

1. Cash and Investments

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

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

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

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

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

Florida PRIME is considered a qualifying external investment pool that meets all of the necessary criteria to elect to measure all of the investments at amortized cost. Therefore, the fair value of the County's position in the pool is the same as the value of the pool shares. The Florida PRIME investments are not categorized because they are not evidenced by securities that exist in physical or book entry form. Throughout the year, and as of September 30, 2016, Florida PRIME contained certain floating and adjustable rate securities. These investments represented 27.6 percent of Florida PRIME's portfolio at September 30, 2016.

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

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

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

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

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

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

2. Receivables and Payables

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

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

The other governmental funds accounts receivables are for false alarm, lot mowing, seawall fees, child care meals, voluntary pre-kindergarten and school readiness, purchasing card rebate, and Community Development Block Grant (CDBG) program income due to current year closings in which the funds were not received until next year.

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. Beginning in FY2014 the City also adopted a fire services assessment to fund fire-rescue services. The City utilizes the uniform collection method for collecting the assessments. The receivable reported is the assessment amount that has a lien and is unpaid. Unbilled receivables totaled \$105,478 for governmental activities and \$213,651,001 for business-type activities.

Intergovernmental Receivable - 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, fire pension surplus, grant reimbursements and a receivable due from component unit – Cape Coral Charter School Authority, at September 30, 2016 of \$34,667. The Cape Coral Charter School reports a receivable from the primary government at June 30, 2016 of \$7,709. The Cape Coral Charter School Authority also reports a payable to the primary government at June 30, 2016 of \$18,918.

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 2016 fuel tax collections, Florida Medicaid reimbursement for special populations, reimbursement from the Florida Department of Environmental Protection, and collections due from the Lee County Tax Collector, the Lee County Clerk of Courts, Lee County Public Safety. In addition, grant reimbursements are receivables for the Community Development Block Grant (CDBG), Local Housing Assistance (S.H.I.P), and the Residential Construction Mitigation Programs.

Other governmental funds also has a payable, due to component unit – Cape Coral Charter School Authority, at September 30, 2016 of \$36,378.

All trade receivables are reported net of an allowance for uncollectible. Uncollectible is defined as any account that is greater than or equal to 120 days delinquent from the 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.

3. Inventories and Prepaid Items

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

4. Capital Assets

Capital assets include property, buildings, improvement other than buildings, equipment, infrastructure and certain intangible assets. Infrastructure assets are defined as public domain capital assets such as roads, bridges, sidewalks, traffic signals, and similar items that are immovable and of value only to the governmental unit. Capital assets are reported in the government-wide financial statements in the applicable governmental or business-type activities columns, as well as the proprietary fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and a useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at estimated 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 financial position will sometimes include a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then.

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

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

The City has the following deferred outflows/inflows:

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

6. Compensated Absences

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

7. Long-term Obligations

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

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

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

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

9. Utility Capital Expansion Fee (Impact Fee)

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

10. Special Assessments

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

11. Unearned Revenue

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

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

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

12. Intergovernmental Allocation of Administrative Expenses

The general fund incurs certain administrative expenses for other funds, including accounting, legal, data processing, personnel administration, and other services. The governmental funds that received these services were charged \$1,261,071 for fiscal year 2016. These amounts are eliminated in the statement of activities. The enterprise funds that received these services were charged \$4,265,586 for fiscal year 2016. 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, 2016 was \$1,256,353. The State of Florida's contribution to the Municipal Firefighters' Plan for the year ended September 30, 2016 was \$1,449,699. The City recognized these on-behalf payments from the State as revenues and expenditures in the governmental fund financial statements.

14. Fund Balance

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

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

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

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

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

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

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

The City 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.

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

15. Net Position

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

16. Use of Estimates

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

NOTE II. PROPERTY TAXES

Property taxes are levied on November 1st of each year, and are due and payable upon receipt of the notice of levy. The Lee County, Florida Tax Collector's office bills and collects property taxes on behalf of the City. The total tax rate of 6.9570 mills per \$1,000 of assessed taxable property value consists of 6.9570 mills to finance general governmental services for the fiscal year ended September 30, 2016. 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 2016 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, 2016.

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, 2016:

Governmental activities:

City Centrum Fund ¹	\$ (1,264)
Del Prado Mall Parking Lot Fund ²	(27,292)
Construction Mitigation Fund ³	(128,834)

¹ The deficit fund balance is a result of incurring ongoing maintenance expenses but earning no rental revenue at this time.

² 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.

³ The deficit fund balance is due to a grant reimbursement request submitted at year end that was not collected within 60 days after year-end and therefore reported as a deferred inflow of resources.

3) Expenditures in Excess of Appropriations

The following individual funds had excess expenditures over appropriations as of September 30, 2016.

Governmental activities:

Road Impact Fee Fund ¹	\$ (30,435)
Criminal Justice Education ²	(710)
City Centrum ³	(13,543)
Residential Construction Mitigation Program ⁴	(163,329)

¹ Credit card fees were under budgeted.

² Travel expenses were under budgeted.

³ Facility charges were under budgeted.

⁴ 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, 2016 the City had the following cash and investment amounts:

Category	Fair Value
Checking and savings accounts	\$ 28,691,100
Cash on hand	9,615
Cash with fiscal agent	9,145,527
LGIP- Florida PRIME (SBA)	61,153,216
Intergovernmental Investment Pools	43,710,301
Money Market Funds	219,957
Investments	123,435,399
Total	<u>\$ 266,365,115</u>

Reconciliation of cash and investments to the basic financial statements:

	Cash and Investments		
	Unrestricted	Restricted	Total
Governmental Funds	\$ 119,040,030	\$ -	\$ 119,040,030
Business-Type Activities - Enterprise Funds	30,380,350	96,312,181	126,692,531
Governmental Activities - Internal Service Funds	17,803,525	-	17,803,525
Agency Funds	2,829,029	-	2,829,029
Total	<u>\$ 170,052,934</u>	<u>\$ 96,312,181</u>	<u>\$ 266,365,115</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, 2016, interest receivable on the City's investment portfolio amounted to \$440,928.

As of September 30, 2016, 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	\$ 19,424,931	1.34
Federal Agencies - Bond/Note	44,822,728	1.81
US Treasury - Bond/Note	57,976,052	2.52
Municipal - Bond/Note	1,211,688	2.04
LGIP- Florida PRIME (SBA)	61,153,216	0.14
Intergovernmental Investment Pool-FL CLASS	42,651,313	0.15
Intergovernmental Investment Pool - FL SAFE	1,058,988	0.10
Money Market Funds	219,957	0.10
Total Fair Value	<u>\$ 228,518,873</u>	
Portfolio Weighted Average Duration		1.20

C. Fair Value Measurements

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

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

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

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

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

As of September 30, 2016, the City had the following investment measurements by security type:

Security Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Corporate Notes	\$ 19,424,931	\$ -	\$ 19,424,931
Federal Agencies - Bond/Note	44,822,728	-	44,822,728
US Treasuries - Bond/Note	57,976,052	57,976,052	-
Municipal Bond/Note	1,211,688	-	1,211,688
Intergovernmental Investment Pools	43,710,301	43,710,301	-
Total Investments by Fair Value Level	<u>\$ 167,145,700</u>	<u>\$ 163,059,526</u>	<u>\$ 65,459,347</u>

Investment Measured at Amortized Cost

LGIP	\$ 61,153,216
Money Market Funds	219,957
	<u>61,373,173</u>

Total cash, cash equivalents, and investments	<u>\$ 228,518,873</u>
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D. Interest Rate Risk

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

The City utilizes "effective duration" as a measurement of interest rate risk and as of September 30, 2016 the investment portfolio had an effective duration of 1.20 years.

Included in the investment portfolio, the City has \$3,191,297 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, August 23, 2019, and November 05, 2017.

The dollar weighted average days to maturity (WAM) of Florida PRIME at September 30, 2016, is 50 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Florida PRIME at September 30, 2016, is 70 days.

E. Credit Risk

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

Florida PRIME

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

Commercial Paper

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

Bankers' Acceptances

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

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

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

Registered Investment companies (Mutual Funds)

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

Intergovernmental Investment Pools

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

Corporate Notes

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

Asset-backed securities (ABS)

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

Bond funds

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

As of September 30, 2016, the City had the following credit exposure as a percentage of total investments:

Security Type	S&P Credit Rating	% of Portfolio
Corporate Notes	AAA	0.08%
Corporate Notes	AA+	4.59%
Corporate Notes	AA-	1.92%
Corporate Notes	AA	0.66%
Corporate Notes	A+	1.26%
Federal Agencies - Bond/Note	AA+	19.61%
US Treasuries - Bond/Note	AA+	25.36%
Municipal Bond/Note	AA	0.53%
Intergovernmental Investment Pools	AAAm	19.13%
LGIP	AAAm	26.76%
Money Market Funds	AAAm	0.10%
Total		<u>100.00%</u>

As of September 30, 2016, the City's investment deposit in Florida Prime, Florida Class, and Florida Asset Fund Trust (FLSAFE) investment pool was \$61,153,216, \$42,651,313, and \$1,058,988, respectively. These qualify as 2a7-like external investment pools. As of September 30, 2016, all pools were rated AAAm by Standard & Poor's.

F. Custodial Credit Risk

The City's investment policy, pursuant to Section 218.415(18), Florida Statutes, requires securities, with the exception of certificates of deposits, shall be held with a third party custodian; and all securities purchased by, and all collateral obtained by the City should be properly designated as an asset of the City. The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. Certificates of deposits will be placed in the provider's safekeeping department for the term of the deposit.

As of September 30, 2016, the City's investment portfolio was held with a third-party custodian as required by the City's investment policy.

G. Concentration of Credit Risk

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

Florida PRIME

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

United States Government Securities

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

United States Government Agencies

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

Federal Instrumentalities

- A maximum of 80% of available funds may be invested in Federal Instrumentalities.

- No more than 25% of available funds may be invested in any one issuer.

Interest Bearing Time Deposit or Saving Accounts

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

Repurchase Agreements

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

Commercial Paper

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

Bankers' Acceptances

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

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

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

Registered Investment Companies (Mutual Funds)

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

Intergovernmental Investment Pools

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

Corporate Notes

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

Corporate Obligations

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

Mortgage-Backed Securities (MBS)

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

Asset-Backed Securities (ABS)

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

Bond Funds

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

As of September 30, 2016, the City had the following issuer concentration based on fair value:

Issuer	Fair Value	Percentage of Portfolio
American Honda Finance	\$ 995,010	0.44%
Apple Inc	998,610	0.44%
Berkshire Hathaway	1,508,700	0.66%
Chevron	1,400,471	0.61%
Cola-Cola Company	2,151,440	0.94%
Exxon Mobil	2,264,448	0.99%
Fannie Mae (FNMA)	3,064,705	1.34%
Federal Home Loan Bank (FHLB)	6,268,550	2.74%
Freddie Mac (FHLMC)	11,049,558	4.84%
Governmental National Mortgage Association (GNMA)	24,439,913	10.69%
IBM	2,249,708	0.98%
JPMorgan Chase Bank	782,457	0.34%
Microsoft	533,294	0.23%
Mississippi ST	1,211,688	0.53%
Money Market Fund	219,957	0.10%
Pepsico, INC	1,425,513	0.62%
US Treasury	57,976,053	25.39%
U.S. BanCorp	1,604,656	0.70%
Walmart	1,503,225	0.66%
Wells Fargo & Company	2,007,400	0.88%
Florida Prime	61,153,216	26.76%
Florida Class	42,651,313	18.66%
FL Safe	1,058,988	0.46%
Total	<u>\$ 228,518,873</u>	<u>100.00%</u>

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, 2016, the carrying amount of the Pension Funds' cash and cash equivalents was \$15,441,434.

B. Investment Portfolio

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

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

As of September 30, 2016, interest and dividend receivable on the Pension Funds' investment portfolio amounted to \$398,665.

As of September 30, 2016, 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)
Cash and Cash Equivalents	\$ 4,970,964	2.21%	N/A
Investments:			
Stock	76,720,545	34.18%	N/A
Unit investment trusts	1,982,690	0.88%	N/A
Mutual Funds:			
Equity	20,137,960	8.97%	N/A
Pooled/Common/Commingled Funds	100,399,182	44.73%	N/A
Partnerships	20,231,963	9.03%	N/A
Total Investments	<u>\$ 224,443,304</u>	<u>100.00%</u>	

Police Officers' Pension Investments

Security Type	Fair Value	Percentage of Portfolio	Weighted Average Duration (years)
Cash and Cash Equivalents	\$ 4,326,082	3.08%	N/A
Investments:			
Certificates of deposit	173,075	0.12%	1.50
U.S. Government Obligations and			
Federal agency securities	12,128,146	8.64%	3.42
Mortgage Backed Securities	4,643,017	3.31%	2.93
Collateralized Mortgage Obligations	1,765,958	1.26%	5.26
Corporate Bonds	8,906,883	6.35%	6.2
Stocks	50,432,567	35.93%	N/A
Municipal obligations	126,648	0.09%	23.67
Mutual Funds:			
Balanced	12,799,873	9.12%	N/A
Equity	16,346,725	11.65%	N/A
Pooled/Common/Commingled Funds:			
Equity	12,730,288	9.07%	N/A
Real Estate	15,971,274	11.38%	N/A
Total Investments	<u>\$ 140,350,536</u>	<u>100.00%</u>	

Firefighters' Pension Investments

Security Type	Fair Value	Percentage of Portfolio	Weighted Average Duration (years)
Cash and Cash Equivalents	\$ 5,803,074	3.90%	N/A
Investments:			
Certificates of deposit	168,130	0.11%	1.50
U.S Government Obligations and Federal Agency Securities	12,987,780	8.73%	8.73
Mortgage Backed Securities	5,556,274	3.74%	2.87
Collateralized Mortgage Obligations	1,808,218	1.22%	3.78
Corporate Bonds	11,246,641	7.56%	6.03
Stock	51,036,662	34.32%	N/A
Municipal obligations	151,978	0.10%	23.67
Mutual Funds:			
Balanced	14,047,771	9.45%	N/A
Equity	17,181,001	11.55%	N/A
Pooled/Common/Commingled Funds:			
Equity	12,730,288	8.56%	N/A
Real Estate	15,971,274	10.76%	N/A
Total Investments	<u>\$ 148,689,091</u>	<u>100.00%</u>	

C. Interest Rate Risk

The investment policies for the pension funds do not address interest rate risk. The Pension Funds utilize "effective duration" as a measurement of interest rate risk and as of September 30, 2016.

D. Credit Risk

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

Equity Securities

General Pension Funds:

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

Police and Fire Pension Funds:

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

Fixed Income Securities

General Pension Fund:

The fixed income portfolio shall comply with the following guidelines:

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

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

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

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

Police and Fire Pension Funds:

The fixed income portfolio shall comply with the following guidelines:

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

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

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

Cash Equivalent Securities

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

General Pension Fund:

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

Police and Fire Pension Funds:

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

Real Estate

General Pension Fund:

- The Real Estate portion of the Fund's asset may be invested in pooled Real Estate vehicles, limited partnerships, or other types of Real Estate investments as determined by the Board in consultation with Investment Consultant.

- Investment in real estate shall be limited to no more than 15% (at market) of the Fund's total asset value.

Police and Fire Pension Funds:

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

As of September 30, 2016, 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	1.74%	2.08%
AA+	N/A	67.29%	64.86%
AA	N/A	2.43%	1.93%
AA-	N/A	2.95%	2.70%
A+	N/A	1.95%	2.10%
A	N/A	6.86%	6.94%
A-	N/A	3.11%	5.67%
BBB+	N/A	8.46%	8.91%
BBB	N/A	2.19%	2.26%
BBB-	N/A	0.42%	0.42%
not rated	100.00%	2.60%	2.13%
Total	100.00%	100.00%	100.00%

The following lists investments that represent 5% or more of the Plan's fiduciary net position as of September 30, 2016:

General Employees' Pension Investments

Investment	Amount
Manning & Napier Fund Inc. - Overseas Series Fund	\$ 19,619,919
Pyramis Commingled Pool	53,235,463
Wells Fargo Emerging Markets Equity Fund	13,577,626
Total	<u>\$ 86,433,088</u>

Police Officers Pension Investments

Investment	Amount
American Core Reality Fund, LLC	\$ 15,971,274
Rhumbine Russell 1000 Pooled Index Fund	12,730,288
Total	<u>\$ 28,701,562</u>

Firefighters' Pension Investments

Investment	Amount
American Core Reality Fund, LLC	\$ 15,971,274
Rhumbine Russell 1000 Pooled Index Fund	12,730,288
Total	<u>\$ 28,701,562</u>

E. Fair Value Measurement

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan had the following recurring fair value measurements comprised of investments as of September 30, 2016:

General Employees' Pension Investments

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment by Fair Value Level				
Investments:				
Stocks	\$ 76,720,545	\$ 76,720,545	\$ -	\$ -
Unit Investment Trust	1,982,690	1,982,690	-	-
Mutual Funds:				
Equity	20,137,960	20,137,960	-	-
	<u>\$ 98,841,195</u>	<u>\$ 98,841,195</u>	<u>\$ -</u>	<u>\$ -</u>
Investment Measured at Net Asset Value (NAV)				
Pooled/common/commingled funds	\$ 100,399,182			
Partnerships	20,231,963			
Total Investments Measured at the NAV	<u>120,631,145</u>			
Total Investments Measured at Fair Value	<u>\$ 219,472,340</u>			
Investments Measured at Amortized Cost				
Money Market Funds	<u>4,970,964</u>			
Total cash, cash equivalents, and investments	<u>\$ 224,443,304</u>			

Police Officers' Pension Investments

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment by Fair Value Level	Fair Value			
Investments:				
Certificates of Deposit	\$ 173,075	\$ -	\$ 173,075	\$ -
U.S. Government Obligations and Federal Agency Securities	12,128,146	-	12,128,146	-
Mortgage Backed Securities	4,643,017	-	4,643,017	-
Coolateralized Mortgage Obligations	1,765,958	-	1,765,958	-
Corporate Bonds	8,906,883	-	8,906,883	-
Stocks	50,432,567	50,432,567	-	-
Municipal Obligations	126,648	-	126,648	-
Mutual Funds:				
Balanced	12,799,873	12,799,873	-	-
Equity	16,346,725	16,346,725	-	-
	<u>\$ 107,322,892</u>	<u>\$ 79,579,165</u>	<u>\$ 27,743,727</u>	<u>\$ -</u>
Investment Measured at Net Asset Value (NAV)				
Pooled/common/commingled funds				
Equity Index Fund	\$ 12,730,288			
Real Estate Commingled Fund	15,971,274			
Total Investments Measured at the NAV	<u>28,701,562</u>			
Total Investments Measured at Fair Value	<u>136,024,454</u>			
Investments Measured at Amortized Cost				
Money Market Funds	<u>4,326,082</u>			
Total cash, cash equivalents, and investments	<u>\$ 140,350,536</u>			

Firefighters' Pension Investments

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment by Fair Value Level	Fair Value			
Investments:				
Certificates of Deposit	\$ 168,130	\$ -	\$ 168,130	\$ -
U.S. Government Obligations and				
Federal Agency Securities	12,987,780	-	12,987,780	-
Mortgage Backed Securities	5,556,274	-	5,556,274	-
Coolateralized Mortgage Obligations	1,808,218	-	1,808,218	-
Corporate Bonds	11,246,641	-	11,246,641	-
Stocks	51,036,662	51,036,662	-	-
Municipal Obligations	151,978	-	151,978	-
Mutual Funds:				
Balanced	14,047,771	14,047,771	-	-
Equity	17,181,001	17,181,001	-	-
	<u>\$ 114,184,455</u>	<u>\$ 82,265,434</u>	<u>\$ 31,919,021</u>	<u>\$ -</u>
Investment Measured at Net Asset Value (NAV)				
Pooled/common/commingled funds				
Equity Index Fund	\$ 12,730,288			
Real Estate Commingled Fund	15,971,274			
Total Investments Measured at the NAV	<u>28,701,562</u>			
Total Investments Measured at Fair Value	<u>142,886,017</u>			
Investments Measured at Amortized Cost				
Money Market Funds	<u>5,803,074</u>			
Total cash, cash equivalents, and investments	<u>\$ 148,689,091</u>			

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

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

General Employees' Pension Investments

	Fair Value	Unfunded Commitments	Redemption Frequency	Notice Period
Pooled/Common/Commingled Funds				
Equity	\$ 13,577,626	\$ -	Daily	3 Days
Fixed Income	53,235,463	-	Daily	5 Days
Private Equity	6,421,277	4,885,529	N/A	N/A
Real Estate	27,164,816	2,544,769	Quarterly	45 Days
Partnerships				
Alternative	9,529,726	-	Quarterly	90 Days
GTAA	9,982,945	-	Monthly	30 Days
Real Estate	719,292	330,194	N/A	N/A
Total Investment Measured at the NAV	<u>120,631,145</u>			

Police Officers' Pension Investments

	Fair Value	Unfunded Commitments	Redemption Frequency	Notice Period
Pooled/Common/Commingled Funds				
Equity Index Fund	\$ 12,730,288	\$ -	Monthly	Daily
Real Estate	15,971,274	19,035	Quarterly	Daily
Total Investment Measured at the NAV	<u>\$ 28,701,562</u>			

Firefighters' Pension Investments

	Fair Value	Unfunded Commitments	Redemption Frequency	Notice Period
Pooled/Common/Commingled Funds				
Equity Index Fund	\$ 12,730,288	\$ -	Monthly	Daily
Real Estate	15,971,274	19,035	Quarterly	Daily
Total Investment Measured at the NAV	<u>\$ 28,701,562</u>			

Equity Index Fund

The investment objective of the Rhumblin Russell 1000 Pooled Index Trust is to match the return of the Russell 1000 Index through investments in substantially all of the stocks contained in that index.

Real Estate Fund

The American Core Realty Fund is an open-end diversified core real estate commingled fund whose primary objective is to provide returns that are attractive relative to other assets classes with stable income and the potential for market appreciation. The Fund invests primarily in core institutional quality industrial, multi-family, office, and retail properties located throughout the United States, and is diversified by product type, geographic, and economic exposure in order to mitigate investment risk.

F. Custodial Credit Risk

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

As of September 30, 2016, the Pension Funds' investment portfolio was held with a third-party custodian as required by Florida Statutes.

G. Concentration of Credit Risk

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

Equity Securities

General Pension Fund:

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

Police and Fire Pension Funds:

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

Fixed Income Securities

General Pension Fund:

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

- Home Loan Mortgage Corporation (FHLMC), the Federal nation Mortgage Association (FNMA) or that are rated “AAA” by Moody’s or ‘AAA” by Standard & Poor’s rating services.
- No more than 10% at cost of issues can be rated below “AAA” by Moody’s or “AAA” by Standard & Poor’s rating services.
- No limit on fixed income securities issued directly by the United States Government or any agency or instrumentality thereof.
- Fixed income securities may be managed through the purchase of open-end, no-load mutual funds as long as these funds in aggregate adhere to the fixed income guidelines herein.
- All approved institutions and dealers transacting in repurchase agreements are required to execute and perform as stated in the Master Repurchase Agreement. All repurchase agreement transactions shall adhere to the requirements of the Master Repurchase Agreement. The Board shall determine the approximate maturity date based on cash flow needs and market conditions, analyze and select one or more optimal types of investment, and competitively bid the security in question when feasible and appropriate. Except as otherwise required by law, the most economically advantageous bid must be selected.

Police and Fire Pension Funds:

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

Real Estate

General Pension:

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

Police and Fire Pension Funds:

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

Hedge Fund of Funds

General Pension:

- For purposes of this policy the term “hedge fund investments” means and includes investments in both U.S. and non-U.S. private investment companies and funds (including fund of funds) which invest directly and indirectly primarily in the liquid global securities and derivatives markets using various investment strategies including, but not limited to, such strategies and styles as “market neutral”, “arbitrage”, “long bias equity”, “distressed securities”, “event driven”, “opportunistic” and “absolute return” strategies, both on a leveraged and unleveraged basis. These investment strategies and styles share in common the characteristic of low correlation to traditional investments and are used to diversify overall portfolio risk.
- The Manager will invest the assets with multiple investment managers through fund of fund private investment companies, each of which in turn will invest in and allocate to a portfolio of hedge fund vehicles with various investment strategies and objectives. These fund of funds may be broadly diversified or occupy a specific niche.
- Limited to no more than 10% (at market) of the Funds’ total asset value.

Cash Equivalent Securities

General Pension:

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

2. Restricted Cash and Investments

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

	Water and Sewer
Debt service	\$ 31,448,632
Capital improvements	56,428,879
Renewal and replacement	5,967,221
Deposits	2,467,449
Total restricted cash and investments	<u>\$ 96,312,181</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	\$ 72,110	\$ 29,176	\$ 3,171	\$ 1,416	\$ 44,449	\$ 150,322
Gross assessments receivable ¹	104,709	-	-	-	106,521	211,230
Less: allowance for uncollectibles	(104,287)	-	-	-	(106,355)	(210,642)
Intergovernmental	3,312,086	1,385,930	-	937,070	2,734,984	8,370,070
Gross accounts receivable	1,509,542	-	76	-	463,343	1,972,961
Less: allowance for uncollectibles	(114,861)	-	-	-	(410,167)	(525,028)
Total net receivables	<u>\$ 4,779,299</u>	<u>\$ 1,415,106</u>	<u>\$ 3,247</u>	<u>\$ 938,486</u>	<u>\$ 2,832,775</u>	<u>\$ 9,968,913</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, 2016, the unbilled amount is \$105,478.

Business-type activities:

	Water and Sewer	Stormwater	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
Unrestricted:					
Interest	\$ 26,367	\$ 14,857	\$ 899	\$ 42,123	\$ 16,991
Intergovernmental	-	69,800	-	69,800	-
Gross accounts receivable	9,283,880 ¹	196,227	369	9,480,476	138,691
Less: allowance for uncollectibles	(842,193) ²	(187,130)	-	(1,029,323)	-
Total net unrestricted	8,468,054	93,754	1,268	8,563,076	155,682
Restricted:					
Interest	227,810	-	-	227,810	-
Intergovernmental	123,796	-	-	123,796	-
Gross accounts receivable	1,420,491 ⁴	-	-	1,420,491	-
Less: allowance for uncollectibles	(367,423) ²	-	-	(367,423)	-
Gross assessments receivable ^{3,4}	4,454,550 ⁴	-	-	4,454,550	-
Less: allowance for uncollectibles	(2,463,446) ²	-	-	(2,463,446)	-
Total net restricted	3,395,778	-	-	3,395,778	-
Total net receivables	\$ 11,863,832	\$ 93,754	\$ 1,268	\$ 11,958,854	\$ 155,682

¹ Includes unbilled receivables of \$3,697,148.

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

³ During FY2001, the City changed the method of collecting for new special assessments. The amortized assessment is collected pursuant to the Uniform Assessment Collection Act under Florida Statutes 197.3632 and 197.3635. The Uniform Assessment Collection Act authorizes the collection of non-ad valorem assessments on the same bill as ad valorem taxes. The uniform collection method offers the City the greatest assurance of collecting all of its billed special assessment revenue. For financial statement reporting, the receivable is recorded at the time of the levy which is each year when the assessment is billed on the tax roll and the enforceable legal claim arises. The total assessment for all projects is \$413,606,665. As of September 30, 2016, the unbilled amount is \$213,651,001.

⁴ The City has a law firm under contract to assist in collection of delinquent utility assessment, impact fee loans, CIAC fee loans, and stormwater utility accounts. The firm specializes in such services and is working on foreclosing on delinquent utility assessment and stormwater accounts. The City monitors the accounts on a monthly basis. As of September 30, 2016, the delinquent amounts were \$23,968 for assessments, \$77,086 for impact loans, and \$290,336 for CIAC loans.

4. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2016 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Purpose for Balance	Amount
General	Other governmental funds (Residential Construction Mitigation Grant)	Awaiting grant reimbursement	\$ 126,244

Advances to/from other funds:

Receivable Fund	Payable Fund	Purpose for Balance	Amount
General	Other governmental funds (Del Prado Mall Parking Lot) ¹	Del Prado Mall parking lot improvements	\$ 95,012
	Other enterprise funds (Golf Course) ²	Operations	564,909
			659,921
Total Governmental Funds			\$ 786,165

¹ Original advance was for the transportation capital improvement project for the construction of the parking lot and alley. Assessment collections repay the advance.

² Golf Course fees will repay the advance.

Interfund Transfers:

Transfers Out	Transfers In						
	General Fund	Transportation Capital Improvements	Community Redevelopment Agency	Debt Service Fund	Other Governmental Funds	Stormwater	Other Enterprise Funds
General Fund	\$ -	\$ 7,800,000 ²	\$ 788,808 ⁵	\$ 6,830,275 ⁶	\$ 4,556,642 ¹¹	\$ -	\$ 604,000 ¹⁶
Transportation Capital	-	-	-	111,277 ⁷	-	-	- ¹⁷
CRA	-	-	-	416,848 ⁸	-	-	-
Debt Service Fund	-	-	-	-	5,674 ¹²	-	-
Other Governmental	3,793,832 ¹	250,000 ³	-	6,186,877 ⁹	250 ¹³	-	-
Water and Sewer	-	-	-	96,643 ¹⁰	-	108,563 ¹⁵	-
Stormwater	-	-	-	-	-	-	-
Other Enterprise	-	100,000 ⁴	-	-	-	-	9,500 ¹⁸
Total	\$ 3,793,832	\$ 8,150,000	\$ 788,808	\$ 13,641,920	\$ 4,677,566	\$ 108,563	\$ 3,322,663
							\$ 23,892,888
							111,277
							416,848
							5,674
							10,230,959
							205,206
							9,500
							215,000
							\$ 35,087,352

- 1 Various Other governmental funds transferred \$1,221,046 to the general fund for reimbursement of budgetary established levels for administrative services.
- Other governmental fund (Gas Tax) transferred \$2,411,786 to the general fund for budgetary established levels to support public works services division's operations.
- Other governmental fund (All Hazards) transferred \$160,000 to the general fund for reimbursement of incentive pays for hazmat response.
- Other governmental fund (Police Confiscation State) transferred \$1,000 to the general fund for reimbursement of the candlelight ceremony to honor victims and families that have experienced trauma or death.
- 2 General fund transferred \$6,900,000 to the transportation capital improvements fund to support local road resurfacing.
- General fund transferred \$500,000 to the transportation capital improvements fund to support alley resurfacing.
- General fund transferred \$400,000 to the transportation capital improvements fund to support median landscaping.
- 3 Other governmental fund (Five Cent Gas Tax) transferred \$150,000 to the transportation capital improvements fund to support the cost of sidewalk installation.
- Other governmental fund (Six Cent Gas Tax) transferred \$100,000 to the transportation capital improvements fund for paving in the North 2 Utility Extension Area.
- 4 Other enterprise funds (Yacht Basin) transferred \$100,000 to the transportation capital improvements fund to support median improvements on Coronado south of the yacht club.
- 5 General fund transferred \$688,808 to the community redevelopment agency for established tax increment financing (TIF) funding plus an additional \$100,000 for additional improvements.
- 6 General fund transferred \$6,830,275 to the debt service fund for annual debt service payments.
- 7 Transportation capital improvements fund transferred \$111,277 of remaining project funds 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.
- 8 Community redevelopment agency transferred \$416,848 to the debt service fund for annual debt service payments.
- 9 Other governmental fund (Road Impact) transferred \$5,650,816 to the debt service fund for annual debt service payments.
- Other governmental fund (Fire Impact) transferred \$339,865 to the debt service fund for annual debt service payments.
- Other governmental fund (Building) transferred \$22,099 to the debt service fund for annual debt service payments.
- Other governmental fund (Waterpark) transferred \$174,097 to the debt service fund for annual debt service payments.
- 10 Water & sewer fund transferred \$96,643 to the debt service fund for annual debt service payments.
- 11 General fund transferred \$350,000 to other governmental fund (Waterpark) for budgetary established support of annual operations.
- General fund transferred \$3,225,000 to other governmental fund (Parks & Recreation Programs) for budgetary established support of annual operations.
- General fund transferred \$325,000 to other governmental fund (Public Works Capital Projects) for the sign shop replacement.
- General fund transferred \$331,569 to other governmental fund (Public Safety Capital Projects) for the design of fire station #11.
- General fund transferred \$300,000 to other governmental fund (Computer Capital Projects) for the finance ERP system.
- General fund transferred \$1,000 to other governmental fund (City Center) for budgetary established support of annual operations.
- General fund transferred \$24,073 to other governmental fund (CDBG) as additional support to the program plan expenditures as recommended by CDBG Advisory Committee.
- Debt Service fund transferred \$1,604 to other governmental fund (Road Impact) for remaining debt service funds allocated back to the funding source.
- Debt Service fund transferred \$4,070 to other governmental fund (Park Impact) for remaining debt service funds allocated back to the funding source.
- 13 Other governmental fund (Police Confiscation State) transferred \$250 to other governmental fund (Do The Right Thing) to support the city wide educational event Water Safety Day.
- 14 Other enterprise funds (Yacht Basin fund) transferred \$115,000 to other governmental funds (Parks & Recreation Programs) as operating subsidy to the shared facilities at the Yacht Club area.
- 15 Water & sewer fund transferred \$108,563 from state revolving loan grant for southwest 6 / 7 utility work to stormwater fund for their cost of improvements in the southwest 6 / 7 utility extension area.
- 16 General fund transferred \$554,000 to other enterprise funds (Golf Course) for budgetary established support of annual operations.
- General fund transferred \$50,000 to other enterprise funds (Golf Course) for the renovation of holes #6 and #18 grounds, tree maintenance program, and chemicals for the grounds.
- 17 General fund transferred \$3,313,163 to the internal service funds (Self-Insured Health Plan) for the actuarial required reserve.
- 18 Stormwater fund transferred \$9,500 to the internal service fund (Fleet) for capital related items.

5. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land				
Governmental	\$ 150,642,657	\$ 71,981	\$ -	\$ 150,714,638
Construction in progress				
Governmental	4,176,757	7,124,948	(4,882,412)	6,419,293
Total capital assets, not being depreciated	154,819,414	7,196,929	(4,882,412)	157,133,931
Capital assets, being depreciated:				
Buildings				
Governmental	129,612,541	-	(204,910)	129,407,631
Internal Service	794,507	-	-	794,507
Building improvements				
Governmental	4,415,796	598,265	(5,931)	5,008,130
Internal Service	117,477	-	-	117,477
Improvements other than buildings				
Governmental	59,540,156	529,301	(9,348)	60,060,109
Internal Service	63,796	-	-	63,796
Equipment				
Governmental	41,765,893	8,704,604	(5,948,393)	44,522,104
Internal Service	1,534,011	273,413	(216,306)	1,591,118
Intangible computer software				
Governmental	2,876,267	-	-	2,876,267
Internal Service	705,245	-	-	705,245
Infrastructure				
Governmental	184,154,470	7,328,118	(927,434)	190,555,154
Total capital assets, being depreciated	425,580,159	17,433,701	(7,312,322)	435,701,538
Less accumulated depreciation for:				
Buildings				
Governmental	(38,221,538)	(3,111,562)	92,697	(41,240,403)
Internal Service	(421,024)	(26,469)	-	(447,493)
Building improvements				
Governmental	(1,760,932)	(301,446)	5,931	(2,056,447)
Internal Service	(98,028)	(2,830)	-	(100,858)
Improvements other than buildings				
Governmental	(28,219,851)	(2,592,896)	8,633	(30,804,114)
Internal Service	(55,020)	(2,426)	-	(57,446)
Equipment				
Governmental	(33,223,635)	(2,748,442)	4,586,025	(31,386,052)
Internal Service	(1,329,873)	(82,404)	216,307	(1,195,970)
Intangible computer software				
Governmental	(2,572,922)	(127,948)	-	(2,700,870)
Internal Service	(341,328)	(190,712)	-	(532,040)
Infrastructure				
Governmental	(53,039,902)	(5,881,528)	141,702	(58,779,728)
Total accumulated depreciation	(159,284,053)	(15,068,663)	5,051,295	(169,301,421)
Total capital assets, being depreciated, net	266,296,106	2,365,038	(2,261,027)	266,400,117
Governmental activities capital assets, net	\$ 421,115,520	\$ 9,561,967	\$ (7,143,439)	\$ 423,534,048

(continued on next page)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land				
Water and Sewer	\$ 24,393,063	\$ 129,015	\$ -	\$ 24,522,078
Stormwater	6,355,077	-	-	6,355,077
Other enterprise funds	1,817,726	-	-	1,817,726
Total land	32,565,866	129,015	-	32,694,881
Construction in progress				
Water and Sewer	102,843,340	22,493,215	(4,774,596)	120,561,959
Stormwater	3,653,091	497,585	(107,109)	4,043,567
Total construction in progress	106,496,431	22,990,800	(4,881,705)	124,605,526
Total capital assets, not being depreciated	139,062,297	23,119,815	(4,881,705)	157,300,407
Capital assets, being depreciated:				
Buildings				
Water and Sewer	384,266,064	21,096	-	384,287,160
Stormwater	6,699	76,709	-	83,408
Other enterprise funds	1,168,652	169,798	-	1,338,450
Total buildings	385,441,415	267,603	-	385,709,018
Building improvements				
Water and Sewer	1,938,029	-	-	1,938,029
Stormwater	1,833,038	-	-	1,833,038
Other enterprise funds	40,729	-	-	40,729
Total building improvements	3,811,796	-	-	3,811,796
Improvements other than buildings				
Water and Sewer	288,990,327	2,651,983	-	291,642,310
Stormwater	21,560,642	-	-	21,560,642
Other enterprise funds	3,461,007	-	(21,091)	3,439,916
Total improvements other than buildings	314,011,976	2,651,983	(21,091)	316,642,868
Equipment				
Water and Sewer	28,659,189	2,713,353	(2,263,266)	29,109,276
Stormwater	5,912,166	1,872,405	(357,296)	7,427,275
Other enterprise funds	699,971	234,582	(179,047)	755,506
Total equipment	35,271,326	4,820,340	(2,799,609)	37,292,057
Infrastructure				
Water and Sewer	577,647,299	835,780	-	578,483,079
Stormwater	14,272,054	-	-	14,272,054
Other enterprise funds	-	286,049	-	286,049
Total Infrastructure	591,919,353	1,121,829	-	593,041,182
Total capital assets, being depreciated	1,330,455,866	8,861,755	(2,820,700)	1,336,496,921
Less accumulated depreciation for:				
Buildings				
Water and Sewer	(61,053,947)	(9,359,333)	(11,421)	(70,424,701)
Stormwater	(2,049)	(3,226)	(49,248)	(54,523)
Other enterprise funds	(810,661)	(32,670)	(16,375)	(859,706)
Total buildings	(61,866,657)	(9,395,229)	(77,044)	(71,338,930)
Building improvements				
Water and Sewer	(1,297,609)	(203,080)	-	(1,500,689)
Stormwater	(484,196)	(178,161)	-	(662,357)
Other enterprise funds	(56,233)	(3,029)	-	(59,262)
Total building improvements	(1,838,038)	(384,270)	-	(2,222,308)
Improvements other than buildings				
Water and Sewer	(158,805,828)	(8,759,650)	-	(167,565,478)
Stormwater	(7,299,536)	(731,443)	-	(8,030,979)
Other enterprise funds	(3,120,970)	(45,795)	20,179	(3,146,586)
Total improvements other than buildings	(169,226,334)	(9,536,888)	20,179	(178,743,043)
Equipment				
Water and Sewer	(22,180,213)	(2,017,017)	2,052,720	(22,144,510)
Stormwater	(4,167,399)	(614,388)	(694,674)	(5,476,461)
Other enterprise funds	(673,549)	(52,160)	179,048	(546,661)
Total equipment	(27,021,161)	(2,683,565)	1,537,094	(28,167,632)
Infrastructure				
Water and Sewer	(196,114,768)	(13,026,472)	(141,702)	(209,282,942)
Stormwater	(8,523,073)	(265,460)	-	(8,788,533)
Total Infrastructure	(204,637,841)	(13,291,932)	(141,702)	(218,071,475)
Total accumulated depreciation	(464,590,031)	(35,291,884)	1,338,527	(498,543,388)
Total capital assets, being depreciated, net	865,865,835	(26,430,129)	(1,482,173)	837,953,533
Business-type activities capital assets, net	\$ 1,004,928,132	\$ (3,310,314)	\$ (6,363,878)	\$ 995,253,940

(continued on next page)

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

Governmental activities:

General Government	\$ 5,351,689
Public Safety:	
Police	1,061,924
Fire	1,371,190
Public Works	4,762,299
Community Development	56,429
Parks and Recreation	2,160,291
Internal Service	304,841
Total depreciation expense - governmental activities	<u>\$ 15,068,663</u>

Business-type activities:

Water and Sewer	\$ 33,365,552
Stormwater	1,792,678
Other enterprise funds	133,654
Total depreciation expense - business-type activities	<u>\$ 35,291,884</u>

6. Construction Project Interest Cost

Governmental Accounting Standards Board Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* requires that the difference between interest expense on debt and interest earnings on reinvested debt proceeds be capitalized.

	Water and Sewer
Actual interest cost	\$ 966,352
Less Interest	-
Interest Capitalized	<u>\$ 966,352</u>

7. Accounts Payable and Other Accrued Liabilities

Accounts payable and other accrued liabilities at September 30, 2016 are as follows:

Governmental activities:

	General Fund	Transportation Capital Improvements	Community Redevelopment Agency	Other Governmental Funds	Total
Accounts payable and other accrued liabilities	\$ 2,583,901	\$ 632,597	\$ 228	\$ 717,764	\$ 3,934,490
Retainage payable	-	258,632	-	-	258,632
Total	<u>\$ 2,583,901</u>	<u>\$ 891,229</u>	<u>\$ 228</u>	<u>\$ 717,764</u>	<u>\$ 4,193,122</u>

Business-type activities:

	Water and Sewer	Stormwater	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
Accounts payable and other accrued liabilities	\$ 3,190,923	\$ 142,040	\$ 169,641	\$ 3,502,604	\$ 1,665,490
Retainage payable	1,277,916	32,470	-	1,310,386	-
Total	<u>\$ 4,468,839</u>	<u>\$ 174,510</u>	<u>\$ 169,641</u>	<u>\$ 4,812,990</u>	<u>\$ 1,665,490</u>

The following is a summary of changes in the City's Bonded and other indebtedness for the year ended September 30, 2016:

* The Community Redevelopment Agency's portion of the Special Obligation Revenue Bond, Series 2012 is \$2,997,820.

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Long-term Debt at September 30, 2016 is comprised of the following:

General Long-term Debt

Revenue Bonds

\$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%.	\$ 29,455,000
\$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%.	24,960,000
\$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%.	2,285,000
\$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%.	16,350,000
\$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.	11,482,190
\$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%.	4,700,000
\$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%.	16,752,000

\$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%.

50,915,000

190,714,190

Less unamortized discount

(260,114)

Plus unamortized premium

4,016,728

\$ 194,470,804

Notes Payable

\$13,675,000 Special Obligation Revenue Note, Series 2015 was issued to refund the City's outstanding Capital Improvement Revenue Bonds, Series 2005 and to finance the acquisition of various equipment and vehicles. The City refunded the 2005 Series to reduce its debt service payment over 10 years by \$878,414 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$803,758. Principal and interest on the obligations is secured by non-ad valorem funds budgeted and appropriated by City Council. Principal is paid annually from October 2016 to October 2024 with interest paid semiannually at a rate of 2.1%.

\$ 12,092,000

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%.

\$ 1,405,000

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.

\$ 435,163

\$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.

627,623

\$ 1,062,786

Proprietary Funds - Long-term Debt

Revenue Bonds

\$175,000,000 Water and Sewer Refunding Revenue Bonds, Series 2011, issued to refund on a current basis all of the City's outstanding Water and Sewer Revenue Bonds, Series 2009 and to refinance certain commercial paper obligations which were issued to finance, on an interim basis, a portion of the acquisition, construction and equipping of certain capital improvements to the City's water, wastewater, and irrigation water system. The bonds are secured by a pledge of and lien upon the water and sewer system's net revenues as defined by the Bond Resolution, and expansion fees. Principal is paid annually 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.

\$ 166,185,000

\$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.

100,845,000

\$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.

4,265,000

\$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.

93,310,000

437,020,000

10,646,810

Plus unamortized premium

\$ 447,666,810

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.

\$ 1,196,325

\$7,224,652 State Revolving Fund Loan Agreement #7516L 01 (Pine Island Water) payable to the State with principal and interest payable semiannually at 2.93% 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.

308,464

\$35,848,122 State Revolving Fund Loan Agreement #7516L 02 (Southwest 1 Water) payable to the State with principal and interest payable semiannually at 2.93% 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.

1,466,875

\$16,668,746 State Revolving Fund Loan Agreement DW#360103 (Southwest 6 & 7 Drinking Water) payable to the State with principal and interest payable semiannually at 2.12% 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.

11,944,353

\$72,349,275 State Revolving Fund Loan Agreement WW#360100 (Southwest 6 & 7 Clean Water) payable to the State with principal and interest payable semiannually at rates ranging from 1.93% to 2.42% 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.

54,662,272

\$ 69,578,289

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 2016 debt service requirements.

Information regarding Special Assessment Debt outstanding at September 30, 2016 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 - 4.750%	2023	\$ 1,825,000
Wastewater and Irrigation Water Refunding Assessment Bonds, Series 2005 (Southwest 1, Pine Island, and Southwest 3 Areas)	53,285,000	3.875 - 4.250%	2022	12,645,000
Utility Improvement Assessment Bonds, Series 2005 (Southwest 2)	31,680,000	3.875 - 4.250%	2025	13,740,000
Utility Improvement Assessment Bonds, Series 2006 (Southeast 1)	30,870,000	3.875 - 4.200.%	2026	14,320,000
Utility Improvement Assessment Bonds, Series 2007 (Southwest 4)	67,955,000	3.875 - 5.000%	2027	38,390,000
Utility Improvement Assessment Bonds, Series 2007 (Southwest 5 and Surfside)	57,855,000	3.875 - 4.750%	2028	27,570,000
	<u>\$ 249,940,000</u>			<u>108,490,000</u>
Less unamortized discount				(1,164,476)
Plus unamortized premium				262,227
Total Special Assessment Debt				<u>\$ 107,587,751</u>

Summary of Debt Service Requirements by Maturity

Governmental Activities

Year ending September 30,	Revenue Bonds				Notes Payable		Special Assessment Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 9,302,600	\$ 8,970,781	\$ 1,618,000	\$ 253,932	\$ 275,000	\$ 20,914		
2018	9,618,620	8,652,715	1,652,000	219,954	275,000	16,376		
2019	9,951,410	8,319,220	1,689,000	185,262	280,000	11,798		
2020	10,327,010	7,947,690	1,726,000	149,793	285,000	7,136		
2021	10,704,420	7,547,115	1,760,000	113,547	290,000	2,393		
2022 - 2026	55,270,130	31,008,809	3,647,000	135,030	-	-		
2027 - 2031	49,835,000	15,246,760	-	-	-	-		
2032 - 2036	29,190,000	5,673,361	-	-	-	-		
2037 - 2041	6,515,000	777,900	-	-	-	-		
	190,714,190	94,144,351	12,092,000	1,057,518	1,405,000	58,617		
Less unamortized discount	(260,114)	-	-	-	-	-		
Plus unamortized premium	4,016,728	-	-	-	-	-		
Total	\$ 194,470,804	\$ 94,144,351	\$ 12,092,000	\$ 1,057,518	\$ 1,405,000	\$ 58,617		

Business-type Activities

Year Ending September 30,	Revenue Bonds		Notes Payable		Special Assessment Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 9,960,000	\$ 18,888,604	\$ 5,134,176	\$ 1,053,077	\$ 9,520,000	\$ 4,694,673
2018	10,215,000	18,628,438	1,310,118	1,403,630	9,915,000	4,297,715
2019	10,760,000	18,310,854	3,176,019	1,334,995	10,315,000	3,887,110
2020	11,045,000	18,023,711	3,246,208	1,264,806	10,745,000	3,466,237
2021	11,405,000	17,664,738	3,317,984	1,193,029	10,700,000	3,006,652
2022 - 2026	62,910,000	82,436,043	16,924,462	4,848,292	47,313,450	8,444,626
2027 - 2031	74,895,000	70,354,051	17,424,053	3,052,619	9,981,550	596,507
2032 - 2036	93,470,000	51,632,900	19,045,269	1,134,749	-	-
2037 - 2041	123,770,000	26,316,000	-	-	-	-
2042 - 2046	28,590,000	1,429,500	-	-	-	-
	437,020,000	323,684,839	69,578,289	15,285,197	108,490,000	28,393,520
Unamortized discount	-	-	-	-	(1,164,476)	-
Unamortized premium	10,646,810	-	-	-	262,227	-
Total	\$ 447,666,810	\$ 323,684,839	\$ 69,578,289	\$ 15,285,197	\$ 107,587,751	\$ 28,393,520

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, 2016.

Fiscal Year	Governmental Activities
2017	\$ 625,360
2018	185,360
2019	185,360
2020	92,680
Total Payments	1,088,760
Less interest	(25,974)
	<u>\$ 1,062,786</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Long-term debt	\$ 216,566,813	\$ -	\$ (11,292,837)	\$ 205,273,976	\$ 11,806,372
Bond discount and premium	3,975,897	-	(219,283)	3,756,614	-
Total bonds and notes payable	220,542,710	-	(11,512,120)	209,030,590	11,806,372
Claims liability	7,110,000	2,756,062	(2,797,368)	7,068,694	2,231,694
Compensated absences ¹	7,037,954	-	(2,269,959)	4,767,995	48,713
Net Pension Liability ²	114,617,641	51,577,521	(39,206,329)	126,988,833	-
OPEB obligation ³	105,389,852	11,051,716	(56,995)	116,384,573	-
Total Governmental	<u>\$ 454,698,157</u>	<u>\$ 65,385,299</u>	<u>\$ (55,842,771)</u>	<u>\$ 464,240,685</u>	<u>\$ 14,086,779</u>
Business-type activities:					
Water and Sewer					
Long-term debt	\$ 635,465,322	\$ 971,582	\$ (21,348,615)	\$ 615,088,289	\$ 24,614,176
Bond discount and premium	10,241,180	128,754	(625,373)	9,744,561	-
Total bonds and notes payable	645,706,502	1,100,336	(21,973,988)	624,832,850	24,614,176
Compensated absences	1,580,735	-	(450,794)	1,129,941	239,689
Net Pension Liability	20,531,208	8,650,131	(6,385,743)	22,795,596	-
OPEB obligation	21,148,149	3,286,009	(1,064,033)	23,370,125	-
Total Water and Sewer	<u>688,966,594</u>	<u>13,036,476</u>	<u>(29,874,558)</u>	<u>672,128,512</u>	<u>24,853,865</u>
Stormwater					
Compensated absences	543,320	-	(148,286)	395,034	77,461
Net Pension Liability	6,629,646	2,013,955	(1,486,752)	7,156,849	-
OPEB obligation	6,774,965	1,064,379	(344,653)	7,494,691	-
Total Stormwater	<u>13,947,931</u>	<u>3,078,334</u>	<u>(1,979,691)</u>	<u>15,046,574</u>	<u>77,461</u>
Other Enterprise Funds					
Compensated absences	88,434	-	(32,770)	55,664	11,532
Net Pension Liability	1,134,676	-	(55,594)	1,079,082	-
OPEB obligation	1,646,505	260,044	(84,204)	1,822,345	-
Total Other Enterprise	<u>2,869,615</u>	<u>260,044</u>	<u>(172,568)</u>	<u>2,957,091</u>	<u>11,532</u>
Total Business-type					
Long-term debt	635,465,322	971,582	(21,348,615)	615,088,289	24,614,176
Bond discount, premium and deferred amount on refunds	10,241,180	128,754	(625,373)	9,744,561	-
Total bonds and notes payable	645,706,502	1,100,336	(21,973,988)	624,832,850	24,614,176
Compensated absences	2,212,489	-	(631,850)	1,580,639	328,682
Net Pension Liability	28,295,530	10,664,086	(7,928,089)	31,031,527	-
OPEB obligation	29,569,619	4,610,432	(1,492,890)	32,687,161	-
Total Business-type	<u>\$ 705,784,140</u>	<u>\$ 16,374,854</u>	<u>\$ (32,026,817)</u>	<u>\$ 690,132,177</u>	<u>\$ 24,942,858</u>

¹ Compensated absences were liquidated as follows: General Fund 86%, Special Revenue Funds 10%, 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 84%, Special Revenue Funds 11%, Capital Projects Funds 1%, and Internal Service Funds 4%.

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

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

Conduit Debt Obligation – To provide financing of the construction of a new building that will house 80 residential-style assisted living suites and 48 memory support assisted living suites, as well as converting existing space to provide an additional skilled nursing dining space, 24 rental independent living units and 20 skilled nursing beds within the City, the City of Cape Coral Health Facilities Authority has issued a series of Senior Housing Revenue Bonds, Series 2015. These bonds do not constitute a debt or pledge of the full faith and credit of the City, and accordingly, they have not been reported in the accompanying financial statements. At September 30, 2016, 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:

Special Obligation Revenue Bonds, Series 2006	\$48,715,000
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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, 2016 there are no operating lease commitments that extend beyond 2020. Lease expense for fiscal year 2016 reported in the Governmental Activities and the Business-type Activities were \$65,685 and \$85,370 respectively.

Year Ending September 30,	Governmental Activities	Business-Type Activities	Total
2017	\$ 45,454	\$ 85,779	\$ 131,233
2018	23,923	80,259	104,182
2019	3,649	1,485	5,134
2020	129	-	129
Total	<u>\$ 73,155</u>	<u>\$ 167,523</u>	<u>\$ 240,678</u>

11. Construction and Other Significant Commitments

Construction Commitments. As of September 30, 2016 major outstanding construction commitments (in excess of \$1 million) were as follows:

	<u>Spent To Date</u>	<u>Remaining Commitment</u>
Governmental activities:		
General Fund:		
Lot Mowing Services ¹	\$ 797,248	\$ 362,752
Transportation Fund:		
Road Improvements ²	<u>2,716,269</u>	<u>3,846,020</u>
Total governmental activities	<u>3,513,517</u>	<u>4,208,772</u>
Business-type activities:		
Water & Sewer Fund:		
Bio Solids Centrifuge Installation ³	1,120,241	568,646
CC Southwest WRF/WTP Warehouse ³	3,474,983	849,241
Galvanized Pipe Replacement ³	2,659,897	686,577
Lift Station Improvements ³	-	1,131,498
Utility Extension Program: Area - Southwest 6 & 7 ⁴	61,600,886	6,365,160
SW WTP Underground Injection ³	725,436	321,914
Utility Extension Program: Area - North 2 ⁴	6,607,968	1,350,672
Stormwater Utility Fund:		
Drainage Improvements Southwest 6 & 7 Utility Area ⁴	<u>2,634,988</u>	<u>429,630</u>
Total business-type activities	<u>78,824,399</u>	<u>11,703,338</u>
Total	<u>\$ 82,337,916</u>	<u>\$ 15,912,110</u>

¹ Projects are being funded by lot mowing fees.

² Projects are being funded by the appropriation of General Fund reserves, gas taxes, and settlement proceeds.

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	\$ 5,843,354
Transportation Capital Improvements	702,139
Community Redevelopment Agency	235,620
Nonmajor governmental funds	<u>2,253,251</u>
Total encumbrances	<u>\$ 9,034,364</u>

12. Fund Balances

Fund balances for governmental funds at September 30, 2016 are as follows:

	General	Transportation Capital Improvements	Community Redevelopment Agency	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:						
Nonspendable						
Inventory	\$ 38,180	\$ -	\$ -	\$ -	\$ 87,107	\$ 125,287
Prepaid items	144,507	-	403	-	585	145,495
Advance to other funds	659,921	-	-	-	-	659,921
Total Nonspendable	842,608	-	403	-	87,692	930,703
Restricted						
Housing and community development	-	-	-	-	1,687,678	1,687,678
Building code enforcement	-	-	-	-	4,464,019	4,464,019
Law enforcement - forfeiture funds	-	-	-	-	780,979	780,979
Law enforcement - Do the Right Thing	-	-	-	-	17,470	17,470
Law enforcement training	-	-	-	-	14,969	14,969
Police projects	-	-	-	-	1,882,255	1,882,255
Fire projects	-	-	-	-	2,214,514	2,214,514
Seawalls	-	-	-	-	228,239	228,239
Parks projects	-	-	-	-	3,372,122	3,372,122
Chiquita boat lock	-	-	-	-	87,907	87,907
Community redevelopment	-	-	2,403,644	-	-	2,403,644
Santa Barbara Boulevard project	-	2,792,047	-	-	-	2,792,047
Del Prado Boulevard project	-	3,162,958	-	-	-	3,162,958
Access management/acquisition project	-	1,006,195	-	-	-	1,006,195
Other transportation projects	-	2,328,048	-	-	12,795,048	15,123,096
Debt service	-	-	-	7,433,618	-	7,433,618
Total Restricted	-	9,289,248	2,403,644	7,433,618	27,545,200	46,671,710
Committed						
Computer equipment	121,670	-	-	-	-	121,670
Computer software	72,424	-	-	-	-	72,424
Disaster cleanup	633,071	-	-	-	-	633,071
Fire - building improvement	4,127	-	-	-	-	4,127
Fire - equipment lease	75,415	-	-	-	-	75,415
Fire - uniforms	3,994	-	-	-	-	3,994
Fleet - equipment	94,057	-	-	-	-	94,057
Fleet - small equipment	135,518	-	-	-	-	135,518
Fleet - vehicles	1,005,411	-	-	-	-	1,005,411
General government - professional services	171,614	-	-	-	-	171,614
Public works - professional services	42,813	-	-	-	-	42,813
Public works - roads maintenance	115,566	-	-	-	-	115,566
Public works - sidewalk maintenance	6,178	-	-	-	-	6,178
Law enforcement - alarm fees	-	-	-	-	24,756	24,756
Lot mowing program	-	-	-	-	1,419,418	1,419,418
Parks and recreation - parks programs	-	-	-	-	179,661	179,661
Parks and recreation - waterpark	-	-	-	-	121,629	121,629
Santa Barbara Boulevard project	-	967,732	-	-	-	967,732
Del Prado Boulevard project	-	3,311,535	-	-	-	3,311,535
Road resurfacing project	-	8,424,236	-	-	-	8,424,236
Chiquita Boulevard project	-	828,693	-	-	-	828,693
Other transportation projects	-	216,913	-	-	-	216,913
Parks projects	516,349	-	-	-	141,565	657,914
Fire projects	-	-	-	-	540,018	540,018
Capital projects	-	-	-	-	113,089	113,089
Chiquita boat lock	-	-	-	-	993,236	993,236
Public works projects	-	-	-	-	917,353	917,353
Academic village	-	-	-	-	109,423	109,423
Computer system	-	-	-	-	765,215	765,215
Economic development incentives	544,737	-	-	-	-	544,737
Council projects	403,310	-	-	-	-	403,310
Capital equipment	1,500,000	-	-	-	-	1,500,000
Facilities maintenance	500,000	-	-	-	-	500,000
Disaster reserve	2,000,000	-	-	-	-	2,000,000
Total Committed	7,946,254	13,749,109	-	-	5,325,363	27,020,726

(continued on next page)

	<u>General</u>	<u>Transportation Capital Improvements</u>	<u>Community Redevelopment Agency</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assigned						
City manager - professional services	36,405	-	-	-	-	36,405
Economic development - professional services	12,000	-	-	-	-	12,000
Economic development - training	2,500	-	-	-	-	2,500
Finance - professional services	13,000	-	-	-	-	13,000
Finance - small equipment	19,476	-	-	-	-	19,476
Fire - building improvements	45,880	-	-	-	-	45,880
Fire - computer equipment	20,450	-	-	-	-	20,450
Fire - equipment repair and maintenance	11,343	-	-	-	-	11,343
Fire - medical supplies	1,301	-	-	-	-	1,301
Fire - professional services	975	-	-	-	-	975
Fire - safety equipment	10,285	-	-	-	-	10,285
Fire - small equipment	2,931	-	-	-	-	2,931
Fleet - small equipment	4,155	-	-	-	-	4,155
Government services - professional services	95,592	-	-	-	-	95,592
Information technology - equipment	14,715	-	-	-	-	14,715
Information technology - professional services	8,750	-	-	-	-	8,750
Information technology - software maintenance	19,402	-	-	-	-	19,402
Information technology - telephone service	8,644	-	-	-	-	8,644
Miscellaneous government expenses	7,967	-	-	-	-	7,967
Parks - equipment	16,511	-	-	-	-	16,511
Parks - equipment repair and maintenance	16,096	-	-	-	-	16,096
Parks - improvements	59,313	-	-	-	-	59,313
Planning - professional services	12,000	-	-	-	-	12,000
Public works - bridge maintenance	2,364	-	-	-	-	2,364
Public works - median maintenance	3,945	-	-	-	-	3,945
Public works - navigational aids	20,175	-	-	-	-	20,175
Public works - roads maintenance	3,267	-	-	-	-	3,267
Total Assigned	469,442	-	-	-	-	469,442
Unassigned	41,286,873	-	-	-	(157,390)	41,129,483
Total fund balances	<u>\$ 50,545,177</u>	<u>\$ 23,038,357</u>	<u>\$ 2,404,047</u>	<u>\$ 7,433,618</u>	<u>\$ 32,800,865</u>	<u>\$ 116,222,064</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	\$ 28,176,424
Restricted assets	45,571,886
Noncurrent assets	3,689,700
Unamortized bond issue costs	2,447,670
Capital assets	<u>518,820,389</u>
Total assets	<u>598,706,069</u>

Deferred Outflows of Resources

Deferred outflows - Pension earnings	2,267,039
Deferred outflows - Pension assumption	3,303,722
Deferred outflows - Pension experience	<u>894,942</u>
Total deferred outflows	<u>6,465,703</u>

Liabilities:

Current liabilities	16,082,996
Noncurrent liabilities	463,029,858
Net Pension Liability	<u>22,795,596</u>
Total liabilities	<u>501,908,450</u>

Deferred Inflows of Resources

Deferred expense on refunding bonds	(4,192,913)
Deferred inflows - pension experience	<u>149,503</u>
	<u>(4,043,410)</u>

Net position:

Net investment in capital assets	76,040,021
Restricted for:	
Debt service	601,934
Renewal and replacement	5,967,221
Capital improvements	37,329,766
Unrestricted	<u>(12,632,210)</u>
Total net position	<u>\$ 107,306,732</u>

(continued on next page)

Condensed Statement of Revenues, Expenses and Changes in Net Position

Operating revenues	
Charges for services	\$ 78,983,575
Other revenues	703,674
Total Operating revenues	<u>79,687,249</u>
Operating expenses	
Salaries, wages, and employee benefits	22,382,183
Contractual services, materials and supplies	19,549,038
Depreciation	21,575,587
Total operating expenses	<u>63,506,808</u>
Operating income	<u>16,180,441</u>
Nonoperating revenues (expenses)	
Interest income	624,985
Interest expense	(18,982,071)
Debt service cost	(117,178)
Gain (loss) on sale of capital assets	108,363
Total nonoperating revenues (expenses)	<u>(18,365,901)</u>
Income (loss) before contributions and transfers	<u>(2,185,460)</u>
Transfers in	453,522
Transfers out	<u>(301,375)</u>
Change in net position	(2,033,313)
Total net position - beginning	109,340,045
Total net position - ending	<u><u>\$ 107,306,732</u></u>

Condensed Statement of Cash Flows

New cash provided (used) by:	
Operating activities	\$ 36,760,241
Nonoperating financing activities	152,147
Capital and related financing activities	(41,427,867)
Investing activities	653,171
Net increase (decrease)	(3,862,308)
Beginning cash and investments	67,353,640
Ending cash and investments	<u><u>\$ 63,491,332</u></u>

14. Future Revenues that are Pledged

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

Pledged Revenue	Total Principal and Interest Outstanding	Current Year Principal and Interest Paid	Current Year Revenue	Coverage
Special Assessment ¹	\$ 220,801,402	\$ 14,739,040	\$ 15,101,507	102.46%
Half-cent Sales Tax	54,889,609	4,992,921	13,923,141	278.86%
Gas Tax	79,505,595	5,764,469	8,798,909	152.64%

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)	\$ 166,165	
Historical Non Ad-Valorem Revenue Debt (000)	\$ 300,560	
Legally Available Non-Ad Valorem Revenues (000)		\$ 76,263
Average of current and prior year		\$ 76,166 (A)
Maximum Annual Debt Service (MADS)		\$ 20,367 (B)
MADS coverage (A ÷ B)		3.74
MADS required coverage		1.50
Governmental Revenues		\$ 189,582 (C)
Governmental Revenues percentage (B ÷ C)		10.74%
Required Coverage		not to exceed 20%

Water & Sewer Debt (000)	\$ 762,068	
Operating Revenue (000)		\$ 79,687
Operating Expenses (net of depreciation) (000)		(41,931)
Net Operating Revenues (000)		\$ 37,756
Interest Income (000)		625
Net Revenues Available for Debt Service (000)		\$ 38,381
Capital Expansion Fees (000)		10,915
Net Revenues and Expansion Fees Available for Debt Service (000)		\$ 49,296

Test 1

Net Revenues Available for Debt Service (000)	\$ 38,381
Annual Debt Service (Senior Lien) (000)	\$ 28,845
Calculated Coverage Factor	1.33
Required Coverage	1.00

Test 2

Net Revenues & Expansion Fees (000)	\$ 49,296
Annual Debt Service (Senior Lien) (000)	\$ 28,845
Calculated Coverage Factor	1.71
Required Coverage	1.00

Test 3

Total Revenues after Senior Lien Debt Service (000)	\$ 19,672
Annual Debt Service (Subordinate) (000)	\$ 416
Calculated Coverage Factor	47.29

15. Intergovernmental Revenue

Intergovernmental revenue as of September 30, 2016 is as follows:

Governmental activities:

	General Fund	Transportation Capital Improvements	Other Governmental Funds	Total
Operating Grants and State Shared Revenues				
Parks and Recreation	\$ 108,852	\$ -	\$ 462,528	\$ 571,380
Public Safety: Police	511,118	-	-	511,118
Public Safety: Fire	75,545	-	-	75,545
Public Works	18	-	758,813	758,831
Local shared revenue	285,814	-	-	285,814
State shared revenue	2,623,700	-	-	2,623,700
Federal disaster relief - Hurricane Charley	-	-	103,800	103,800
State disaster relief - Hurricane Charley	-	-	5,735	5,735
Capital Grants				
Community Development	-	-	1,651,469	1,651,469
Parks and Recreation	-	-	-	-
Public Works	-	216,378	87,907	304,285
Inter-local Agreements				
Public Works	75,754	-	-	75,754
Total	<u>\$ 3,680,801</u>	<u>\$ 216,378</u>	<u>\$ 3,070,252</u>	<u>\$ 6,967,431</u>

16. Interest Income

Interest Income as of September 30, 2016 is as follows:

	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
Investment income	\$ 928,939	\$ 1,421,443	\$ 83,211	\$ 2,433,593
Interest on advances	9,187	171,094	-	180,281
Interest billed on assessment, contribution in aid of construction, and impact fee loans	9,489	8,249,401	-	8,258,890
Interest received from tax collector	12,907	4,963	-	17,870
Other	469	-	-	469
Total	<u>\$ 960,991</u>	<u>\$ 9,846,901</u>	<u>\$ 83,211</u>	<u>\$ 10,891,103</u>

17. Other Revenue

	General Fund	Transportation Capital Improvements	Community Redevelopment Agency	Other Governmental Funds	Total
NSP Program Income	\$ -	\$ -	\$ -	\$ 563,562	\$ 563,562
State Housing Program Income (SHIP)	-	-	-	147,091	147,091
CDBG Program Income	-	-	-	171,838	171,838
Blue Cross Blue Shield Wellness Payment	150,000	-	-	-	150,000
School impact administrative fee	60,048	-	-	-	60,048
Lee County Electric Coop equity refund	38,147	-	1	10,222	48,370
Lee County Tax Collector Refund of Estimated Fee	76,838	-	-	27,049	103,887
Permissive use fees	2,800	-	-	-	2,800
Sales of surplus material	3,952	-	-	-	3,952
Purchase card rebate	95,402	-	75	6,018	101,495
Legal settlements	694	-	-	-	694
Police confiscation	-	-	-	324,191	324,191
Insurance recovery	7,768	-	-	-	7,768
Planning department reimbursements	15,738	-	-	-	15,738
Other	187,637	68	-	37,074	224,779
	<u>\$ 639,024</u>	<u>\$ 68</u>	<u>\$ 76</u>	<u>\$ 1,287,045</u>	<u>\$1,926,213</u>

18. Building and Vehicle Leases

Building Leases

The City of Cape Coral has entered into four lease agreements with the Cape Coral Charter School Authority for the operation of two elementary, one middle school, and one high school. The current leases extend to 2020 for Oasis Elementary, and 2021 for Christa McAuliffe Elementary School and Oasis Middle School. The lease amount of all four leases shall be equal to the debt service, cost of commercial general liability insurance on the building, and one dollar. For fiscal year 2016, the lease payments totaled \$3,537,628, which included \$3,454,522 for debt service and \$83,106 for insurance. The insurance cost for fiscal year 2017 will be \$92,380. 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
2017	\$ 3,452,910
2018	3,453,750
2019	3,456,150
2020	3,455,376
2021	3,456,350
	<u>\$ 17,274,536</u>

The construction cost of the charter school buildings was \$42,804,057, accumulated depreciation as of September 30, 2016 was \$11,439,788 for a net carrying amount of \$31,364,269.

The City has entered into an Interlocal Agreement with Lee County Emergency Medical Services for portions of various City owned fire stations. The lease amount for fire stations constructed prior to 2004 is \$2 per square foot per year. Lee County currently leases space in two fire stations under this arrangement.

Annual revenue from the lease is \$5,936. The agreement shall automatically renew on a yearly basis although either party may, upon written notice, terminate this agreement.

For fire stations constructed after 2004, the lease amount is based on the cost to construct the fire station divided by 25 years multiplied by the percentage of space occupied. Currently Lee County Emergency Medical Services is leasing space in three fire stations under this agreement. Annual revenue from the lease is \$62,775. 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 \$10,339,690, accumulated depreciation as of September 30, 2016 was \$2,232,979 for a net carrying amount of \$8,106,711.

Vehicle Leases

The amount of the lease is the sum of the debt service for the buses, including all debt service related costs. For fiscal year 2016, the lease payments totaled \$255,035.

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
2017	\$ 252,284
2018	252,186
2019	252,415
2020	159,694
2021	66,830
	<u>\$ 983,409</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 three years.

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

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

The claims liabilities reported in the worker's compensation fund, property and casualty insurance fund, and self-funded health insurance fund at September 30, 2016 are based on requirements of Governmental Accounting Standards Board Statement No. 30, which requires that a liability for claims be reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be estimated. This includes claims that have been incurred but not reported (IBNR) and allocated loss adjustment expenses.

Changes in the funds' claims liability amount in fiscal years 2014, 2015 and 2016 were:

	Beginning-of-Fiscal-Year Claims Liability	Current-Year Claims and Changes in Estimates	Claims Payments	End-of-Fiscal- Year Claims Liability
Workers Compensation				
2015 - 2016	\$ 5,579,000	\$ 1,785,122	\$ (1,926,122)	\$ 5,438,000
2014 - 2015	5,405,000	1,928,683	(1,754,683)	5,579,000
2013 - 2014	5,372,000	2,106,347	(2,073,347)	5,405,000
Property and Casualty				
2015 - 2016	\$ 1,531,000	\$ (24,718)	\$ (373,282)	\$ 1,133,000
2014 - 2015	1,522,000	555,285	(546,285)	1,531,000
2013 - 2014	1,710,000	491,494	(679,494)	1,522,000
Self-funded Health Insurance				
2015 - 2016	\$ -	\$ 11,239,932	\$ (10,742,238)	\$ 497,694

2. Chiquita Boat Lock-South Spreader Waterway

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

The City received \$87,907 in October 2016. At fiscal year year-end, the City recorded the revenue and a corresponding receivable for the reimbursement.

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

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

3. Pension Plans

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

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

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

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City of Cape Coral, Florida

COMBINING STATEMENT OF NET POSITION
FIDUCIARY FUNDS
September 30, 2016

	Pension Trust Funds			Total Pension Trust Funds
	Municipal General Employees'	Municipal Police Officers'	Municipal Firefighters'	
ASSETS				
Cash and cash equivalents	\$ 4,970,964	\$ 4,326,191	\$ 5,803,074	\$ 15,100,229
Receivables:				
Member contributions	104	-	400	504
Employer contributions	248,061	-	-	248,061
Due from brokers	258,246	509,290	422,685	1,190,221
Investment income	61,105	153,820	183,740	398,665
Total receivables	567,516	663,110	606,825	1,837,451
Investments, at fair value:				
Certificates of deposit		173,075	168,130	341,205
US Government Obligations and Federal Agency Guaranteed Securities	-	12,128,146	12,987,780	25,115,926
Mortgage Backed Securities	-	4,643,017	5,556,274	10,199,291
Collateralized Mortgage Obligations	-	1,765,958	1,808,218	3,574,176
Corporate Bonds	-	8,906,883	11,246,641	20,153,524
Municipal obligations	-	126,648	151,978	278,626
Stocks	76,720,545	50,432,567	51,036,662	178,189,774
Unit Investment Trusts	1,982,690	-	-	1,982,690
Mutual and ETF funds				
Equity	20,137,960	16,346,725	17,181,001	53,665,686
Balanced	-	12,799,873	14,047,771	26,847,644
Pooled/common/commingled funds				
Equity	110,382,127	12,730,288	12,730,288	135,842,703
Real Estate	-	15,971,274	15,971,274	31,942,548
Partnerships	9,529,726	-	-	9,529,726
Real Estate	719,292	-	-	719,292
Total investments	219,472,340	136,024,454	142,886,017	498,382,811
Prepaid expenses	-	1,769	-	1,769
Total assets	225,010,820	141,015,524	149,295,916	515,322,260
LIABILITIES				
Accounts payable	180,806	102,204	112,792	395,802
Due to broker for securities purchased	304,780	693,280	1,077,897	2,075,957
Prepaid contributions	-	8,071	1,706	9,777
Total liabilities	485,586	803,555	1,192,395	2,481,536
NET POSITION RESTRICTED FOR PENSIONS	\$ 224,525,234	\$ 140,211,969	\$ 148,103,521	\$ 512,840,724

City of Cape Coral, Florida

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2016

	Pension Trust Funds			Total Pension Trust Funds
	Municipal General Employees'	Municipal Police Officers'	Municipal Firefighters'	
ADDITIONS				
Contributions:				
Employer	\$ 16,703,284	\$ 6,875,656	\$ 8,424,473	\$ 32,003,413
Plan members	4,110,347	1,659,424	1,292,651	7,062,422
Member buybacks	73,024	-	179,583	252,607
State of Florida	-	1,256,353	1,449,699	2,706,052
Total contributions	20,886,655	9,791,433	11,346,406	42,024,494
Investment income (expense):				
Investment income	3,943,868	3,319,964	3,321,797	10,585,629
Net appreciation (depreciation) in fair value of investments	14,331,624	7,986,398	10,444,273	32,762,295
Less: investment expenses	(832,752)	(533,166)	(626,157)	(1,992,075)
Net Investment Income (Loss)	17,442,740	10,773,196	13,139,913	41,355,849
Total additions to Net Position	38,329,395	20,564,629	24,486,319	83,380,343
DEDUCTIONS				
Benefits and refunds	12,979,936	6,393,638	7,159,967	26,533,541
Administrative expenses	178,584	112,950	152,950	444,484
Total deductions from net position	13,158,520	6,506,588	7,312,917	26,978,025
Net increase in net position	25,170,875	14,058,041	17,173,402	56,402,318
Net position - beginning	199,354,359	126,153,928	130,930,119	456,438,406
Net position - ending	\$ 224,525,234	\$ 140,211,969	\$ 148,103,521	\$ 512,840,724

(A) Defined Benefit Plans

(1) Municipal General Employees' Pension Plan

At September 30, 2016, the Plan's membership consisted of the following:

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

Plan Description – General Employees' Pension Plan

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

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

Benefits Provided - General Employees' Pension Plan

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

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

Benefits terms provide for 2.50% of average final compensation times credited service for the first 20 years of credited service plus 2.75% of average final compensation times each year in excess of 20 years. Benefit accrues at 2.60% for the first 20 years for members who terminate with 20 or more years of credited services.

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>Percentage 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 additional 1.6% in member contributions) will have a 2.5% cost of living adjustment beginning the third October 1st following retirement for benefits accrued on and after October 1, 2013.

Deferred Retirement Option Program: The plan provides a Deferred Retirement Option Plan (DROP) for member having satisfied the normal retirement requirements (earlier of age 60, or the completion of 25 years of credited service, regardless of age). When the DROP period ends, not to exceed 60 months, employment must be terminated. The member must make an election of 1) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited for each fiscal quarter, or 2) 6.5% per annum compounded monthly. Members may elect to change form of return 2 times during each 12 month period of DROP participation. The DROP balance as September 30, 2016 is \$13,339,026.

Contributions - General Employees' Pension Plan

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

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

The City's net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension was determined by an actuarial valuation as of that date.

Total pension liability	\$ 303,869,461
Plan fiduciary net position	<u>(224,525,234)</u>
City's net pension liability	<u>\$ 79,344,227</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>73.89%</u>

Actuarial Assumptions - General Employees' Pension Plan

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

Inflation	2.00%
Salary Increases	5.00% - 7.00%
Discount Rate	7.75%
Investment Rate of Return	7.75%

Mortality rates were based on the following:

Mortality Rate Healthy Lives - RP 2000 Fully Generational with Scale BB, with collar and annuitant adjustments as follows: Males- 50% annuitant white collar, 50% annuitant blue collar. Females – 100% annuitant white collar.

Mortality rate Disabled Lives – Mortality Table RP2000 without projection, with the following adjustments: Males – 100% disabled male with four year setback. Females – 100% disabled female with two year set forward.

The actuarial assumptions used in the October 1, 2015 valuation were based on the results of an actuarial experience study dated July 25, 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, 2016 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
US Equity	6.62%
Developed Non US Equity	7.30%
Emerging Market Equity	9.66%
US Core Fixed Income	1.72%
Hedge Fund of Funds	3.68%
Real Estate	4.46%
Private Equity	11.27%
Farmland	6.72%

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	<u>\$ 116,144,265</u>	<u>\$ 79,344,227</u>	<u>\$ 48,861,292</u>

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2015	\$ 270,717,611	\$ 199,354,359	\$ 71,363,252
Changes for the year:			
Service cost	6,787,332	-	6,787,332
Interest	21,003,661	-	21,003,661
Differences between expected and actual experience	3,893,760	-	3,893,760
Changes of Assumptions	14,374,009	-	14,374,009
Contributions - Employer	-	16,703,284	(16,703,284)
Contributions - Employee	-	4,110,347	(4,110,347)
Contributions - Buy Back	73,024	73,024	-
Net Investment Income	-	17,442,740	(17,442,740)
Benefit payments, including refunds of employee contributions	(12,979,936)	(12,979,936)	-
Administrative Expenses		(178,584)	178,584
Net changes	<u>33,151,850</u>	<u>25,170,875</u>	<u>7,980,975</u>
Balances at September 30, 2016	<u>\$ 303,869,461</u>	<u>\$ 224,525,234</u>	<u>\$ 79,344,227</u>

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

For the year ended September 30, 2016, the City recognized pension expense of \$14,073,825. At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,115,008	\$ 520,374
Changes in Assumptions	11,499,208	-
Net difference between projected and actual earnings on investments	7,890,841	-
Total	<u>\$ 22,505,057</u>	<u>\$ 520,374</u>

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

Year ended September 30,		
	2017	\$ 5,964,025
	2018	5,964,026
	2019	6,741,740
	2020	3,314,892
	2021	-
	Thereafter	-
		<u>\$ 21,984,683</u>

(2) Municipal Police Officers' Pension Plan

At September 30, 2016, the Plan's membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	125
Inactive plan members entitled to but not yet receiving benefits	27
Active plan members	<u>211</u>
Total	<u>363</u>

Plan Description – Police Officers' Pension Plan

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

Benefits Provided - Police Officers' Pension Plan

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

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

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, 2013.

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

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

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

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

Benefits:

Less than 5 years: refund of member contributions.

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

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

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

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

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

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

Deferred Retirement Option Program: The plan provides a Deferred Retirement Option Plan (DROP) for member having satisfied the normal retirement requirements. When the DROP period ends, not to exceed 60 months, employment must be terminated. The member must make and 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, 2016 is \$6,365,097.

Contributions - Police Officers' Pension Plan

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

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

The City's net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension was determined by an actuarial valuation as of that date.

Total pension liability	\$ 170,169,493
Plan fiduciary net position	(140,211,969)
City's net pension liability	<u>\$ 29,957,524</u>

Plan fiduciary net position as a percentage of the total pension liability	<u>82.40%</u>
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Actuarial Assumptions – Police Officers’ Pension Plan

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

Inflation	2.25%
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.

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, 2016 are summarized in the following table:

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

Discount Rate - Police Officers’ Pension Plan

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

current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Net pension liability	<u>\$ 53,069,886</u>	<u>\$ 29,957,524</u>	<u>\$ 11,175,874</u>

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2015	\$ 151,016,236	\$ 126,153,928	\$ 24,862,308
Changes for the year:			
Service cost	4,597,357	-	4,597,357
Interest	11,714,484	-	11,714,484
Change in Excess State Money	379,832	-	379,832
Differences between expected and actual experience	2,017,708	-	2,017,708
Changes of Assumptions	6,709,188	-	6,709,188
Contributions - Employer	-	6,875,656	(6,875,656)
Contributions - State	-	1,256,354	(1,256,354)
Contributions - Buy Back	105,656	105,656	-
Contributions - Employee	-	1,553,768	(1,553,768)
Net Investment Income	-	10,749,925	(10,749,925)
Benefit payments, including refunds of employee contributions	(6,370,968)	(6,370,968)	-
Administrative Expenses	-	(112,350)	112,350
Net changes	<u>19,153,257</u>	<u>14,058,041</u>	<u>5,095,216</u>
Balances at September 30, 2016	<u>\$ 170,169,493</u>	<u>\$ 140,211,969</u>	<u>\$ 29,957,524</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, 2016, the City recognized pension expense of \$7,673,315. At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,681,424	\$ 1,671,916
Changes in Assumptions	5,590,990	-
Net difference between projected and actual earnings on investments	4,150,706	-
Total	<u>\$ 11,423,120</u>	<u>\$ 1,671,916</u>

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

Year ended September 30,	
2017	\$ 2,328,180
2018	2,328,181
2019	2,772,817
2020	867,543
2021	1,454,483
Thereafter	-
	<u>\$ 9,751,204</u>

(3) Municipal Firefighters' Pension Plan

At September 30, 2016, the Plan's membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	138
Inactive plan members entitled to but not yet receiving benefits	7
Active plan members	169
Total	<u>314</u>

Plan Description – Firefighters' Pension Plan

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

Benefits Provided - Firefighters' Pension Plan

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

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

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

For members hired after June 16, 2014, there is no vesting until members have accrued 10 years of credited service. Additionally, for members who have more than 5 years of credited service, but less than 10 years as of June 16, 2014, those members' vesting is frozen at the percentage above until such time that the member has 10 years of credited service.

Benefits:

Less than 5 years: refund of member contributions.

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

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

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

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

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 creased annually by 3.0%.

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

Deferred Retirement Option Program: The plan provides a Deferred Retirement Option Plan (DROP) for member having satisfied the normal retirement requirements. When the DROP period ends, not to exceed 60 months, employment must be terminated. The member must make an election of 1) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited for each fiscal quarter, or 2) 6.5% per annum 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, 2016 is \$13,911,474.

Contributions – Firefighters' Pension Plan

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

Net Pension Liability of the City - Firefighters' Pension Plan

The City's net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension was determined by an actuarial valuation as of that date.

Total pension liability	\$ 196,822,130
Plan fiduciary net position	(148,103,521)
City's net pension liability	<u>\$ 48,718,609</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>75.25%</u>

Actuarial Assumptions – Firefighters' Pension Plan

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

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

Mortality Rate Healthy Lives:

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

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

Mortality Rate Disabled Lives:

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

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

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

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

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2016 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 7.70 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease 6.70%	Current Discount Rate 7.70%	1% Increase 8.70%
Net pension liability	<u>\$ 75,236,323</u>	<u>\$ 48,718,609</u>	<u>\$ 27,284,232</u>

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, 2015	\$ 177,617,730	\$ 130,930,119	\$ 46,687,611
Changes for the year:			
Service cost	4,009,132	-	4,009,132
Interest	13,798,633	-	13,798,633
Differences between expected and actual experience	(260,997)	-	(260,997)
Changes of Assumptions	8,638,016	-	8,638,016
Contributions - Employer	-	8,424,472	(8,424,472)
Contributions - State	-	1,449,699	(1,449,699)
Contributions - Employee	-	1,292,651	(1,292,651)
Contributions - Buy Back	179,583	179,583	-
Net Investment Income	-	13,139,913	(13,139,913)
Benefit payments, including refunds of employees contributions	(7,159,967)	(7,159,967)	-
Administrative Expenses	-	(152,949)	152,949
Net changes	<u>19,204,400</u>	<u>17,173,402</u>	<u>2,030,998</u>
Balances at September 30, 2016	<u>\$ 196,822,130</u>	<u>\$ 148,103,521</u>	<u>\$ 48,718,609</u>

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

For the year ended September 30, 2016, the City recognized pension expense of \$9,645,921. At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 959,156	\$ 217,498
Changes in Assumptions	8,614,394	-
Net difference between projected and actual earnings on investments	3,310,856	-
Total	<u>\$ 12,884,406</u>	<u>\$ 217,498</u>

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

Year ended September 30,	
2017	\$ 3,281,240
2018	3,281,239
2019	3,639,608
2020	1,068,652
2021	1,396,169
Thereafter	-
	<u>\$ 12,666,908</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 \$148,385 and the employees contributed \$104,886 during FY2016.

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, 2016 there were 621 retirees receiving medical and life insurance benefits. The cost of

these benefits is paid by the City; retirees are responsible for dependent group health coverage, if selected by the retiree. The City finances the benefits on a pay-as-you-go basis and recognizes expenditures at the time premiums are due. The premiums for these benefits, not including the retirees' costs for dependent health coverage, totaled \$6,757,912 during fiscal year 2016. 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
2016	\$ 20,870,175	\$ 6,757,912	32.38%	\$ 149,071,734
2015	19,729,414	6,560,628	33.25%	134,959,471
2014	19,584,030	6,087,156	31.08%	121,790,685

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>9/30/2016</u>
Annual required contribution	\$ 22,219,770
Interest on net OPEB	5,398,379
Adjustment to ARC	<u>(6,747,974)</u>
Annual OPEB Cost	20,870,175
Employer Contribution Toward the OPEB Cost	<u>6,757,912</u>
Yearly change in OPEB Obligation	14,112,263
Net OPEB Obligation – Beginning of Fiscal Year	134,959,471
Net OPEB Obligation – End of Fiscal Year	<u>\$ 149,071,734</u>
Per Covered Active Employee	\$ 17,427
As % of Expected Payroll	31.1%

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, 2015, the actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$255,488,318, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$255,488,318. The expected payroll of active participants was \$59,748,851, and the ratio of the UAAL to the expected payroll was 357.18 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, 2016, actuarial valuation, the frozen entry age normal cost method with an increasing normal cost pattern with salary increases of 7% per year declining to 5% for employees age 60 and older for general employees and 7.5% for police officers and firefighters, was used. The actuarial assumptions included a 4.0% investment rate of return (since there are no invested plan assets held in trust to finance the OPEB obligations, the investment return discount rate is the long-term expectation of investment return on assets held in City funds pursuant to its investment policy) and an annual healthcare cost trend rate. Monthly per capita costs for medical and RX benefits are assumed to increase each year. The per capital costs and premiums are expected to increase 7% after 1/01/2017. The UAAL, as calculated pursuant to the individual entry age actuarial cost method, is being amortized as a level percent of payroll on a closed basis. The assumed rate of payroll growth is 4.0%; the assumed general inflation rate is 2.5%.

5. Contingencies

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

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

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

6. Subsequent Event

In February 2017, the City issued \$62,595,000 of Special Obligation Refunding Revenue Bonds, Series 2017 for the purpose of refinancing a portion of the outstanding Special Obligation Bonds, Series 2007, the Special Obligation Bonds, Series 2008, and the Special Obligation Bonds, Series 2011. By refinancing the City will achieve \$8.3 million in savings through the life of the bonds through 2040. The savings in today's dollars (net present value savings) are \$6.7 million. Principal and interest on the obligations is secured by non-ad valorem funds budgeted and appropriated by City Council. Principal is paid annually through October 2040 with interest paid semiannually at rates ranging from 3.00% to 5.00%.

Required Supplementary Info

City of Cape Coral, Florida

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes:				
Property	\$ 75,045,899	\$ 75,045,899	\$ 75,239,444	\$ 193,545
Utility	7,211,575	7,211,575	7,250,872	39,297
Sales	17,226,875	17,226,875	18,136,627	909,752
Fuel	1,398,777	1,398,777	1,441,409	42,632
Alcohol and beverage	66,000	66,000	67,005	1,005
Franchise	7,018,937	7,018,937	6,622,099	(396,838)
Communication	6,084,283	6,084,283	5,168,297	(915,986)
Special assessments	19,604,430	20,526,042	20,808,145	282,103
Licenses and permits	957,850	957,850	863,016	(94,834)
Intergovernmental	3,633,352.00	4,087,299	3,680,801	(406,498)
Charges for services	5,449,210.00	5,887,977	6,040,709	152,732
Fines and forfeitures	846,750.00	846,750	704,935	(141,815)
Rent and royalties	394,200.00	394,200	399,255	5,055
Interest income	294,500.00	294,500	507,553	213,053
Contributions and donations	-	2,500	4,025	1,525
Other revenue	430,950	496,218	779,991	283,773
Cash balances brought forward	45,747,982	61,262,271	-	(61,262,271)
Total revenues	191,411,570	208,807,953	147,714,183	(61,093,770)
EXPENDITURES				
Current:				
General government	47,278,013	50,228,010	45,508,938	4,719,072
Public Safety:				
Police	33,214,712	34,434,397	34,329,227	105,170
Fire	25,600,416	26,666,562	26,122,494	544,068
Public works	10,994,149	11,040,921	9,294,791	1,746,130
Parks and recreation	5,789,435	6,074,596	5,837,980	236,616
Community development	4,456,747	4,464,009	3,961,936	502,073
Capital outlay	7,350,762	13,709,493	6,838,868	6,870,625
Total expenditures	134,684,234	146,617,988	131,894,234	14,723,754
Excess (deficiency) of revenues over (under) expenditures	56,727,336	62,189,965	15,819,949	(46,370,016)
OTHER FINANCING SOURCES (USES)				
Transfers in	3,730,409	3,837,227	3,793,832	(43,395)
Transfers out	(24,211,242)	(24,923,366)	(23,892,888)	1,030,478
Reserves	(36,246,503)	(41,103,826)	-	41,103,826
Total other financing sources (uses)	(56,727,336)	(62,189,965)	(20,099,056)	42,090,909
Net change in fund balance	-	-	(4,279,107)	(4,279,107)
Budgetary fund balance - beginning	54,824,284	54,824,284	54,824,284	-
Budgetary fund balance - ending	\$ 54,824,284	\$ 54,824,284	\$ 50,545,177	\$ (4,279,107)

City of Cape Coral, Florida

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For the Year Ended September 30, 2016

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)	\$ 147,714,183
The net proceeds from the sale of capital assets are budgetary revenues but are regarded as other financing sources, rather than revenue, for financial reporting purposes.	<u>(140,967)</u>
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 147,573,216</u>
Actual other financing sources (uses) (budgetary basis)	\$ (20,099,056)
The net proceeds from the sale of capital assets are budgetary revenues but are regarded as other financing sources, rather than revenue, for financial reporting purposes.	<u>140,967</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ (19,958,089)</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 426,718	\$ 410,949	\$ 410,949	\$ -
Rent and royalties	-	-	1,000	1,000
Interest income	5,700	5,700	16,400	10,700
Other revenue	-	-	76	76
Prior year cash balance	1,540,030	1,745,828	-	(1,745,828)
Total revenues	<u>1,972,448</u>	<u>2,162,477</u>	<u>428,425</u>	<u>(1,734,052)</u>
EXPENDITURES				
Community development	275,258	275,258	140,711	134,547
Capital outlay	410,000	430,879	2,400	428,479
Total expenditures	<u>685,258</u>	<u>706,137</u>	<u>143,111</u>	<u>563,026</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,287,190</u>	<u>1,456,340</u>	<u>285,314</u>	<u>(1,171,026)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	815,242	788,808	788,808	-
Transfers out	(416,848)	(416,848)	(416,848)	-
Reserves	(1,685,584)	(1,828,300)	-	1,828,300
Total other financing sources (uses)	<u>(1,287,190)</u>	<u>(1,456,340)</u>	<u>371,960</u>	<u>1,828,300</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	657,274	<u>\$ 657,274</u>
Fund balances - beginning			<u>1,746,773</u>	
Fund balances - ending			<u>\$ 2,404,047</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, 2016

Budgetary Basis

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

Budgetary Information

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

1. During July, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. On or before September 30 the budget is legally enacted by City Council through passage of an ordinance as required by City Charter, and an ordinance for setting the millage is passed as required by the State of Florida.
4. The City Manager can authorize changes within a fund. However, any other revisions require approval of the City Council. Various supplemental appropriations were approved by the Council during the fiscal year ended September 30, 2016.
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 4 Fiscal Years

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

Note to Schedule:

Changes of Assumptions:

For measurement date 9/30/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees.

The inflation assumption rate was lowered from 3.00% to 2.00%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

City of Cape Coral, Florida

SCHEDULE OF CONTRIBUTIONS
MUNICIPAL GENERAL EMPLOYEES
 Last 4 Fiscal Years

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

Notes to Schedule:

Valuation Date: 10/01/14

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 6.82%.

Amortization Method: Level Percentage of Pay, Closed.

Remaining Amortization Period: 27 years (as of 10/01/2014).

Inflation: 2.00% 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	13.00%
30	10.00%
40	6.00%
50	5.70%
60	0.00%

Disability Rates:

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

Retirement Age:

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

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

Early Retirement:

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

Interest Rate:

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

Salary Increases:

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

Payroll Increase:

Up to 5% per year.

Asset Valuation Method:

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

SCHEDULE OF INVESTMENT RETURNS
MUNICIPAL GENERAL EMPLOYEES
 Last 4 Fiscal Years

	2016	2015	2014	2013
Annual Money Weighted Rate of Return Net of Investment Expenses	8.66%	-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 4 Fiscal Years

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

Note to Schedule:

Changes of Assumptions:

For measurement date 9/30/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees.

The inflation assumption rate was lowered from 3.00% to 2.25%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

City of Cape Coral, Florida

**SCHEDULE OF CONTRIBUTIONS
MUNICIPAL POLICE EMPLOYEES**
Last 4 Fiscal Years

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

Notes to Schedule:

Valuation Date: 10/01/14

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 7.24%.

Amortization Method: Level Percentage of Pay, Closed.

Remaining Amortization Period: 27 years (as of 10/01/2014).

Inflation: 2.25% 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%

Final Year Salary Load:

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

Interest Rate:

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

Payroll Growth Assumption:

5% per year (in 2014, capped at 4.08% per year as limited by historical 10 year payroll growth).

SCHEDULE OF INVESTMENT RETURNS
MUNICIPAL POLICE EMPLOYEES
Last 4 Fiscal Years

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

City of Cape Coral, Florida

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
MUNICIPAL FIREFIGHTERS'
Last 4 Fiscal Years**

	2016	2015	2014	2013
Total Pension Liability				
Service Cost	\$ 4,009,132	\$ 4,102,490	\$ 3,832,937	\$ 3,552,305
Interest	13,798,633	12,898,695	12,184,828	11,567,933
Change in Excess State Money	-	-	(1,825,958)	-
Differences Between Expected and Actual Experience	(260,997)	1,438,736	-	-
Changes of Assumptions	8,638,016	-	2,832,093	-
Contributions - Buy Back	179,583	33,685	-	-
Benefit Payments, Including Refunds of Employee Contributions	(7,159,967)	(6,376,309)	(7,469,627)	(7,714,523)
Net Change in Total Pension Liability	19,204,400	12,097,297	9,554,273	7,405,715
Total Pension Liability - Beginning	177,617,730	165,520,433	155,966,160	148,560,445
Total Pension Liability - Ending (a)	<u>\$ 196,822,130</u>	<u>\$ 177,617,730</u>	<u>\$ 165,520,433</u>	<u>\$ 155,966,160</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 8,424,472	\$ 7,706,894	\$ 6,047,404	\$ 7,365,990
Contributions - State	1,449,699	1,306,968	1,521,432	1,529,756
Contributions - Employee	1,292,651	1,338,752	1,315,620	1,241,892
Contributions - Buy Back	179,583	33,685	-	-
Net Investment Income	13,139,913	(460,924)	10,951,006	14,442,471
Benefit Payments, Including Refunds of Employee Contributions	(7,159,967)	(6,376,309)	(7,469,627)	(7,714,523)
Administrative Expenses	(152,949)	(164,111)	(103,859)	(84,490)
Net Change in Plan Fiduciary Net Position	17,173,402	3,384,955	12,261,976	16,781,096
Plan Fiduciary Net Position - Beginning	130,930,119	127,545,164	115,283,188	98,502,092
Plan Fiduciary Net Position - Ending (b)	<u>\$ 148,103,521</u>	<u>\$ 130,930,119</u>	<u>\$ 127,545,164</u>	<u>\$ 115,283,188</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 48,718,609</u>	<u>\$ 46,687,611</u>	<u>\$ 37,975,269</u>	<u>\$ 40,682,972</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.25%	73.71%	77.06%	73.92%
Covered Employee Payroll	\$ 13,056,409	\$ 14,588,691	\$ 12,722,509	\$ 12,097,174
Net Pension Liability as a Percentage of Covered Employee Payroll	373.14%	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 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 measurement date 9/30/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees.

The inflation assumption rate was lowered from 3.00% to 2.25%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

The investment rate of return was lowered from 7.75% to 7.70% per year compounded annually, net of investment related expenses.

City of Cape Coral, Florida

**SCHEDULE OF CONTRIBUTIONS
MUNICIPAL FIRE EMPLOYEES**
Last 4 Fiscal Years

	2016	2015	2014	2013
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contribution	\$ 9,655,384	\$ 9,013,862	\$ 9,104,319	\$ 8,680,932
Contribution Deficiency (Excess)	9,806,793	9,013,862	9,188,304	8,680,932
	<u>\$ (151,409)</u>	<u>\$ -</u>	<u>\$ (83,985)</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 13,056,409	\$ 14,588,691	\$ 12,722,509	\$ 12,097,174
Contributions as a Percentage of Covered Employee Payroll	75.11%	61.79%	72.22%	71.76%

Notes to Schedule:

Valuation Date: 10/01/14

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 7.75% assumption.

Salary - a full year, based on the current 7.50% assumption.

Amortization Method: Level Percentage of Pay, Closed.

Remaining Amortization Period: 28 years (as of 10/01/2014).

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

Inflation: 2.25% per year.

Retirement Age: Earlier of Age 50 or the completion of 25 years of service. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.

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

Disability Rates:	See table on this page. It is assumed that 75% of Disability Retirements are service-related.	
Termination Rates:	See table on this page.	
Benefit Cap Index:	1.0% assumption each year beginning in 2018.	
Asset Smoothing Methodology:	The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in an insignificant bias that is above or below the Market Vale 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 (limited to 4.41% in 2014).	

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 4 Fiscal Years

	2016	2015	2014	2013
Annual Money Weighted Rate of Return Net of Investment Expenses	9.99%	-0.36%	9.48%	14.44%

Other Post Employment Benefits (OPEB)

Schedule of Funding Progress

Actuarial valuation date ¹	Actuarial value of plan assets (a)	Actuarial accrued liability (AAL) -entry age (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a % of covered payroll ((b-a)/c)
10/1/2015	-	\$ 255,488,318	\$ 255,488,318	0.00%	\$ 71,526,048	357.20%
10/1/2013	-	248,564,599	248,564,599	0.00%	57,450,819	432.66%
10/1/2011	-	219,620,192	219,620,192	0.00%	58,315,070	376.61%

¹ As stated in GASB 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*, OPEB plans with a total membership of 200 or more must have actuarial valuations at least biennially.

The Unfunded AAL, as calculated pursuant to the Individual Entry Age Actuarial Cost Method, is amortized as a level percent of payroll over a 28 year period. This amortization period is closed. The assumed rate of payroll growth is 4%. GASB Statement No. 45 requires that any such payroll growth assumption be based upon no increase in the number of active employees covered by the plan.

Schedule of Contributions from Employer

Year Ended September 30,	Annual OPEB cost	Amount contributed	Percentage annual OPEB cost	Net OPEB obligation
2016	\$ 20,870,175	\$ 6,757,912	32.38%	\$ 149,071,734
2015	19,729,414	6,560,628	33.25%	134,959,471
2014	19,584,030	6,087,156	31.08%	121,790,685

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.

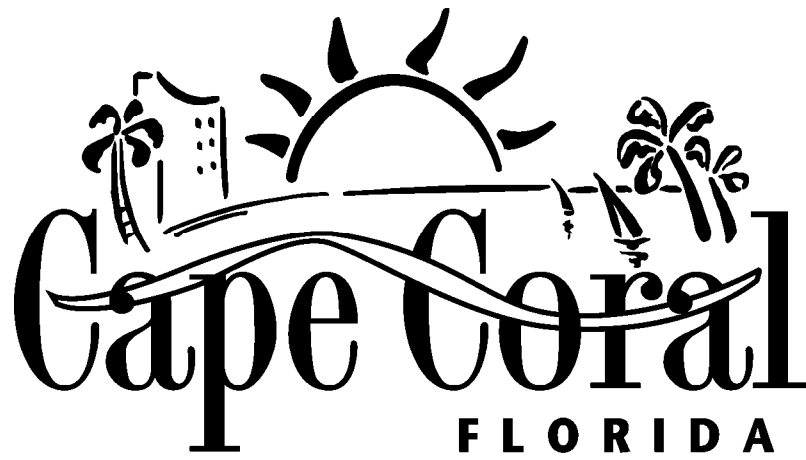
- Gas Tax Fund – used to account for the Local Option (6¢) and New Local Option (5¢) Taxes which are used for construction of new roads, reconstruction or resurfacing of existing paved roads, and related items.
- Road Impact Fee Fund – used to account for the impact fees that are used to provide new 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.
- Residential Construction Mitigation Program Fund – used to account for monies received from the Florida Division of Emergency Management Residential Construction Mitigation Program (RCMP) to improve the wind resistance of residences.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

- Hurricane Charley Disaster Improvement Fund – used to account for the clean-up from Hurricane Charley.
- Parks Capital Improvements Fund - used to account for the improvements at various parks.
- Other Capital Improvements Fund - used to account for the following projects:
 - Fire Station Construction – used to account for the design and construction of fire stations.
 - 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, 2016

	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	\$ 11,272,299	\$ 176,248	\$ 2,970,976	\$ 17,342	\$ 551,844	\$ 306,766
Interest receivable	14,670	826	3,903	23	719	400
Accounts receivable, net	-	23	-	105	52	-
Assessments receivable, net	-	-	-	-	-	-
Intergovernmental receivable	1,331,017	-	-	-	-	-
Inventories	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	<u>12,617,986</u>	<u>177,097</u>	<u>2,974,879</u>	<u>17,470</u>	<u>552,615</u>	<u>307,166</u>
LIABILITIES						
Accounts payable and other accrued liabilities	-	35	-	-	-	47,188
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Intergovernmental payables	-	-	-	-	-	31,614
Unearned revenue	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>35</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,802</u>
DEFERRED INFLOW OF RESOURCES						
Unavailable revenue - grant reimbursements	-	-	-	-	-	-
Unavailable revenue - taxes	-	-	-	-	-	-
Total Deferred Inflow of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	12,617,986	177,062	2,974,879	17,470	552,615	228,364
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficit)	<u>12,617,986</u>	<u>177,062</u>	<u>2,974,879</u>	<u>17,470</u>	<u>552,615</u>	<u>228,364</u>
Total liabilities and fund balances	<u>\$ 12,617,986</u>	<u>\$ 177,097</u>	<u>\$ 2,974,879</u>	<u>\$ 17,470</u>	<u>\$ 552,615</u>	<u>\$ 307,166</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
\$ 13,694	\$ 227,926	\$ 1,569,728	\$ 381	\$ 1,136,446	\$ 6,362	\$ 68,451	\$ 2,717,542
18	297	2,038	-	1,480	9	89	4,403
26	-	-	-	-	19,641	-	182
-	-	-	-	-	-	-	166
1,231	16	-	-	838	-	25	27,375
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
14,969	228,239	1,571,766	381	1,138,764	26,012	68,565	2,749,668
-	-	-	1,645	9,202	-	845	391,790
-	-	-	-	6,834	1,256	-	6,585
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	931,875
-	-	-	-	-	-	95,012	-
-	-	-	1,645	16,036	1,256	95,857	1,330,250
-	-	-	-	-	-	-	-
-	-	-	-	838	-	-	-
-	-	-	-	838	-	-	-
-	-	-	-	-	-	-	-
14,969	228,239	1,571,766	-	1,121,890	-	-	-
-	-	-	-	-	24,756	-	1,419,418
-	-	-	(1,264)	-	-	(27,292)	-
14,969	228,239	1,571,766	(1,264)	1,121,890	24,756	(27,292)	1,419,418
\$ 14,969	\$ 228,239	\$ 1,571,766	\$ 381	\$ 1,138,764	\$ 26,012	\$ 68,565	\$ 2,749,668

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (continued)
September 30, 2016

	Special Revenue					
	Parks and Recreation	Waterpark	Building	Community Development Block Grant	HUD Neighborhood Stabilization	Local Housing Assistance
ASSETS						
Cash and investments	\$ 447,779	\$ 210,561	\$ 5,877,222	\$ 11,387	\$ 494,305	\$ 1,140,296
Interest receivable	551	323	7,658	-	8	19
Accounts receivable, net	24,687	1,444	216	6,800	-	-
Assessments receivable, net	-	-	-	-	-	-
Intergovernmental receivable	47,337	-	-	58,264	-	1,052,741
Inventories	60,321	26,786	-	-	-	-
Prepaid items	286	-	299	-	-	-
Total assets	<u>580,961</u>	<u>239,114</u>	<u>5,885,395</u>	<u>76,451</u>	<u>494,313</u>	<u>2,193,056</u>
LIABILITIES						
Accounts payable and other accrued liabilities	86,039	68,404	5,685	45,919	27,382	31,040
Accrued payroll	131,928	21,295	103,946	6,595	-	-
Due to other funds	-	-	-	-	-	-
Deposits	47,242	1,000	242,951	-	-	-
Intergovernmental payables	36,378	-	45,381	-	-	-
Unearned revenue	39,106	-	1,023,114	-	-	-
Advances from other funds	-	-	-	-	-	-
Total liabilities	<u>340,693</u>	<u>90,699</u>	<u>1,421,077</u>	<u>52,514</u>	<u>27,382</u>	<u>31,040</u>
DEFERRED INFLOW OF RESOURCES						
Unavailable revenue - grant reimbursements	-	-	-	-	-	965,206
Unavailable revenue - taxes	-	-	-	-	-	-
Total Deferred Inflow of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>965,206</u>
FUND BALANCES						
Nonspendable	60,607	26,786	299	-	-	-
Restricted	-	-	4,464,019	23,937	466,931	1,196,810
Committed	179,661	121,629	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficit)	<u>240,268</u>	<u>148,415</u>	<u>4,464,318</u>	<u>23,937</u>	<u>466,931</u>	<u>1,196,810</u>
Total liabilities and fund balances	<u>\$ 580,961</u>	<u>\$ 239,114</u>	<u>\$ 5,885,395</u>	<u>\$ 76,451</u>	<u>\$ 494,313</u>	<u>\$ 2,193,056</u>

Residential Construction Mitigation Program	Capital Projects			Total Nonmajor Governmental Funds
	Hurricane Charley Disaster Improvement	Parks Capital Improvements	Other Capital Improvements	
\$ -	\$ 112,942	\$ 1,939,215	\$ 3,321,083	\$ 34,590,795
-	147	2,706	4,162	44,449
-	-	-	-	53,176
-	-	-	-	166
128,233	-	-	87,907	2,734,984
-	-	-	-	87,107
-	-	-	-	585
128,233	113,089	1,941,921	3,413,152	37,511,262
2,590	-	-	-	717,764
-	-	-	-	278,439
126,244	-	-	-	126,244
-	-	-	-	291,193
-	-	-	-	113,373
-	-	-	-	1,994,095
-	-	-	-	95,012
128,834	-	-	-	3,616,120
128,233	-	-	-	1,093,439
-	-	-	-	838
128,233	-	-	-	1,094,277
-	-	-	-	87,692
-	-	1,800,356	87,907	27,545,200
-	113,089	141,565	3,325,245	5,325,363
(128,834)	-	-	-	(157,390)
(128,834)	113,089	1,941,921	3,413,152	32,800,865
\$ 128,233	\$ 113,089	\$ 1,941,921	\$ 3,413,152	\$ 37,511,262

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

	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	8,798,909	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	758,813	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	64,453
Impact fees	-	5,193,939	1,757,514	-	-	-
Rent and royalties	-	7,016	-	-	-	-
Interest income	69,789	2,065	18,243	116	3,597	1,968
Contributions and donations	-	-	-	17,755	-	-
Other revenue	-	-	-	105	324,244	-
Total revenues	<u>8,868,698</u>	<u>5,961,833</u>	<u>1,775,757</u>	<u>17,976</u>	<u>327,841</u>	<u>66,421</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety:						
Police	-	-	5,940	13,770	269,529	11,206
Fire	-	-	7,320	-	-	-
Building	-	-	-	-	-	-
Public works	-	30,435	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>30,435</u>	<u>13,260</u>	<u>13,770</u>	<u>269,529</u>	<u>11,206</u>
Excess revenues over (under) expenditures	<u>8,868,698</u>	<u>5,931,398</u>	<u>1,762,497</u>	<u>4,206</u>	<u>58,312</u>	<u>55,215</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	1,604	-	250	-	-
Transfers out	(2,661,786)	(5,806,633)	(339,865)	-	-	(1,251)
Proceeds on sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>(2,661,786)</u>	<u>(5,805,029)</u>	<u>(339,865)</u>	<u>250</u>	<u>-</u>	<u>(1,251)</u>
Net change in fund balances	6,206,912	126,369	1,422,632	4,456	58,312	53,964
Fund balances (deficit) - beginning	6,411,074	50,693	1,552,247	13,014	494,303	174,400
Fund balances (deficit) - ending	<u>\$ 12,617,986</u>	<u>\$ 177,062</u>	<u>\$ 2,974,879</u>	<u>\$ 17,470</u>	<u>\$ 552,615</u>	<u>\$ 228,364</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
\$ -	\$ -	\$ -	\$ -	\$ 682,968	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	31,668	-	-	-	-	91,072	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	92,767	-	2,762,054
16,903	206	-	-	-	-	223	22,562
-	-	1,559,473	-	-	-	-	-
-	-	-	-	-	-	-	-
74	2,688	9,307	18	7,728	66	8,963	23,950
-	-	-	-	-	-	-	-
26	12	-	220	-	64	175	27,038
17,003	34,574	1,568,780	238	690,696	92,897	100,433	2,835,604
-	-	-	-	-	-	-	-
-	1	-	66,605	-	-	-	-
16,063	-	-	-	-	99,676	-	-
-	-	-	-	444,585	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	17,640	2,582,867
-	-	11,106	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	900	-	-	-	-	8,288	-
16,063	901	11,106	66,605	444,585	99,676	25,928	2,582,867
940	33,673	1,557,674	(66,367)	246,111	(6,779)	74,505	252,737
-	-	4,070	1,000	-	-	-	-
-	-	-	-	(160,000)	(7,500)	-	-
-	-	-	-	-	-	-	-
-	-	4,070	1,000	(160,000)	(7,500)	-	-
940	33,673	1,561,744	(65,367)	86,111	(14,279)	74,505	252,737
14,029	194,566	10,022	64,103	1,035,779	39,035	(101,797)	1,166,681
\$ 14,969	\$ 228,239	\$ 1,571,766	\$ (1,264)	\$ 1,121,890	\$ 24,756	\$ (27,292)	\$ 1,419,418

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

	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	-	-	6,388,718	-	-	-
Intergovernmental	462,528	-	-	671,784	-	744,541
Charges for services	3,292,022	1,832,539	-	-	-	-
Fines and forfeitures	11,447	-	21,101	-	-	-
Impact fees	-	-	-	-	-	-
Rent and royalties	-	-	-	-	-	-
Interest income	(404)	10	36,198	121	879	2,850
Contributions and donations	175,142	-	-	-	-	-
Other revenue	39,718	11,656	1,296	171,838	563,562	147,091
Total revenues	3,980,453	1,844,205	6,447,313	843,743	564,441	894,482
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety:						
Police	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Building	-	-	3,405,018	-	-	-
Public works	-	-	-	-	-	-
Parks and recreation	7,499,736	1,932,263	-	-	-	-
Community development	-	-	-	933,226	451,342	864,539
Capital outlay	311,380	394,797	-	10,132	-	-
Debt service:						
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	7,811,116	2,327,060	3,405,018	943,358	451,342	864,539
Excess revenues over (under) expenditures	(3,830,663)	(482,855)	3,042,295	(99,615)	113,099	29,943
OTHER FINANCING SOURCES (USES)						
Transfers in	3,340,000	350,000	-	24,073	-	-
Transfers out	-	(492,706)	(742,670)	(4,637)	(9,274)	(4,637)
Proceeds on sale of capital assets	4,110	-	2,000	-	-	-
Total other financing sources (uses)	3,344,110	(142,706)	(740,670)	19,436	(9,274)	(4,637)
Net change in fund balances	(486,553)	(625,561)	2,301,625	(80,179)	103,825	25,306
Fund balances (deficit) - beginning	726,821	773,976	2,162,693	104,116	363,106	1,171,504
Fund balances (deficit) - ending	\$ 240,268	\$ 148,415	\$ 4,464,318	\$ 23,937	\$ 466,931	\$ 1,196,810

Residential Construction Mitigation Program	Capital Projects			Total Nonmajor Governmental Funds
	Hurricane Charley Disaster Improvement	Parks Capital Improvements	Other Capital Improvements	
\$ -	\$ -	\$ -	\$ -	\$ 682,968
-	-	-	-	8,798,909
-	-	-	-	122,740
-	-	-	-	6,388,718
235,144	109,535	-	87,907	3,070,252
-	-	-	-	7,979,382
-	-	-	-	136,895
-	-	-	-	8,510,926
-	-	-	-	7,016
-	396	13,114	19,187	220,923
-	-	-	-	192,897
-	-	-	-	1,287,045
<u>235,144</u>	<u>109,931</u>	<u>13,114</u>	<u>107,094</u>	<u>37,398,671</u>
-	-	-	697	67,303
-	-	-	-	416,184
-	-	-	-	451,905
-	-	-	-	3,405,018
-	-	-	-	2,630,942
-	-	501	-	9,443,606
357,329	-	-	-	2,606,436
-	-	212,020	354,271	1,282,600
-	-	-	-	9,188
<u>357,329</u>	<u>-</u>	<u>212,521</u>	<u>354,968</u>	<u>20,313,182</u>
<u>(122,185)</u>	<u>109,931</u>	<u>(199,407)</u>	<u>(247,874)</u>	<u>17,085,489</u>
-	-	-	956,569	4,677,566
-	-	-	-	(10,230,959)
-	-	-	-	6,110
-	-	-	956,569	(5,547,283)
(122,185)	109,931	(199,407)	708,695	11,538,206
(6,649)	3,158	2,141,328	2,704,457	21,262,659
<u>\$ (128,834)</u>	<u>\$ 113,089</u>	<u>\$ 1,941,921</u>	<u>\$ 3,413,152</u>	<u>\$ 32,800,865</u>

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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Fuel taxes	\$ 8,281,471	\$ 8,281,471	\$ 8,798,909	\$ 517,438
Interest income	-	-	69,789	69,789
Prior year cash balance	2,017,807	2,731,266	-	(2,731,266)
Total revenues	<u>10,299,278</u>	<u>11,012,737</u>	<u>8,868,698</u>	<u>(2,144,039)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out	(7,075,599)	(2,879,183)	(2,661,786)	217,397
Reserves	(3,223,679)	(8,133,554)	-	8,133,554
Total other financing sources (uses)	<u>(10,299,278)</u>	<u>(11,012,737)</u>	<u>(2,661,786)</u>	<u>8,350,951</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	6,206,912	<u>\$ 6,206,912</u>
Fund balances - beginning			6,411,074	
Fund balances - ending			<u>\$ 12,617,986</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 743,343	\$ 743,343	\$ 758,813	\$ 15,470
Impact fees	1,641,875	5,193,935	5,193,939	4
Rent and royalties	7,404	7,404	7,016	(388)
Interest income	-	-	2,065	2,065
Prior year cash balance	50,000	50,058	-	(50,058)
Total revenues	<u>2,442,622</u>	<u>5,994,740</u>	<u>5,961,833</u>	<u>(32,907)</u>
EXPENDITURES				
Public works	-	-	30,435	(30,435)
Excess deficiency) of revenues over (under) expenditures	<u>2,442,622</u>	<u>5,994,740</u>	<u>5,931,398</u>	<u>(63,342)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,604	1,604
Transfers out	(2,392,622)	(5,346,679)	(5,806,633)	(459,954)
Reserves	(50,000)	(648,061)	-	648,061
Total other financing sources (uses)	<u>(2,442,622)</u>	<u>(5,994,740)</u>	<u>(5,805,029)</u>	<u>189,711</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	126,369	<u>\$ 126,369</u>
Fund balances - beginning			<u>50,693</u>	
Fund balances - ending			<u>\$ 177,062</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Impact fees	\$ 894,206	\$ 894,206	\$ 1,757,514	\$ 863,308
Interest income	1,428	1,428	18,243	16,815
Prior year cash balance	1,233,862	1,376,334	-	(1,376,334)
Total revenues	<u>2,129,496</u>	<u>2,271,968</u>	<u>1,775,757</u>	<u>(496,211)</u>
EXPENDITURES				
Public safety:				
Police	8,660	8,660	5,940	2,720
Fire	9,223	9,223	7,320	1,903
Total expenditures	<u>17,883</u>	<u>17,883</u>	<u>13,260</u>	<u>4,623</u>
Excess deficiency) of revenues over (under) expenditures	<u>2,111,613</u>	<u>2,254,085</u>	<u>1,762,497</u>	<u>(491,588)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(339,865)	(339,865)	(339,865)	-
Reserves	(1,771,748)	(1,914,220)	-	1,914,220
Total other financing sources	<u>(2,111,613)</u>	<u>(2,254,085)</u>	<u>(339,865)</u>	<u>1,914,220</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>1,422,632</u>	<u>\$ 1,422,632</u>
Fund balances - beginning			<u>1,552,247</u>	
Fund balances - ending			<u>\$ 2,974,879</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Interest income	\$ -	\$ -	\$ 116	\$ 116
Contributions and donations	8,000	8,000	17,755	9,755
Other revenue	-	-	105	105
Prior year cash balance	4,000	13,001	-	(13,001)
Total revenues	<u>12,000</u>	<u>21,001</u>	<u>17,976</u>	<u>(3,025)</u>
EXPENDITURES				
Public safety: police	<u>12,000</u>	<u>21,252</u>	<u>13,770</u>	<u>7,482</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(251)</u>	<u>4,206</u>	<u>4,457</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>251</u>	<u>250</u>	<u>(1)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>4,456</u>	<u>\$ 4,456</u>
Fund balances - beginning			<u>13,014</u>	
Fund balances - ending			<u>\$ 17,470</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 - FEDERAL SPECIAL REVENUE FUND
For the Year Ended September 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Interest income	\$ 300	\$ 300	\$ 3,597	\$ 3,297
Other revenue	-	-	324,244	324,244
Prior year cash balance	481,664	493,637	-	(493,637)
Total revenues	<u>481,964</u>	<u>493,937</u>	<u>327,841</u>	<u>(166,096)</u>
EXPENDITURES				
Public safety: police	<u>97,670</u>	<u>291,275</u>	<u>269,529</u>	<u>21,746</u>
Excess (deficiency) of revenues over (under) expenditures	<u>384,294</u>	<u>202,662</u>	<u>58,312</u>	<u>(144,350)</u>
OTHER FINANCING SOURCES (USES)				
Reserves	<u>(384,294)</u>	<u>(202,662)</u>	<u>-</u>	<u>202,662</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>58,312</u>	<u>\$ 58,312</u>
Fund balances - beginning			<u>494,303</u>	
Fund balances - ending			<u>\$ 552,615</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 64,453	\$ 64,453
Interest income	100	100	1,968	1,868
Prior year cash balance	184,061	173,828	-	(173,828)
Total revenues	<u>184,161</u>	<u>173,928</u>	<u>66,421</u>	<u>(107,507)</u>
EXPENDITURES				
Public safety: police	<u>73,338</u>	<u>73,338</u>	<u>11,206</u>	<u>62,132</u>
Excess (deficiency) of revenues over (under) expenditures	<u>110,823</u>	<u>100,590</u>	<u>55,215</u>	<u>(45,375)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(1,251)	(1,251)	-
Reserves	(110,823)	(99,339)	-	99,339
Total other financing sources (uses)	<u>(110,823)</u>	<u>(100,590)</u>	<u>(1,251)</u>	<u>99,339</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>53,964</u>	<u>\$ 53,964</u>
Fund balances - beginning			<u>174,400</u>	
Fund balances - ending			<u>\$ 228,364</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	\$ 16,000	\$ 16,000	\$ 16,903	\$ 903
Interest income	-	-	74	74
Other revenue	-	-	26	26
Prior year cash balance	5,149	(647)	-	647
Total revenues	<u>21,149</u>	<u>15,353</u>	<u>17,003</u>	<u>1,650</u>
EXPENDITURES				
Public safety: police	<u>21,149</u>	<u>15,353</u>	<u>16,063</u>	<u>(710)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	940	<u>\$ 940</u>
Fund balances - beginning			<u>14,029</u>	
Fund balances - ending			<u>\$ 14,969</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Special assessments	\$ 31,330	\$ 31,330	\$ 31,668	\$ 338
Fines and forfeitures	1,400	1,400	206	(1,194)
Interest income	-	-	2,688	2,688
Other revenue	-	-	12	12
Prior year cash balance	216,987	216,987	-	(216,987)
Total revenues	<u>249,717</u>	<u>249,717</u>	<u>34,574</u>	<u>(215,143)</u>
EXPENDITURES				
General government	212,315	212,315	1	212,314
Debt service:				
Principal	25,689	25,689	-	25,689
Interest and fiscal charges	1,285	1,285	900	385
Total expenditures	<u>239,289</u>	<u>239,289</u>	<u>901</u>	<u>238,388</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,428</u>	<u>10,428</u>	<u>33,673</u>	<u>23,245</u>
OTHER FINANCING SOURCES (USES)				
Reserves	<u>(10,428)</u>	<u>(10,428)</u>	<u>-</u>	<u>10,428</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>33,673</u>	<u>\$ 33,673</u>
Fund balances - beginning			<u>194,566</u>	
Fund balances - ending			<u>\$ 228,239</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
PARK RECREATIONAL FACILITIES IMPACT FEE SPECIAL REVENUE FUND
For the Year Ended September 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Impact fees	\$ 781,823	\$ 1,558,823	\$ 1,559,473	\$ 650
Interest income	-	-	9,307	9,307
Prior year cash balance	10,000	10,000	-	(10,000)
Total revenues	<u>791,823</u>	<u>1,568,823</u>	<u>1,568,780</u>	<u>(43)</u>
EXPENDITURES				
Parks and recreation	<u>13,031</u>	<u>13,031</u>	<u>11,106</u>	<u>1,925</u>
Excess (deficiency) of revenues over (under) expenditures	<u>778,792</u>	<u>1,555,792</u>	<u>1,557,674</u>	<u>1,882</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	4,070	4,070
Transfers out	(768,792)	-	-	-
Reserves	<u>(10,000)</u>	<u>(1,555,792)</u>	<u>-</u>	<u>1,555,792</u>
Total other financing sources (uses)	<u>(778,792)</u>	<u>(1,555,792)</u>	<u>4,070</u>	<u>1,559,862</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>1,561,744</u>	<u>\$ 1,561,744</u>
Fund balances - beginning			<u>10,022</u>	
Fund balances - ending			<u>\$ 1,571,766</u>	

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
CITY CENTRUM BUSINESS PARK SPECIAL REVENUE FUND
For the Year Ended September 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Interest income	\$ -	\$ -	\$ 18	\$ 18
Other revenue	-	-	220	220
Prior year cash balance	64,911	54,015	-	(54,015)
Total revenues	<u>64,911</u>	<u>54,015</u>	<u>238</u>	<u>(53,777)</u>
EXPENDITURES				
General government	<u>52,062</u>	<u>53,062</u>	<u>66,605</u>	<u>(13,543)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,849</u>	<u>953</u>	<u>(66,367)</u>	<u>(67,320)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,000	1,000	-
Reserves	<u>(12,849)</u>	<u>(1,953)</u>	<u>-</u>	<u>1,953</u>
Total other financing sources (uses)	<u>(12,849)</u>	<u>(953)</u>	<u>1,000</u>	<u>1,953</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(65,367)</u>	<u>\$ (65,367)</u>
Fund balances - beginning			<u>64,103</u>	
Fund balances - ending			<u>\$ (1,264)</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 732,796	\$ 732,796	\$ 682,968	\$ (49,828)
Interest income	-	-	7,728	7,728
Prior year cash balance	1,128,847	1,018,872	-	(1,018,872)
Total revenues	<u>1,861,643</u>	<u>1,751,668</u>	<u>690,696</u>	<u>(1,060,972)</u>
EXPENDITURES				
Public safety: fire	492,647	494,888	444,585	50,303
Capital outlay	72,626	94,626	-	94,626
Total expenditures	<u>565,273</u>	<u>589,514</u>	<u>444,585</u>	<u>144,929</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,296,370</u>	<u>1,162,154</u>	<u>246,111</u>	<u>(916,043)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(160,000)	(160,000)	(160,000)	-
Reserves	<u>(1,136,370)</u>	<u>(1,002,154)</u>	<u>-</u>	<u>1,002,154</u>
Total other financing sources (uses)	<u>(1,296,370)</u>	<u>(1,162,154)</u>	<u>(160,000)</u>	<u>1,002,154</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>86,111</u>	<u>\$ 86,111</u>
Fund balances - beginning			<u>1,035,779</u>	
Fund balances - ending			<u>\$ 1,121,890</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 132,353	\$ 132,353	\$ 92,767	\$ (39,586)
Interest income	200	200	66	(134)
Other revenue	-	-	64	64
Prior year cash balance	16,862	12,363	-	(12,363)
Total revenues	<u>149,415</u>	<u>144,916</u>	<u>92,897</u>	<u>(52,019)</u>
EXPENDITURES				
Public safety: police	<u>131,268</u>	<u>131,268</u>	<u>99,676</u>	<u>31,592</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,147</u>	<u>13,648</u>	<u>(6,779)</u>	<u>(20,427)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(7,500)	(7,500)	(7,500)	-
Reserves	<u>(10,647)</u>	<u>(6,148)</u>	<u>-</u>	<u>6,148</u>
Total other financing sources (uses)	<u>(18,147)</u>	<u>(13,648)</u>	<u>(7,500)</u>	<u>6,148</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(14,279)</u>	<u>\$ (14,279)</u>
Fund balances - beginning			<u>39,035</u>	
Fund balances - ending			<u>\$ 24,756</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Special assessments	\$ 122,000	\$ 122,000	\$ 91,072	\$ (30,928)
Fines and forfeitures	-	-	223	223
Interest income	17,000	17,000	8,963	(8,037)
Other revenue	-	-	175	175
Prior year cash balance	75,920	56,148	-	(56,148)
Total revenues	<u>214,920</u>	<u>195,148</u>	<u>100,433</u>	<u>(94,715)</u>
EXPENDITURES				
Public works	38,050	38,050	17,640	20,410
Debt service:				
Principal	90,410	90,410	-	90,410
Interest and fiscal charges	8,288	8,288	8,288	-
Total expenditures	<u>136,748</u>	<u>136,748</u>	<u>25,928</u>	<u>110,820</u>
Excess (deficiency) of revenues over (under) expenditures	<u>78,172</u>	<u>58,400</u>	<u>74,505</u>	<u>16,105</u>
OTHER FINANCING SOURCES (USES)				
Reserves	<u>(78,172)</u>	<u>(58,400)</u>	<u>-</u>	<u>58,400</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>74,505</u>	<u>\$ 74,505</u>
Fund balances - beginning			<u>(101,797)</u>	
Fund balances - ending			<u>\$ (27,292)</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 3,256,118	\$ 3,256,118	\$ 2,762,054	\$ (494,064)
Fines and forfeitures	51,000	51,000	22,562	(28,438)
Interest income	-	-	23,950	23,950
Other revenue	-	-	27,038	27,038
Prior year cash balance	2,052,966	2,021,126	-	(2,021,126)
Total revenues	<u>5,360,084</u>	<u>5,328,244</u>	<u>2,835,604</u>	<u>(2,492,640)</u>
EXPENDITURES				
Public works	3,607,118	4,286,226	2,582,867	1,703,359
Capital outlay	-	26,000	-	26,000
Total expenditures	<u>3,607,118</u>	<u>4,312,226</u>	<u>2,582,867</u>	<u>1,729,359</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,752,966</u>	<u>1,016,018</u>	<u>252,737</u>	<u>(763,281)</u>
OTHER FINANCING SOURCES (USES)				
Reserves	<u>(1,752,966)</u>	<u>(1,016,018)</u>	<u>-</u>	<u>1,016,018</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>252,737</u>	<u>\$ 252,737</u>
Fund balances - beginning			<u>1,166,681</u>	
Fund balances - ending			<u>\$ 1,419,418</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 419,477	\$ 448,718	\$ 462,528	\$ 13,810
Charges for services	3,803,866	3,853,819	3,292,022	(561,797)
Fines and forfeitures	800	800	11,447	10,647
Interest income	2,244	2,244	(404)	(2,648)
Contributions and donations	291,829	304,364	175,142	(129,222)
Other revenue	3,000	3,000	43,828	40,828
Prior year cash balance	-	597,129	-	(597,129)
Total revenues	<u>4,521,216</u>	<u>5,210,074</u>	<u>3,984,563</u>	<u>(1,225,511)</u>
EXPENDITURES				
Parks and recreation	8,097,995	8,259,258	7,499,736	759,522
Capital outlay	494,925	1,022,520	311,380	711,140
Total expenditures	<u>8,592,920</u>	<u>9,281,778</u>	<u>7,811,116</u>	<u>1,470,662</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,071,704)</u>	<u>(4,071,704)</u>	<u>(3,826,553)</u>	<u>245,151</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>4,071,704</u>	<u>4,071,704</u>	<u>3,340,000</u>	<u>(731,704)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(486,553)</u>	<u>\$ (486,553)</u>
Fund balances - beginning			<u>726,821</u>	
Fund balances - ending			<u>\$ 240,268</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)	\$ 3,984,563
The proceeds from the sale of capital assets are budgetary revenues but are regarded as other financing sources, rather than revenue, for financial reporting purposes.	<u>(4,110)</u>
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 3,980,453</u>
Actual other financing sources (uses) (budgetary basis)	\$ 3,340,000
The proceeds from the sale of capital assets are budgetary revenues but are regarded as other financing sources, rather than revenue, for financial reporting purposes.	<u>4,110</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 3,344,110</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
WATERPARK SPECIAL REVENUE FUND
For the Year Ended September 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 2,424,842	\$ 2,424,842	\$ 1,832,539	\$ (592,303)
Interest income	50	50	10	(40)
Other revenue	10,026	10,026	11,656	1,630
Prior year cash balance	-	752,320	-	(752,320)
Total revenues	<u>2,434,918</u>	<u>3,187,238</u>	<u>1,844,205</u>	<u>(1,343,033)</u>
EXPENDITURES				
Parks and recreation	2,314,227	2,350,342	1,932,263	418,079
Capital outlay	156,500	872,705	394,797	477,908
Total expenditures	<u>2,470,727</u>	<u>3,223,047</u>	<u>2,327,060</u>	<u>895,987</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(35,809)</u>	<u>(35,809)</u>	<u>(482,855)</u>	<u>(447,046)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	528,515	528,515	350,000	(178,515)
Transfers out	(492,706)	(492,706)	(492,706)	-
Total other financing sources (uses)	<u>35,809</u>	<u>35,809</u>	<u>(142,706)</u>	<u>(178,515)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(625,561)</u>	<u>\$ (625,561)</u>
Fund balances - beginning			<u>773,976</u>	
Fund balances - ending			<u>\$ 148,415</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, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses and permits	\$ 4,741,495	\$ 4,741,495	\$ 6,388,718	\$ 1,647,223
Fines and forfeitures	32,855	32,855	21,101	(11,754)
Interest income	1,975	1,975	36,198	34,223
Other revenue	100	100	3,296	3,196
Prior year cash balance	2,362,788	2,397,352	-	(2,397,352)
Total revenues	<u>7,139,213</u>	<u>7,173,777</u>	<u>6,449,313</u>	<u>(724,464)</u>
EXPENDITURES				
Public safety: building	3,506,450	3,481,716	3,405,018	76,698
Capital outlay	-	229,948	-	229,948
Total expenditures	<u>3,506,450</u>	<u>3,711,664</u>	<u>3,405,018</u>	<u>306,646</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,632,763</u>	<u>3,462,113</u>	<u>3,044,295</u>	<u>(417,818)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(743,808)	(742,628)	(742,670)	(42)
Reserves	<u>(2,888,955)</u>	<u>(2,719,485)</u>	<u>-</u>	<u>2,719,485</u>
Total other financing sources (uses)	<u>(3,632,763)</u>	<u>(3,462,113)</u>	<u>(742,670)</u>	<u>2,719,443</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>2,301,625</u>	<u>\$ 2,301,625</u>
Fund balances - beginning			<u>2,162,693</u>	
Fund balances - ending			<u>\$ 4,464,318</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)	\$ 6,449,313
The proceeds from the sale of capital assets are budgetary revenues but are regarded as other financing sources, rather than revenue, for financial reporting purposes.	<u>(2,000)</u>
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 6,447,313</u>
Actual other financing sources (uses) (budgetary basis)	\$ (742,670)
The proceeds from the sale of capital assets are budgetary revenues but are regarded as other financing sources, rather than revenue, for financial reporting purposes.	<u>2,000</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ (740,670)</u>

**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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 917,441	\$ 917,441	\$ 671,784	\$ (245,657)
Interest income	-	-	121	121
Other revenue	-	165,063	171,838	6,775
Total revenue	<u>917,441</u>	<u>1,082,504</u>	<u>843,743</u>	<u>(238,761)</u>
EXPENDITURES				
Community development	929,571	1,094,634	933,226	161,408
Capital outlay	-	-	10,132	(10,132)
Total expenditures	<u>929,571</u>	<u>1,094,634</u>	<u>943,358</u>	<u>151,276</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,130)</u>	<u>(12,130)</u>	<u>(99,615)</u>	<u>(87,485)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	24,073	24,073	24,073	-
Transfers out	<u>(11,943)</u>	<u>(11,943)</u>	<u>(4,637)</u>	<u>7,306</u>
Total other financing sources (uses)	<u>12,130</u>	<u>12,130</u>	<u>19,436</u>	<u>7,306</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(80,179)</u>	<u>\$ (80,179)</u>
Fund balances - beginning			<u>104,116</u>	
Fund balances - ending			<u>\$ 23,937</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Interest income	\$ -	\$ -	\$ 879	\$ 879
Other revenue	-	563,562	563,562	-
Total revenue	-	563,562	564,441	879
EXPENDITURES				
Community development	-	563,562	451,342	112,220
Excess (deficiency) of revenues over (under) expenditures	-	-	113,099	113,099
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(9,274)	(9,274)
Net change in fund balances	\$ -	\$ -	103,825	\$ 103,825
Fund balances - beginning			363,106	
Fund balances - ending			\$ 466,931	

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
LOCAL HOUSING ASSISTANCE SPECIAL REVENUE FUND
For the Year Ended September 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ 1,052,741	\$ 744,541	\$ (308,200)
Interest income	-	-	2,850	2,850
Other revenue	-	158,925	147,091	(11,834)
Total revenues	-	1,211,666	894,482	(317,184)
EXPENDITURES				
Community development	-	1,211,666	864,539	347,127
Excess (deficiency) of revenues over (under) expenditures	-	-	29,943	29,943
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(4,637)	(4,637)
Net change in fund balances	\$ -	\$ -	25,306	\$ 25,306
Fund balances - beginning			1,171,504	
Fund balances - ending			\$ 1,196,810	

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
RESIDENTIAL CONSTRUCTION MITIGATION PROGRAM SPECIAL REVENUE FUND
For the Year Ended September 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ 194,000	\$ 235,144	\$ 41,144
Total revenues	-	194,000	235,144	41,144
EXPENDITURES				
Community development	-	194,000	357,329	(163,329)
Excess (deficiency) of revenues over (under) expenditures	-	-	(122,185)	(122,185)
Net change in fund balances	\$ -	\$ -	(122,185)	\$ (122,185)
Fund balances - beginning			(6,649)	
Fund balances (deficit) - ending			\$ (128,834)	

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

City of Cape Coral, Florida

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUND**

For the Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Rent and royalties	\$ 3,706,730	\$ 3,706,730	\$ 3,703,030	\$ (3,700)
Interest income	3,000	3,000	71,007	68,007
Prior year cash balance	6,982,940	11,098,664	-	(11,098,664)
Total revenues	10,692,670	14,808,394	3,774,037	(11,034,357)
EXPENDITURES				
General government	3,980	3,980	2,961	1,019
Debt service:				
Principal	12,124,838	11,547,837	11,292,837	255,000
Interest and fiscal charges	9,828,681	9,844,367	9,713,574	130,793
Total expenditures	21,957,499	21,396,184	21,009,372	386,812
Excess (deficiency) of revenues over (under) expenditures	(11,264,829)	(6,587,790)	(17,235,335)	(10,647,545)
OTHER FINANCING SOURCES (USES)				
Transfers in	18,247,769	17,485,885	13,641,920	(3,843,965)
Transfers out	-	(3,886,445)	(5,674)	3,880,771
Reserves	(6,982,940)	(7,011,650)	-	7,011,650
Total other financing sources (uses)	11,264,829	6,587,790	13,636,246	7,048,456
Net change in fund balances	\$ -	\$ -	(3,599,089)	\$ (3,599,089)
Fund balances - beginning			11,032,707	
Fund balances - ending			\$ 7,433,618	

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

City of Cape Coral, Florida

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PARKS CAPITAL IMPROVEMENTS FUND**

From Inception and For the Year Ended September 30, 2016

	Prior Years Actual	Current Year Actual	Total Actual to Date	Project Authorization
REVENUES				
Intergovernmental	\$ 1,418,264	\$ -	\$ 1,418,264	\$ 1,940,241
Interest income	2,180,711	13,114	2,193,825	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>3,670,879</u>	<u>13,114</u>	<u>3,683,993</u>	<u>5,332,979</u>
EXPENDITURES				
Parks and recreation	140,934	501	141,435	1,016,609
Capital outlay	<u>48,058,027</u>	<u>212,020</u>	<u>48,270,047</u>	<u>59,035,927</u>
Total expenditures	<u>48,198,961</u>	<u>212,521</u>	<u>48,411,482</u>	<u>60,052,536</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(44,528,082)</u>	<u>(199,407)</u>	<u>(44,727,489)</u>	<u>(54,719,557)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	21,658,255	-	21,658,255	21,664,295
Transfer out	(11,796,193)	-	(11,796,193)	(6,511,150)
Issuance of debt	36,735,161	-	36,735,161	39,566,412
Proceeds on sale of capital assets	<u>72,187</u>	<u>-</u>	<u>72,187</u>	<u>-</u>
Total other financing sources (uses)	<u>46,669,410</u>	<u>-</u>	<u>46,669,410</u>	<u>54,719,557</u>
Net change in fund balances	<u>\$ 2,141,328</u>	<u>(199,407)</u>	<u>\$ 1,941,921</u>	<u>\$ -</u>
Fund balances - beginning		<u>2,141,328</u>		
Fund balances - ending		<u>\$ 1,941,921</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, 2016

	Prior Years Actual	Current Year Actual	Total Actual to Date	Project Authorization
REVENUES				
Intergovernmental	\$ 8,071,921	\$ 87,907	\$ 8,159,828	\$ 8,351,490
Interest income	1,345,738	19,187	1,364,925	1,192
Other revenue	1,695,936	-	1,695,936	1,182,770
Unassigned balance	-	-	-	1,941,554
Total revenues	<u>11,113,595</u>	<u>107,094</u>	<u>11,220,689</u>	<u>11,477,006</u>
EXPENDITURES				
General government	978,736	697	979,433	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	110,686,773	354,271	111,041,044	139,490,260
Debt service: interest and fiscal charges	1,585,471	-	1,585,471	628,994
Total expenditures	<u>123,656,825</u>	<u>354,968</u>	<u>124,011,793</u>	<u>154,231,150</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(112,543,230)</u>	<u>(247,874)</u>	<u>(112,791,104)</u>	<u>(142,754,144)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	26,964,404	956,569	27,920,973	61,266,702
Transfer out	(4,400,989)	-	(4,400,989)	(3,429,289)
Issuance of debt	92,684,272	-	92,684,272	84,916,731
Total other financing sources (uses)	<u>115,247,687</u>	<u>956,569</u>	<u>116,204,256</u>	<u>142,754,144</u>
Net change in fund balances	<u>\$ 2,704,457</u>	<u>708,695</u>	<u>\$ 3,413,152</u>	<u>\$ -</u>
Fund balances - beginning		<u>2,704,457</u>		
Fund balances - ending		<u>\$ 3,413,152</u>		

City of Cape Coral, Florida

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, 2016

	Prior Years Actual	Current Year Actual	Total Actual to Date	Project Authorization
REVENUES				
Intergovernmental	\$ 11,768,297	\$ 216,378	\$ 11,984,675	\$ 10,933,350
Rent and royalties	4,367	-	4,367	-
Interest income	7,964,312	145,108	8,109,420	116,231
Contributions and donations	290,597	45,805	336,402	900,000
Other revenue	4,710,449	68	4,710,517	4,078,366
Unassigned balance	-	-	-	1,562,535
Total revenues	<u>24,738,022</u>	<u>407,359</u>	<u>25,145,381</u>	<u>17,590,482</u>
EXPENDITURES				
General government	583	-	583	-
Public works	1,784,824	397,019	2,181,843	2,187,375
Capital outlay	186,473,319	11,265,306	197,738,625	313,365,560
Debt Service: interest and fiscal charges	805,049	-	805,049	-
Total expenditures	<u>189,063,775</u>	<u>11,662,325</u>	<u>200,726,100</u>	<u>315,552,935</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(164,325,753)</u>	<u>(11,254,966)</u>	<u>(175,580,719)</u>	<u>(297,962,453)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	109,419,143	8,150,000	117,569,143	128,959,001
Transfers out	(4,053,903)	(111,277)	(4,165,180)	(7,025,051)
Issuance of debt	84,987,594	-	84,987,594	175,946,419
Proceeds on sale of capital assets	224,619	2,900	227,519	82,084
Total other financing sources (uses)	<u>190,577,453</u>	<u>8,041,623</u>	<u>198,619,076</u>	<u>297,962,453</u>
Net change in fund balances	<u>\$ 26,251,700</u>	<u>(3,213,343)</u>	<u>\$ 23,038,357</u>	<u>\$ -</u>
Fund balances - beginning		<u>26,251,700</u>		
Fund balances - ending		<u>\$ 23,038,357</u>		

PROPRIETARY FUNDS

NONMAJOR ENTERPRISE FUNDS

Enterprise funds are used to account for activity for which a fee is charged to external users for goods or services.

- Yacht Basin Fund – used to account for the operations of the City’s public marina and docks.
- Golf Course Fund – used to account for the operations of the year-round municipal golf facility which includes the clubhouse, greens, and restaurant operations.

INTERNAL SERVICE FUNDS

Internal service funds are used to account for activity that provides goods or services to other funds, departments or agencies of the primary government and its component units on a cost-reimbursement basis.

- Workers Compensation Insurance Fund – used to account for self-insurance of workers compensation.
- Property and Casualty Insurance Fund – used to account for the City’s risk management activity for auto liability, property and contents loss, and general liability.
- Facilities & Fleet Management – used to account for the costs of operation for the repair and maintenance of city owned/leased vehicles, equipment, and buildings. Such costs are billed to other departments.
- Self-funded Health Insurance – used to account for the self-funded medical health insurance plan.

City of Cape Coral, Florida

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS

September 30, 2016

	Yacht Basin	Golf Course	Total
ASSETS			
Current assets:			
Cash and investments	\$ 647,991	\$ 101,628	\$ 749,619
Interest receivable	899	-	899
Accounts receivable, net	7	362	369
Inventories	-	46,257	46,257
Total current assets	648,897	148,247	797,144
Noncurrent assets:			
Land	20,555	1,797,171	1,817,726
Buildings	77,988	1,260,462	1,338,450
Building improvements	-	40,729	40,729
Improvements other than buildings	864,337	2,575,579	3,439,916
Equipment	49,324	706,182	755,506
Infrastructure	286,049	-	286,049
Less accumulated depreciation	(751,654)	(3,860,561)	(4,612,215)
Total capital assets, net	546,599	2,519,562	3,066,161
Total noncurrent assets	546,599	2,519,562	3,066,161
Total assets	1,195,496	2,667,809	3,863,305
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of pension earnings	7,102	100,214	107,316
Deferred outflows of pension assumptions	10,349	146,040	156,389
Deferred outflows of pension experience	2,804	39,561	42,365
Total deferred outflows of resources	20,255	285,815	306,070
LIABILITIES			
Current liabilities:			
Accounts payable and other accrued liabilities	41,937	127,704	169,641
Accrued payroll	1,441	19,832	21,273
Deposits	20,000	-	20,000
Unearned revenue	-	182,429	182,429
Compensated absences	-	11,532	11,532
Total current liabilities	63,378	341,497	404,875
Noncurrent liabilities:			
Advances from other funds	-	564,909	564,909
Compensated absences	-	44,132	44,132
OPEB obligation	192,947	1,629,398	1,822,345
Net pension liability	71,410	1,007,672	1,079,082
Total noncurrent liabilities	264,357	3,246,111	3,510,468
Total liabilities	327,735	3,587,608	3,915,343
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of pension experience	468	6,609	7,077
Total deferred inflows of resources	468	6,609	7,077
NET POSITION			
Net investment in capital assets	546,600	2,519,562	3,066,162
Unrestricted	340,948	(3,160,155)	(2,819,207)
Total net position	\$ 887,548	\$ (640,593)	\$ 246,955

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, 2016

	Yacht Basin	Golf Course	Total
OPERATING REVENUES			
Charges for services	\$ 587,650	\$ 2,122,240	\$ 2,709,890
Other revenue	889	4,648	5,537
Total operating revenues	<u>588,539</u>	<u>2,126,888</u>	<u>2,715,427</u>
OPERATING EXPENSES			
Salaries, wages and employee benefits	114,234	1,405,390	1,519,624
Contractual services, materials and supplies	233,369	1,279,209	1,512,578
Depreciation	22,554	111,100	133,654
Total operating expenses	<u>370,157</u>	<u>2,795,699</u>	<u>3,165,856</u>
Operating income (loss)	<u>218,382</u>	<u>(668,811)</u>	<u>(450,429)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	5,146	21	5,167
Gain (loss) on sale of capital assets	-	80,816	80,816
Total nonoperating revenues (expenses)	<u>5,146</u>	<u>80,837</u>	<u>85,983</u>
Income (loss) before contributions and transfers	<u>223,528</u>	<u>(587,974)</u>	<u>(364,446)</u>
Transfers			
Transfers in	-	604,000	604,000
Transfers out	(215,000)	-	(215,000)
Total contributions and transfers	<u>(215,000)</u>	<u>604,000</u>	<u>389,000</u>
Change in net position	8,528	16,026	24,554
Total net position - beginning	<u>879,020</u>	<u>(656,619)</u>	<u>222,401</u>
Total net position - ending	<u>\$ 887,548</u>	<u>\$ (640,593)</u>	<u>\$ 246,955</u>

City of Cape Coral, Florida

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended September 30, 2016

	Yacht Basin	Golf Course	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 588,532	\$ 2,195,455	\$ 2,783,987
Cash payments to suppliers	(132,083)	(919,852)	(1,051,935)
Cash payments to employees	(165,098)	(1,427,156)	(1,592,254)
Interfund service payments	(77,995)	(337,391)	(415,386)
Net cash provided (used) by operating activities	<u>213,356</u>	<u>(488,944)</u>	<u>(275,588)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	-	604,000	604,000
Transfers out	(215,000)	-	(215,000)
Net cash provided (used) by noncapital financing activities	<u>(215,000)</u>	<u>604,000</u>	<u>389,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(391,642)	(194,759)	(586,401)
Proceeds from sale of capital assets	(10,925)	5,000	(5,925)
Net cash provided (used) by capital and related financing activities	<u>(402,567)</u>	<u>(189,759)</u>	<u>(592,326)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment Earnings	5,338	21	5,359
Net cash provided (used) by investing activities	<u>5,338</u>	<u>21</u>	<u>5,359</u>
Net increase (decrease) in cash	(398,873)	(74,682)	(473,555)
Cash and investments - beginning	1,046,864	176,310	1,223,174
Cash and investments - ending	<u>\$ 647,991</u>	<u>\$ 101,628</u>	<u>\$ 749,619</u>

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

Cash and investments	<u>\$ 647,991</u>	<u>\$ 101,628</u>	<u>\$ 749,619</u>
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**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:**

Operating income (loss)	\$ 218,382	\$ (668,811)	\$ (450,429)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	22,554	111,100	133,654
(Increase) decrease in assets:			
Accounts receivable, net	(7)	14	7
Inventories	-	(9,109)	(9,109)
Prepaid items	-	5,955	5,955
Increase (decrease) in liabilities:			
Accounts payable and other accrued liabilities	23,291	25,120	48,411
Accrued payroll	(4,811)	(37,152)	(41,963)
Compensated absences	(13,194)	(19,576)	(32,770)
OPEB obligation	17,500	158,340	175,840
Change in deferred outflows	1,608	(81,318)	(79,710)
Change in deferred inflows	(2,059)	(36,374)	(38,433)
Net Pension Liability	(49,908)	(5,686)	(55,594)
Unearned revenue	-	68,553	68,553
Total adjustments	<u>(5,026)</u>	<u>179,867</u>	<u>174,841</u>
Net cash provided (used) by operating activities	<u>\$ 213,356</u>	<u>\$ (488,944)</u>	<u>\$ (275,588)</u>

Supplemental disclosure of noncash investing, capital and financing activities:
Yacht Basin decrease in fair value of investments of \$509.

City of Cape Coral, Florida

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2016

	Workers Compensation Insurance	Property and Casualty Insurance	Facilities & Fleet Management	Self-funded Health Insurance	Total
ASSETS					
Current assets:					
Cash and investments	\$ 8,162,835	\$ 3,424,138	\$ 1,258,922	\$ 4,957,630	\$ 17,803,525
Interest receivable	10,624	4,457	-	1,910	16,991
Accounts receivable, net	3,148	3,109	8,496	123,938	138,691
Prepaid items	-	77,332	-	-	77,332
Total current assets	<u>8,176,607</u>	<u>3,509,036</u>	<u>1,267,418</u>	<u>5,083,478</u>	<u>18,036,539</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	45,232	11,103	1,534,783	-	1,591,118
Intangible computer software	-	-	705,245	-	705,245
Less accumulated depreciation	(23,425)	(12,029)	(2,298,353)	-	(2,333,807)
Total capital assets, net	<u>23,864</u>	<u>1,131</u>	<u>913,341</u>	<u>-</u>	<u>938,336</u>
Total assets	<u>8,200,471</u>	<u>3,510,167</u>	<u>2,180,759</u>	<u>5,083,478</u>	<u>18,974,875</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of pension earnings	16,571	26,040	467,138	13,415	523,164
Deferred outflows of pension assumptions	24,148	37,947	680,753	19,549	762,397
Deferred outflows of pension experience	6,542	10,280	184,409	5,296	206,527
Total deferred outflows of resources	<u>47,261</u>	<u>74,267</u>	<u>1,332,300</u>	<u>38,260</u>	<u>1,492,088</u>
LIABILITIES					
Current liabilities:					
Accounts payable and other accrued liabilities	60,277	2,300	410,804	1,192,109	1,665,490
Accrued payroll	5,449	2,873	62,966	1,631	72,919
Claims liability	1,318,000	416,000	-	497,694	2,231,694
Compensated absences	-	-	42,738	5,975	48,713
Total current liabilities	<u>1,383,726</u>	<u>421,173</u>	<u>516,508</u>	<u>1,697,409</u>	<u>4,018,816</u>
Noncurrent liabilities:					
Compensated absences	-	-	161,107	13,247	174,354
OPEB	203,338	211,100	4,603,353	11,572	5,029,363
Claims liability	4,120,000	717,000	-	-	4,837,000
Net pension liability	166,623	261,836	4,697,178	134,885	5,260,522
Total noncurrent liabilities	<u>4,489,961</u>	<u>1,189,936</u>	<u>9,461,638</u>	<u>159,704</u>	<u>15,301,239</u>
Total liabilities	<u>5,873,687</u>	<u>1,611,109</u>	<u>9,978,146</u>	<u>1,857,113</u>	<u>19,320,055</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of pension experience	1,093	1,717	30,806	885	34,501
Total deferred inflows of resources	<u>1,093</u>	<u>1,717</u>	<u>30,806</u>	<u>885</u>	<u>34,501</u>
NET POSITION					
Net investment in capital assets	23,864	1,131	913,341	-	938,336
Unrestricted	2,349,088	1,970,477	(7,409,234)	3,263,740	174,071
Total net position	<u>\$ 2,372,952</u>	<u>\$ 1,971,608</u>	<u>\$ (6,495,893)</u>	<u>\$ 3,263,740</u>	<u>\$ 1,112,407</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, 2016

	Workers Compensation Insurance	Property and Casualty Insurance	Facilities & Fleet Management	Self-funded Health Insurance	Total
OPERATING REVENUES					
Charges for services	\$ 3,353,537	\$ 3,071,883	\$ 8,243,119	\$ 12,501,329	\$ 27,169,868
Other revenue	357,688	10,057	28,454	375,929	772,128
Total operating revenues	<u>3,711,225</u>	<u>3,081,940</u>	<u>8,271,573</u>	<u>12,877,258</u>	<u>27,941,996</u>
OPERATING EXPENSES					
Salaries, wages and employee benefits	68,366	223,580	4,304,938	215,592	4,812,476
Contractual services, materials and supplies	643,086	1,656,256	3,918,817	1,485,067	7,703,226
Claims and claims adjustments	1,785,122	(24,718)	-	11,239,932	13,000,336
Depreciation	6,020	1,139	297,682	-	304,841
Total operating expenses	<u>2,502,594</u>	<u>1,856,257</u>	<u>8,521,437</u>	<u>12,940,591</u>	<u>25,820,879</u>
Operating income (loss)	<u>1,208,631</u>	<u>1,225,683</u>	<u>(249,864)</u>	<u>(63,333)</u>	<u>2,121,117</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	50,138	19,163	-	13,910	83,211
Gain (loss) on disposal of capital assets	-	-	40,400	-	40,400
Total nonoperating revenues (expenses)	<u>50,138</u>	<u>19,163</u>	<u>40,400</u>	<u>13,910</u>	<u>123,611</u>
Income (loss) before transfers	<u>1,258,769</u>	<u>1,244,846</u>	<u>(209,464)</u>	<u>(49,423)</u>	<u>2,244,728</u>
Transfers					
Transfers in	-	-	9,500	3,313,163	3,322,663
Change in net position	1,258,769	1,244,846	(199,964)	3,263,740	5,567,391
Total net position - beginning	1,114,183	726,762	(6,295,929)	-	(4,454,984)
Total net position - ending	<u>\$ 2,372,952</u>	<u>\$ 1,971,608</u>	<u>\$ (6,495,893)</u>	<u>\$ 3,263,740</u>	<u>\$ 1,112,407</u>

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2016

	Workers Compensation Insurance	Property and Casualty Insurance	Facilities & Fleet Management	Self-funded Health Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 3,708,189	\$ 3,078,854	\$ 8,278,339	\$ 12,753,320	\$ 27,818,702
Cash payments for claims	(1,926,122)	(373,282)	-	(10,742,238)	(13,041,642)
Cash payments to suppliers	(705,927)	(1,660,840)	(3,804,187)	(292,958)	(6,463,912)
Cash payments to employees	(152,433)	(205,682)	(4,396,912)	(85,657)	(4,840,684)
Net cash provided by operating activities	<u>923,707</u>	<u>839,050</u>	<u>77,240</u>	<u>1,632,467</u>	<u>3,472,464</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	-	-	9,500.00	3,313,163.00	3,322,663
Net cash (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>9,500.00</u>	<u>3,313,163.00</u>	<u>3,322,663</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING					
Acquisition and construction of capital assets	(28,547)	-	(273,413)	-	(301,960)
Proceeds from sale of capital asset	-	-	40,400	-	40,400
Net cash used by capital and related financing activities	<u>(28,547)</u>	<u>-</u>	<u>(233,013)</u>	<u>-</u>	<u>(261,560)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment Earnings	47,036	17,381	-	12,000	76,417
Net cash provided (used) by investing activities	<u>47,036</u>	<u>17,381</u>	<u>-</u>	<u>12,000</u>	<u>76,417</u>
Net increase (decrease) in cash	942,196	856,431	(146,273)	4,957,630	6,609,984
Cash and investments - beginning	7,220,639	2,567,707	1,405,195	-	11,193,541
Cash and investments - ending	<u>\$ 8,162,835</u>	<u>\$ 3,424,138</u>	<u>\$ 1,258,922</u>	<u>\$ 4,957,630</u>	<u>17,803,525</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 1,208,631	\$ 1,225,683	\$ (249,864)	\$ (63,333)	2,121,117
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	6,020	1,139	297,682	-	304,841
(Increase) decrease in assets:					
Accounts receivable, net	(3,036)	(3,086)	6,766	(123,938)	(123,294)
Prepaid items	-	(6,266)	215	-	(6,051)
(Increase) decrease in deferred outflows:					
Pension earnings	29,162	(40,666)	(637,623)	(18,362)	(667,489)
Pension assumptions	(24,148)	-	-	(19,549)	(43,697)
Pension experience	(6,542)	-	-	(5,296)	(11,838)
Increase (decrease) in liabilities:					
Accounts payable and other accrued liabilities	(62,841)	1,682	114,415	1,192,109	1,245,365
Accrued payroll	2,372	(4,990)	(97,751)	1,631	(98,738)
Compensated absences	(5,328)	(8,589)	(211,673)	19,222	(206,368)
OPEB liability	14,395	22,157	433,105	11,572	481,229
Claims liability	(141,000)	(398,000)	-	497,694	(41,306)
Net pension liability	(90,285)	47,746	401,110	134,885	493,456
Increase (decrease) in deferred inflows:					
Pension earnings	(2,288)	2,604	31,821	4,947	37,084
Pension experience	(1,405)	(364)	(10,963)	885	(11,847)
Total adjustments	<u>(284,924)</u>	<u>(386,633)</u>	<u>327,104</u>	<u>1,695,800</u>	<u>1,351,347</u>
Net cash provided (used) by operating activities	<u>\$ 923,707</u>	<u>\$ 839,050</u>	<u>\$ 77,240</u>	<u>\$ 1,632,467</u>	<u>\$ 3,472,464</u>

Supplemental disclosure of noncash investing, capital and financing activities:
Worker's Compensation Insurance decrease in fair value of investments of \$59.
Property and Casualty Insurance increase in fair value of investments of \$508.
Self Insurance Fund increase in fair value of investments \$1,488.

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.

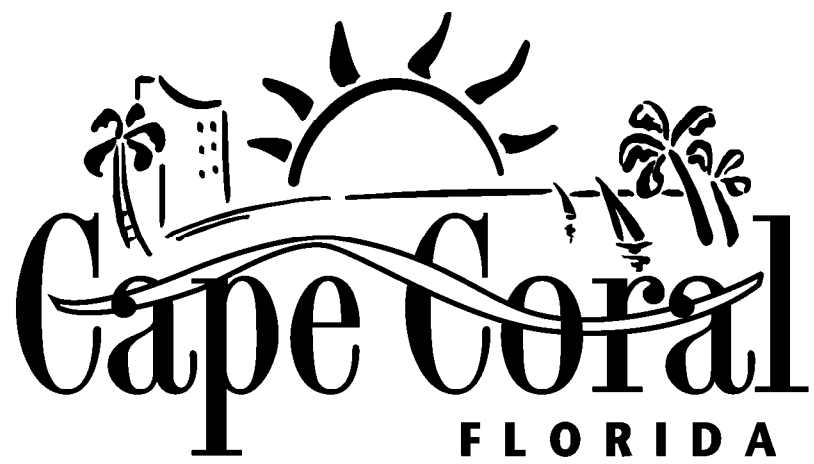
- School Impact Fee Fund – used to account for the City's collection of school impact fees for the Lee County School Board at the time of building permit issuance.
- Solid Waste Fund – used to account for the City's collection of solid waste fees.

City of Cape Coral, Florida

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS**

For the Year Ended September 30, 2016

	Balance September 30, 2015	Additions	Reductions	Balance September 30, 2016
School Impact Fee Fund				
Assets				
Cash and investments	\$ 155,581	\$ 2,613,465	\$ 2,503,372	\$ 265,674
Interest receivable	162	384	162	384
Total assets	<u>\$ 155,743</u>	<u>\$ 2,613,849</u>	<u>\$ 2,503,534</u>	<u>\$ 266,058</u>
Liabilities				
Due to others	\$ 155,743	\$ 2,596,978	\$ 2,486,663	\$ 266,058
Total liabilities	<u>\$ 155,743</u>	<u>\$ 2,596,978</u>	<u>\$ 2,486,663</u>	<u>\$ 266,058</u>
 Solid Waste Fund				
Assets				
Cash and investments	\$ 2,945,924	\$ 11,361,327	\$ 11,743,896	\$ 2,563,355
Interest receivable	3,069	3,298	3,069	3,298
Intergovernmental receivable	39,098	11,571,349	11,574,662	35,785
Total assets	<u>\$ 2,988,091</u>	<u>\$ 22,935,974</u>	<u>\$ 23,321,627</u>	<u>\$ 2,602,438</u>
Liabilities				
Due to others	\$ 2,988,091	\$ 10,834,263	\$ 11,219,916	\$ 2,602,438
Total liabilities	<u>\$ 2,988,091</u>	<u>\$ 10,834,263</u>	<u>\$ 11,219,916</u>	<u>\$ 2,602,438</u>
 Total All Agency Funds				
Assets				
Cash and investments	\$ 3,101,505	\$ 13,974,792	\$ 14,247,268	\$ 2,829,029
Interest receivable	3,231	3,682	3,231	3,682
Intergovernmental receivable	39,098	11,571,349	11,574,662	35,785
Total assets	<u>\$ 3,143,834</u>	<u>\$ 25,549,823</u>	<u>\$ 25,825,161</u>	<u>\$ 2,868,496</u>
Liabilities				
Due to others	\$ 3,143,834	\$ 13,431,241	\$ 13,706,579	\$ 2,868,496
Total liabilities	<u>\$ 3,143,834</u>	<u>\$ 13,431,241</u>	<u>\$ 13,706,579</u>	<u>\$ 2,868,496</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	164
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	169
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	174
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	178
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	181
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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 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	\$ 215,610,383
Restricted	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	49,389,716
Unrestricted	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)	(133,595,277)
Total governmental activities net position	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	131,404,822
Business-type activities										
Net investment in capital assets	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	374,994,099
Restricted	89,708,456	75,792,828	78,467,814	54,357,805	56,239,059	62,417,416	47,174,719	66,696,901	92,631,969	89,937,196
Unrestricted	(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)	(17,705,952)
Total business-type activities net position	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	447,225,343
Primary government										
Net investment in capital assets	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	590,604,482
Restricted	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	139,326,912
Unrestricted	18,248,183	31,033,063	21,832,615	25,902,786	32,812,476	(6,642,830)	(22,878,658)	(24,675,461)	(155,803,383)	(151,301,229)
Total primary government net position	\$ 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	\$ 578,630,166

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government										
Public safety:										
Police	\$ 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	\$ 51,588,399
Fire	35,714,577	42,210,585	45,501,686	42,473,233	43,046,173	38,563,123	40,883,574	34,265,016	37,755,665	37,862,679
Building ¹	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	29,941,799
Public works	24,725,744	-	2,013,917	2,057,602	2,284,267	2,382,927	2,557,567	2,995,300	3,134,523	3,804,593
Parks and recreation	15,398,273	29,295,132	25,229,774	22,375,570	19,250,191	16,844,612	14,216,303	16,905,388	18,101,671	18,268,298
Community development	9,812,164	16,928,374	17,846,602	17,212,764	16,556,468	18,101,675	17,457,679	17,069,459	17,024,031	17,997,257
Interest on long-term debt	5,860,014	9,499,969	8,831,139	11,348,878	11,348,878	10,294,730	9,978,824	6,640,062	5,559,972	6,979,622
Total governmental activities expenses	145,552,162	171,598,615	171,027,689	164,144,742	165,686,088	161,871,330	163,293,361	161,304,083	178,215,114	176,084,396
Business-type activities:										
Water and sewer	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	99,123,629
Stormwater	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	13,029,277
Building division ¹	10,540,758	5,287,370	-	-	-	-	-	-	-	-
Yacht basin	335,385	305,506	282,733	295,691	312,368	340,445	372,930	992,058	345,457	372,349
Golf course	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	2,790,829
Waterpark ¹	2,849,170	3,073,086	-	-	-	-	-	-	-	-
Total business-type activities expenses	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	115,316,084
Total primary government expenses	\$ 221,779,048	\$ 259,258,692	\$ 254,795,031	\$ 257,906,128	\$ 268,840,260	\$ 277,256,704	\$ 297,621,486	\$ 276,781,903	\$ 295,362,435	\$ 291,400,480
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$ 11,003,789
Public safety:										
Police	718,233	820,650	1,341,052	974,279	726,795	857,660	683,428	831,945	938,606	1,244,054
Fire	646,379	410,271	242,902	155,235	182,658	178,483	181,491	231,567	312,388	288,432
Building ¹	-	-	14,316	36,008	140,044	36,891	29,218	4,022,162	4,875,890	6,411,115
Public works ²	370,437	2,888,699	1,843,098	127,755	7,023	1,063,713	2,948,171	4,036,205	6,130,223	3,151,358
Parks and recreation	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	5,397,864
Community development	1,416,183	194,083	762,617	663,254	1,110,747	1,955,527	2,113,420	1,515,921	1,679,724	1,408,377
Operating grants and contributions	4,753,706	5,166,569	4,901,931	4,839,251	5,408,078	5,311,553	4,126,255	16,150,059	16,222,090	29,559,152
Capital grants and contributions	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	8,416,807
Total governmental activities program revenues	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	66,885,948
Business-type activities:										
Charges for services:										
Water and sewer	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	80,067,263
Stormwater	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	13,123,358
Building division ¹	4,994,862	1,976,525	-	-	-	-	-	-	-	-
Yacht basin	363,088	301,884	302,466	271,315	345,013	338,006	394,553	982,314	562,119	588,539
Golf course	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	2,126,888
Waterpark ¹	1,936,543	2,231,202	-	-	-	-	-	-	-	-
Operating grants and contributions	11,510,910	11,033,752	13,934,169	10,474,743	7,961,102	7,517,135	6,904,337	6,571,091	9,989,134	1,122,688
Capital grants and contributions	38,300,875	38,547,215	25,801,725	19,224,350	15,062,248	12,624,199	15,329,046	29,123,990	22,957,693	27,669,127
Total business-type activities program revenues	115,431,033	115,230,627	107,589,437	108,620,886	102,968,134	105,153,232	113,862,456	124,928,459	124,658,792	124,697,843
Total primary government program revenues	\$ 157,083,518	\$ 150,602,225	\$ 144,794,907	\$ 146,735,867	\$ 140,944,842	\$ 142,399,396	\$ 150,901,861	\$ 174,563,628	\$ 182,107,497	\$ 191,583,791
Net (Expense)/Revenue										
Governmental activities:	\$ (103,899,677)	\$ (136,225,017)	\$ (133,821,219)	\$ (126,029,761)	\$ (127,709,380)	\$ (124,625,166)	\$ (126,253,956)	\$ (111,648,914)	\$ (120,766,409)	\$ (109,198,448)
Business-type activities	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	9,381,759
Total primary government net expense	\$ (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)	\$ (99,816,689)

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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Schedule 2										
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes, levied for general purpose	\$ 102,726,890	\$ 96,984,966	\$ 72,633,488	\$ 81,258,406	\$ 68,465,753	\$ 66,300,746	\$ 68,969,220	\$ 71,451,329	\$ 77,445,321	\$ 75,239,444
Property taxes, levied for debt service	1,313,051	1,206,562	945,169	-	-	-	-	-	-	-
Property taxes, other (CRA and All Hazards)	2,846,060	2,703,930	1,777,720	911,537	815,195	685,754	690,036	755,178	900,184	1,094,755
Public service tax	-	-	-	-	-	-	-	7,229,414	7,168,083	7,250,872
Sales ³	15,753,186	14,113,875	13,361,888	13,398,724	14,000,513	14,210,873	15,345,034	16,792,598	18,336,760	18,136,627
Half-cent sales	-	-	-	-	-	-	-	-	-	-
Fuel ⁴	9,656,004	8,987,485	8,604,266	8,438,785	8,322,095	8,090,870	8,630,419	9,092,366	9,716,679	10,222,671
Alcohol and beverage	48,814	58,874	73,592	57,086	59,456	72,585	59,659	72,845	69,298	67,005
Mobile home ⁵	-	-	-	-	-	-	-	-	-	-
Franchise	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	6,622,089
Communication	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	5,166,297
Gas ⁴	-	-	-	-	-	-	-	-	-	-
Interest income	4,024,673	2,466,668	3,963,554	2,312,707	2,053,012	2,055,480	142,344	246,807	494,208	1,044,202
Gain/Loss on sale of capital assets	235,476	-	-	-	-	-	-	-	-	-
Special Items	8,227,560	2,201,318	-	-	-	-	-	-	-	-
Transfers	245,316	(1,675,508)	(750,891)	2,852,573	103,677	35,485	5,683	(4,180)	163,837	(282,857)
Total governmental activities	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	124,563,115
Business-type activities:										
Interest income	-	-	-	-	-	-	-	-	-	-
Transfers	(245,316)	1,675,508	750,891	(2,852,573)	(103,677)	1,513,288	334,105	-	9,846,901	9,846,901
Total business-type activities	(245,316)	1,675,508	750,891	(2,852,573)	(103,677)	(35,485)	(5,683)	4,180	(163,837)	282,857
Total primary government	\$ 155,608,113	\$ 139,893,992	\$ 112,181,540	\$ 118,488,587	\$ 107,216,940	\$ 105,281,270	\$ 106,547,875	\$ 117,933,945	\$ 136,016,279	\$ 134,692,873
Change in Net Position										
Governmental activities	\$ 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	\$ 15,364,667
Business-type activities	38,958,831	29,244,058	24,571,986	12,006,927	766,348	(8,754,359)	(20,137,247)	9,454,819	17,204,535	19,511,517
Total primary government	\$ 90,912,583	\$ 31,237,525	\$ 2,181,416	\$ 7,318,326	\$ (20,678,480)	\$ (29,576,038)	\$ (40,171,750)	\$ 15,735,670	\$ 22,771,341	\$ 34,876,184

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

	2007	2008	2009	2010	2011 ¹	2012	2013	2014	2015	2016
General Fund										
Nonspendable	\$ 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	\$ 842,608
Restricted	6,660,309	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	7,946,254
Assigned	-	-	-	-	-	1,531,752	712,650	199,927	1,281,341	469,442
Unassigned	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	41,286,873
Total General Fund	\$ 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	\$ 50,545,177
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 81,190	\$ 87,732	\$ 92,302	\$ 110,351	\$ 93,869	\$ 88,095
Reserved	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	46,671,710
Committed	-	-	-	-	11,188,786	11,278,188	12,190,444	13,312,428	22,320,327	19,074,472
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	(1,602,793)	(1,202,123)	(2,982,708)	(1,764,088)	-	-	-	-	-	-
Debt Service Funds	-	-	-	-	-	-	-	-	-	-
Capital Improvement Funds	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(912,669)	(483,219)	(307,694)	(369,155)	(108,446)	(157,390)
Total All Other Governmental Funds	\$ 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	\$ 65,676,887

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**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$ 143,120,404	\$ 136,226,007	\$ 108,217,986	\$ 116,175,880	\$ 104,107,863	\$ 101,712,522	\$ 106,071,431	\$ 117,687,138	\$ 125,657,523	\$ 123,818,579
Special assessments	151,905	224,473	230,013	201,509	118,546	138,165	147,915	10,080,686	13,449,945	20,930,885
Licenses and permits	1,002,420	965,718	1,319,617	2,787,048	2,625,516	2,992,430	3,396,297	4,015,563	4,876,346	7,251,734
Intergovernmental	6,192,452	8,260,620	10,933,735	16,037,270	16,052,198	9,429,635	7,559,867	6,452,157	8,455,219	6,967,431
Charges for services	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	14,020,091
Fines and forfeitures	2,093,258	2,101,717	1,819,901	1,757,962	1,259,226	1,041,971	811,365	746,712	819,205	841,830
Impact fees	10,803,715	3,647,548	1,391,932	1,202,553	1,616,405	1,664,828	2,668,632	3,981,431	5,553,426	8,510,926
Rent and royalties	558,076	448,727	509,211	363,438	318,964	276,311	3,287,898	3,763,481	4,079,452	4,110,301
Interest income	7,001,077	4,763,937	2,676,476	1,378,130	888,074	1,042,212	267,079	469,754	1,013,354	960,991
Contributions and donations	51,147	54,295	61,126	109,846	270,191	288,975	253,646	264,250	277,742	242,727
Other revenue	1,049,663	552,698	1,368,684	1,053,240	1,392,160	3,740,640	3,954,928	2,343,858	5,621,385	1,926,213
Total revenues	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	189,581,708
Expenditures										
General government	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	45,579,202
Public safety:										
Police	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	34,745,411
Fire	23,786,557	24,742,025	24,774,802	24,531,497	26,542,275	27,711,702	28,462,946	24,848,816	26,028,314	26,574,399
Building	-	-	2,013,917	2,057,602	2,284,267	2,382,927	2,557,567	2,689,712	2,929,952	3,405,018
Public works	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	12,322,752
Parks and recreation	12,936,233	13,747,027	14,281,286	13,608,142	13,642,352	13,753,583	13,560,974	13,756,920	14,603,776	15,281,586
Community development	9,409,933	8,732,865	7,903,124	10,498,730	8,765,773	9,475,576	7,101,799	5,691,090	5,979,224	6,709,083
Transportation										
Capital outlay	94,821,448	60,861,774	68,363,473	29,296,160	27,951,051	11,394,393	6,029,345	6,921,521	10,676,484	19,389,174
Debt service:										
Principal	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	11,292,837
Interest and fiscal charges	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	9,722,762
Bond issuance cost	-	-	-	-	-	-	-	101,611	483,913	-
Total expenditures	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	185,022,224
Excess of revenues under expenditures	(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	4,559,484
Other Financing Sources (Uses)										
Transfers in	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	31,052,126
Transfers out	(40,371,553)	(26,282,365)	(23,478,193)	(23,770,218)	(14,347,791)	(10,813,421)	(23,954,950)	(27,259,388)	(31,723,252)	(34,657,046)
Refunding bonds issued	-	-	-	-	-	-	-	(21,371,001)	-	-
Issuance of debt	-	-	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	958,855	209,061	76,356	23,495	156,585	184,650	28,696	226,810	443,662	149,977
Total other financing sources	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	(3,455,543)
Special Items										
Contribution due to difference in market value of land transaction	8,227,560	2,201,318	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 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	\$ 1,103,941
Debt service as a percentage of noncapital expenditures	9.09%	8.48%	8.65%	10.86%	11.28%	11.50%	13.70%	13.56%	12.82%	12.69%

City of Cape Coral, Florida

IMPACT FEE REVENUE
Last Ten Fiscal Years

Schedule 5

Fiscal Year	Governmental Activities					Business-type activities		
	Fire ¹	Police ¹	Advanced Life Support ¹	Park Recreational Facilities	Road	Water	Wastewater	Irrigation
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	2,177,497	6,111,600	1,046,984
2016	838,224	868,136	51,154	1,559,473	5,193,939	2,584,665	7,097,253	1,234,697

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

City of Cape Coral, Florida

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Schedule 6

Fiscal Year	Real Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
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
2016	16,141,195,874	460,315,173	5,481,003,861	11,120,507,186	6.96	16,601,511,047	66.98

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	
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
2016	6.9570	0.0000	6.9570	4.1506	7.285	1.4424	19.8350

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	2016			2007		
	Taxable Assessed Value ¹	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable City Assessed Value
Freeman + Hasselwander Resort	\$ 43,194,301	1	0.39 %	-		-
Corona Property Holdings LLC	38,455,584	2	0.35	-		-
GRE Coralwood LP	24,910,401	3	0.22	\$ 28,379,490	6	0.13 %
International Capital	24,408,067	4	0.22	-		-
Coral Walk FL LLC	19,881,723	5	0.18	-		-
Coral Pointe Investment LLC	15,297,993	6	0.14	-		-
Publix Super Markets Inc	14,633,574	7	0.13	-		-
Cryptical Cove LLC	13,278,689	8	0.12	-		-
Eugene A. Larken Jr TR	11,999,923	9	0.11	-		-
Agybe LLC	11,973,496	10	0.11	-		-
Theiman Enterprises LLC	-		-	80,120,650	1	0.37
Adams Homes of NW Florida, Inc.	-		-	50,377,410	2	0.23
Eagle Gregory W. Trust	-		-	34,385,820	3	0.16
Deltona Corporation	-		-	32,824,320	4	0.15
MF Coral Cove LLC	-		-	29,115,000	5	0.13
Tarpon Point Associates LLC	-		-	23,836,060	7	0.11
Lowes Home Centers Inc.	-		-	22,536,420	8	0.10
HWA Properties Inc.	-		-	21,215,360	9	0.10
Simon Ronald S Trust	-		-	20,571,130	10	0.09
Total	<u>\$ 218,033,751</u>		<u>1.97 %</u>	<u>\$ 343,361,660</u>		<u>1.57 %</u>

¹ Source: Lee County Property Appraiser

Total taxable assessed value of Cape Coral for 2015 \$ 11,120,507,186

Total taxable assessed value of Cape Coral for 2006 \$ 21,683,370,120

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
2007	\$ 107,146,205	\$ 103,514,601	96.61 %	\$ 26,579	\$ 103,541,180	96.64 %
2008	101,441,558	97,664,523	96.28	468,791	98,133,314	96.74
2009	75,854,023	72,700,638	95.84	489,449	73,190,087	96.49
2010	83,646,270	80,145,761	95.82	244,497	80,390,258	96.11
2011	71,017,898	67,864,550	95.56	289,228	68,153,778	95.97
2012	68,164,357	65,633,185	96.29	95,840	65,729,025	96.43
2013	70,844,314	68,242,587	96.33	(31,464) ³	68,200,152	96.27
2014	73,373,091	70,741,212	96.41	15,806 ³	70,757,018	96.43
2015	79,620,684	76,697,068	96.33	(19,522) ³	76,677,546	96.30
2016	77,436,922	74,492,236	96.20	-	74,492,236	96.20

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	Notes Payable	Commercial Paper Obligation	Special Assessment	Capital Lease	Revenue Bonds ²	Notes Payable ³	Special Assessment ⁴	Installment Lease Purchase	Commercial Paper Obligation				
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	%	\$ 926
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		970
2009	-	186,828,309	1,006,937	13,740,037	-	-	287,626,784	17,768,261	183,952,600	-	184,358,963	875,281,891	19.48		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		1,531
2012	-	229,435,647	3,414,530	-	-	3,414,530	477,416,707	8,935,129	150,750,308	-	-	873,366,851	24.70		1,523
2013	-	221,515,976	2,840,017	-	-	2,840,017	469,565,055	5,780,734	140,579,667	-	-	843,121,466	21.99		1,452
2014	-	213,730,572	2,256,647	-	-	2,256,647	461,361,073	35,859,855	130,219,029	-	-	845,683,823	21.03		1,357
2015	-	203,703,427	13,675,000	-	1,500,000	1,664,283	457,847,790	68,925,322	118,933,390	-	-	866,249,212	20.68		1,348
2016	-	194,470,804	12,092,000	-	1,405,000	1,062,786	447,666,810	69,578,289	107,587,751	-	-	833,863,440	18.87		1,241

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
2007	\$ 3,067,868	\$ 24,958	\$ 3,042,910	0.01 %	\$ 18.16
2008	\$ 1,549,049	35,458	1,513,591	0.01	8.90
2009 ⁴	-	-	-	-	-
2010 ⁴	-	-	-	-	-
2011 ⁴	-	-	-	-	-
2012 ⁴	-	-	-	-	-
2013 ⁴	-	-	-	-	-
2014 ⁴	-	-	-	-	-
2015 ⁴	-	-	-	-	-
2016 ⁴	-	-	-	-	-

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, 2016

Schedule 12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Lee County	\$ 264,403,000 ¹	17.740% ²	\$ 46,905,092
City direct debt			<u>209,030,590 ³</u>
Total direct and overlapping debt			<u><u>\$ 255,935,682</u></u>

¹ Source: Lee County Clerk of Court, Finance Division. Fiscal year 2015 number was used due to no response from Lee County.

² Determined by dividing:

Taxable assessed valuation of the City of Cape Coral (see Schedule 6)	\$ 11,120,507,186
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).

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Schedule 13

Fiscal Year	Water and Sewer Revenue Debt					Stormwater Revenue Debt				
	Operating Revenues ¹	Operating Expenses ²	Revenue for Debt Services	Debt Service Requirements ³		Less: Operating Expenses ²	Net Available for Debt Service	Debt Service Requirements ⁶		Coverage
				Principal	Interest			Principal	Interest	
2007	\$ 48,981,238	\$ 31,650,430	\$ 17,330,808	\$ 3,170,000	\$ 8,844,750	\$ 12,014,750	\$ 5,409,695	\$ 542,389	\$ 134,394	7.99
2008	46,910,483	35,168,911	11,741,572	3,710,000	9,599,120	13,309,120	4,701,948	561,922	111,861	6.98
2009	53,030,486	35,202,653	17,827,833	3,810,000	9,501,847	13,311,847	4,958,824	485,000	88,506	8.65
2010	63,886,074	34,499,895	29,386,179	3,915,000	15,247,558	19,162,558	3,569,312	505,000	69,106	6.22
2011	67,236,758	32,982,527	34,254,231	4,035,000	14,211,052	18,246,052	3,231,528	525,000	48,906	5.63
2012	71,703,204	34,483,112	37,220,092	5,640,000	22,290,563	27,930,563	(698,937) ⁸	545,000 ⁹	27,250	(1.22)
2013	75,862,707	36,213,510	39,649,197	6,755,000	22,379,635	29,134,635	157,955	-	-	-
2014	73,678,329	38,138,225	35,540,104	7,825,000	21,964,200	29,789,200	321,575	-	-	-
2015	77,043,774	40,442,926	36,600,848	8,395,000	21,018,222	29,413,222	659,468	-	-	-
2016	80,312,234	41,931,221	38,381,013	9,580,000	19,264,647	28,844,647	1,909,112	-	-	-

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 Personal Income ¹	Median Age ¹	School Enrollment ³	Unemployment Rate ⁴
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
2016	168,425	4,418,461,450	26,234	45	19,414	4.8

¹ Source: City of Cape Coral, Economic Development

² Determined by multiplying population by per capita personal income.

³ Source: School District of Lee County (Excludes Charter Schools)

⁴ Source: Department of Labor, Bureau of Labor Statistics

City of Cape Coral, Florida

PRINCIPAL EMPLOYERS¹
Current Year and Nine Years Ago

Schedule 15

Employer	2016			2007		
	Employees	Rank	Percentage of Total City Employment ²	Employees	Rank	Percentage of Total City Employment ³
Lee County School District	2,483	1	3.01 %	735	4	0.94 %
Lee Memorial Health System	2,108 ⁴	2	2.55	900	3	1.15
City of Cape Coral	1,764	3	2.14	1,918	1	2.45
Publix Super Market	1,347	4	1.63	1,023	2	1.31
Sam's/Wal-Mart	981	5	1.19	543	5	0.69
Home Depot	567 ⁴	6	0.69	256	9	0.33
Regional VA Clinic	565	7	0.68	-		-
Gulf Coast Village	406	8	0.49	250	10	0.32
Cape Coral Charter School	400	9	0.48	-		-
Lowes Home Improvement Center	330	10	0.40	300	7	0.38
Coldwell Banker/Century 21	-		-	370	6	0.47
Whitney Education Group	-		-	300	8	0.38

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 2016 was 82,605.
Source: U.S. Department of Labor - Bureau of Labor Statistics

³ The total city employment for 2007 was 78,150.
Source: U.S. Department of Labor - Bureau of Labor Statistics

⁴ Fiscal year 2015 number was used due to no response from the employer.

City of Cape Coral, Florida

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

Schedule 16

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	199	195	124	125	119	185	128	128	138	144
Public Safety:										
Police	417	412	368	359	344	336	336	334	334	339
Fire	231	222	219	216	206	206	205	206	210	212
Building	115	27	26	26	27	28	29	29	36	48
Public Works ¹	224	228	195	154	150	78	132	137	140	145
Community Development	79	71	61	58	59	57	53	54	57	56
Parks and Recreation	250	244	180	187	190	180	193	197	209	209
Water and Sewer	216	233	269	266	260	218	236	266	279	289
Stormwater	95	92	90	114	113	104	96	96	96	96
Yacht Basin	3	3	3	2	2	2	3	3	3	3
Golf Course	38	38	36	35	36	32	32	32	32	32
Waterpark	51	51	50	67	64	60	62	62	62	62
Total	<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>	<u>1,635</u>

¹ Beginning in FY2013 Transportation was reported in Public Works.

OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Schedule 17

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Number of sworn officers	270	256	244	239	216	219	212	226	226	231
Total calls received ¹	373,241	242,584	219,785	194,688	192,289	239,686	269,161	261,436	275,478	275,688
Number of crime scenes processed by evidence technician	785	831	1,019	648	704	635	814	827	950	784
Traffic citations issued (all units)	27,106	25,590	26,117	23,480	18,256	9,797	10,277	10,277	8,806	8,845
Vice, intelligence and narcotics arrests	1,308	1,061	1,490	1,055	893	719	820	906	835	678
Fire										
Number of firefighters and officers	181	191	188	192	192	192	191	191	198	196
Calls for service	16,099	16,943	17,458	18,127	18,718	19,372	19,652	19,672	20,321	18,643
Inspections	8,516	6,784	7,000	6,747	5,274	7,978	6,757	5,599	8,092	9,342
Public Works										
Tons of debris collected and disposed of	604	840	972	13,486	614	112	154	74	160	214
Lane miles of road surface restored	111	57	14	6	42	34	15	59	21	399
Community Development										
Contacts (counter and telephone)	19,173	21,592	27,487	24,388	52,715	58,292	48,520	49,758	51,023	53,045
Certificates of use	837	535	670	661	643	602	610	596	585	590
Sign permits issued	482	329	423	423	260	251	250	259	645	296
Parks and Recreation										
Programs held at art studio	211	234	193	184	366	486	413	390	435	438
Sessions held for aquatics	144	205	46	64	89	114	133	128	127	126
Senior centers memberships	1,285	1,564	1,094	941	917	751	758	707	751	804
Transportation program-total miles driven	75,881	76,716	75,336	73,418	76,730	94,533	87,197	115,000	85,173	94,519
Transportation										
Catch basins	14,120	14,392	12,587	4,706	3,133	3,745	4,620	4,178	5,695	4,527
Centerline miles of roadway striped annually	443	721	553	453	705	555	389	493	767	355
W: Boat slips⁴										
Finished water pumped to system (millions of gallons)	4,026	3,572	3,161	3,488	3,519	3,542	3,435	3,516	3,644	3,679
Dry tons of bio-solids generated	1,888	2,140	2,291	1,914	6,889	1,906	1,772	1,789	1,763	1,970
Stormwater Utility										
Cubic yards dredged from canals	176,030	124,440	150,646	120,732	90,073	38,325	41,073	28,945	45,605	54,635
Swale requests received	416	567	742	706	652	711	409	247	346	356
Swale regraded (Square Feet)	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	1,121,325
Building Division										
Total inspections	128,126	43,088	31,584	43,750	46,573	33,779	35,877	64,686	83,536	63,071
Permits issued	30,094	15,620	12,217	12,574	12,237	13,603	19,983	19,300	22,019	26,973
Yacht Basin										
Average annual slip rentals	89	78	63	63	69	69	90	76	69	85
Golf Course										
Rounds played	61,616	62,994	62,355	59,888	60,751	62,550	61,974	58,735	57,390	55,808
Waterpark										
Admissions	130,330	145,879	154,099	151,562	131,364	113,267	107,699	113,358	116,293	86,174

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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	9	11	11	11	10	10	10	10	11	11
Public Works										
Paved alleys (miles)	12	12	12	12	12	12	12	12	12	12
Sidewalks (miles)	134	143	164	184	190	194	194	202	209	215
Parks and Recreation										
City owned developed parks	26	29	30	30	30	34	34	34	34	34
Number of developed acres	367	387	401	401	401	405	409	409	409	409
City owned undeveloped parks	24	21	20	20	20	24	24	24	24	24
Number of undeveloped acres	1,075	1,083	1,085	1,086	1,086	1,094	1,095	1,095	1,098	1,100
City owned senior centers	2	2	2	2	2	2	2	2	2	2
City owned boat launches, locks, and lifts ⁴	7	7	8	12	10	11	22	22	22	22
Transportation										
Paved streets (lane miles) ³	3,111	3,111	3,111	3,115	3,123	3,157	3,047	3,047	3,047	3,047
Water and Sewer										
Number of water connections	50,345	51,829	53,777	55,468	55,343	55,591	55,790	56,522	58,899	61,522
Number of sewer connections	48,254	49,889	51,962	53,533	54,069	54,193	54,222	54,678	56,215	59,904
Miles of water distribution	732	855	855	848	849	849	853	856	907	907
Stormwater										
Stormwater drainage pipes (miles)	509	521	518	528	519	510	514	517	519	516
Swales (miles) ¹	3,680	6,732	6,732	3,363	3,363	3,363	3,363	3,363	3,363	3,363
Catch basins	22,383	22,889	22,927	22,961	22,994	22,725	22,767	22,894	22,940	22,931
Yacht Basin										
Boat slips ⁴	93	93	108	112	108	93	112	112	112	107
Golf Course										
City owned golf courses	1	1	1	1	1	1	1	1	1	1
Waterpark										
City owned waterpark facilities	1	1	1	1	1	1	1	1	1	1

¹ Years 2008-2009 had a change in methodology for calculating mileage. For 2010 the methodology reverted to prior method.

² Year 2013 Cartograph report excluded bike paths and vacations of roads and included road widening and new roads.

³ Year 2013 included both improved and unimproved boat launches.

⁴ Year 2016 includes only boat slips that are available for rent. It does not include slips used by law enforcement.

Single Audit

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 29, 2017. The financial statements of the discretely presented component unit as of and for the year ended June 30, 2016 were audited by us. We issued a separate report dated October 13, 2016. Therefore, this report does not include reporting on the internal control over financial reporting or compliance and other matters included in that separately issued report. The financial statements of the Municipal General Employees' Pension Plan, the Municipal Police Officers' Pension Plan, and the Municipal Firefighters' Pension Plan were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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


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

Compliance and Other Matters

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

Purpose of this Report

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

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

CliftonLarsonAllen LLP

Fort Myers, Florida
March 29, 2017

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

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

Report on Compliance for Each Major Federal Program and State Project

We have audited the City of Cape Coral, Florida's (City) compliance with the types of compliance requirements described in *OMB Compliance Supplement* and the requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2016. The City's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the Cape Coral Charter School Authority (Authority) which received \$629,253 in federal awards which is not included in the schedule during the year ended September 30, 2016. Our audit, described below, did not include the operations of the Authority because the Authority's financial statements were audited separately.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General. Those standards, the Uniform Guidance and Chapter 10.550, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2016.

Report on Internal Control Over Compliance

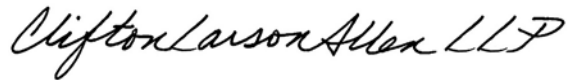
Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal programs and state projects to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal programs and state projects and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550. Accordingly, this report is not suitable for any other purpose.

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

CliftonLarsonAllen LLP

Fort Myers, Florida
March 29, 2017

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**
For the Year Ended September 30, 2016

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	B15MC120027	\$ 586,594	\$ 505,417
		B14MC120027	361,400	353,864
Neighborhood Stabilization Program (NSP-1)		B08MN120003	323,639	170,779
Neighborhood Stabilization Program (NSP-3)		B11MN120003	136,976	118,274
			<u>1,408,609</u>	<u>1,148,334</u>
U.S. DEPARTMENT OF JUSTICE:				
Office of Justice Programs (OJP):				
Edward Byrne Justice Assistance Grant (JAG) FY16	16.738	2016-DJ-BX-0630	15,124	
Equipment and Technology Grant-Video Surveillance	16.738	2016-JAGC-LEE-1-H3-091	32,976	
Technology - Portable Radios Grant	16.738	2016-JAGC-LEE-7-E5-248	24,000	
			<u>72,100</u>	
Joint Law Enforcement Operations Equitable Sharing	16.922	FL0360200	269,529	
<i>Passed-Through State of Florida, Office of the Attorney General</i>				
Victims of Crime Act (VOCA) 2015-16	16.575	V149-14284	98,613	
			<u>1,848,851</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>205,865</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				
Cape Coral Parkway Sidewalks	20.205	430891-1-58-01	62,542	
Wildwood Parkway Sidewalks	20.205	433231-1-58/68-01	425,154	
Chiquita Blvd N Sidewalks Design	20.205	430891-1-38-01	7,950	
Sands Blvd S Sidewalks	20.205	433236-1-58/68-01	387,815	
Palm Tree Blvd Sidewalks	20.205	433230-1-58/68-01	343,841	
SW 20th Ave Sidewalks	20.205	438100-1-58/68-01	146,783	
Tropicana Pkwy Sidewalks Design	20.205	435021-1-38-01	4,255	
Chiquita Blvd S Sidewalks Design	20.205	434995-1-38-01	8,125	
Signal Timing Analysis & Implementation	20.205	433237-1-38-01	18	
			<u>1,386,483</u>	
National Highway Traffic Safety Administration:				
<i>Passed-Through State of Florida, Department of of Transportation:</i>				
FDOT Impaired Driving Enforcement 2014-15	20.616	M5HVE-15-06-19	726	
FDOT Impaired Driving Enforcement 2015-16	20.616	M5HVE-16-06-17	24,625	
			<u>25,351</u>	
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,466,550	\$ 1,148,334

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (continued)**
For the Year Ended September 30, 2016

<u>State Agency/Program Title</u>	<u>CSFA Number</u>	<u>State Contract/ Grant Number</u>	<u>State Expenditures</u>	<u>Transfers to Subrecipients</u>
STATE OF FLORIDA, FLORIDA HOUSING FINANCE CORPORATION:				
State Housing Initiatives Partnership Program (S.H.I.P.)	40.901	N/A	\$ 869,176	\$ 824,129
STATE OF FLORIDA, DIVISION OF EMERGENCY MANAGEMENT:				
Residential Construction Mitigation Program (RCMP)	31.066	RCMP2015-002	223,346	216,439
Residential Construction Mitigation Program (RCMP)	31.066	RCMP2016-009	133,983	129,774
			<u>357,329</u>	<u>346,213</u>
STATE OF FLORIDA, AGENCY FOR PERSONS WITH DISABILITIES:				
Association for the Development of the Exceptional:				
Transportation Services	67.006	N/A	<u>56,532</u>	
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>1,283,037</u>	<u># 1,170,342</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			<u>\$ 4,749,587</u>	<u>\$ 2,318,676</u>

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, 2016

NOTE 1. PURPOSE OF THE SCHEDULE

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) is a supplementary schedule to the City's basic financial statements and is presented for purposes of additional analysis. The Schedule is required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and Section 215.97, Florida Statutes.

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 Uniform Guidance, 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 – Uniform Guidance 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 Uniform Guidance 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 \$750,000 for federal assistance and \$300,000 for state projects for the year ended September 30, 2016.

All local governments that expend \$750,000 or more a year in federal financial assistance for fiscal years beginning after January 1, 2015 must undergo a single audit conducted in compliance with Uniform Guidance.

Each nonstate entity that expends a total amount of state financial assistance equal to or in excess of \$750,000 in fiscal years beginning after 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).

City of Cape Coral

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**
September 30, 2016

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:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grant - Entitlement Grants	14.218	\$ 859,281
Neighborhood Stabilization Program	14.218	289,053
		<u>\$ 1,148,334</u>

Of the state expenditures presented in the Schedule, the City of Cape Coral provided state financial assistance to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
State Housing Initiatives Partnership Program (S.H.I.P.)	40.901	\$ 824,129
Residential Construction Mitigation Program (R.C.M.P.)	31.066	346,213
Total		<u>\$ 1,170,342</u>

The City has not elected to use the 10 percent de minimus cost rate allowed under the Uniform Guidance

City of Cape Coral

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

September 30, 2016

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	\$ 196,082
Special Revenue Funds:	
Community Development Block Grant (CDBG)	947,994
HUD Neighborhood Stabilization	460,615
Parks and Recreation - Special Populations	205,865
Department of Justice Joint Law Enforcement Operations	269,529
Capital Improvement Funds:	
Transportation = Sidewalk Construction	1,386,465
	<u><u>\$ 3,466,550</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	\$ 56,532
Local Housing Assistance Fund - State Housing	
Initiatives Partnership Program (S.H.I.P.)	869,176
Residential Construction Mitigation Program	357,329
	<u><u>\$ 1,283,037</u></u>

**CITY OF CAPE CORAL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS**

Year Ended September 30, 2016

Part I - Summary of Auditors' Results

Financial Statement Section

TYPE OF AUDITORS' REPORT ISSUED: Unmodified

Internal control over financial reporting:

MATERIAL WEAKNESS(ES) IDENTIFIED? No

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? No

Were significant deficiency(ies) identified not considered to be a material weakness(es) No

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a) No

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 distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? No

**CITY OF CAPE CORAL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS**

Year Ended September 30, 2016

State Financial Assistance Section

Internal control over compliance:

MATERIAL WEAKNESS(ES) IDENTIFIED? No

Were significant deficiency(ies) identified not considered to be a material weakness(es) No

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with state requirements? No

Identification of major state projects:

CFDA Number	Name of Federal Program or Cluster
31.066	Residential Construction Mitigation Program
40.901	State Housing Initiatives Partnership Program

Dollar threshold used to determine Type A State projects \$300,000

Part II - Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Part III – Findings and Questioned Costs- Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with the Uniform Guidance.

Part IV – Findings and Questioned Costs- Major State Projects

Our audit did not disclose any matters required to be reported in accordance with Rule 10.554(1)(I)4, Rules of the Auditor General.

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

Year Ended September 30, 2016

Finding 2015-001

Corrective Action was taken.

Finding 2015-002

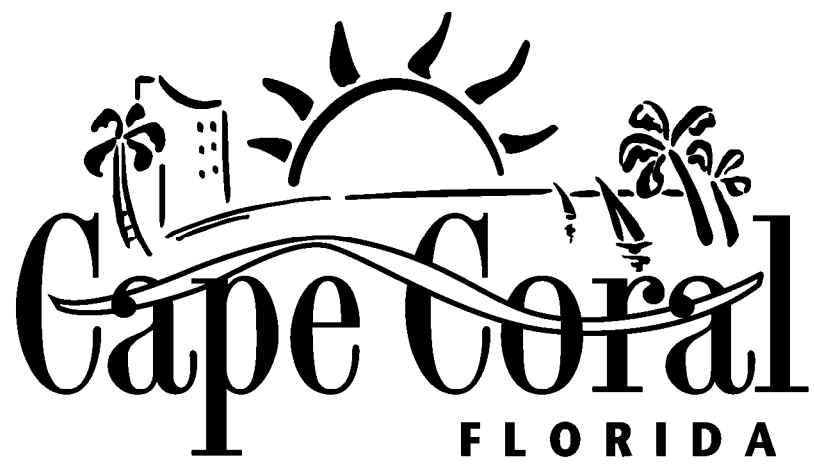
Corrective Action was taken.

Finding 2015-003

Corrective Action was taken.

Finding 2015-004

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, 2016, and have issued our report thereon dated March 29, 2017.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other 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 29, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition

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

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

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

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

Other Matters

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

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

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.



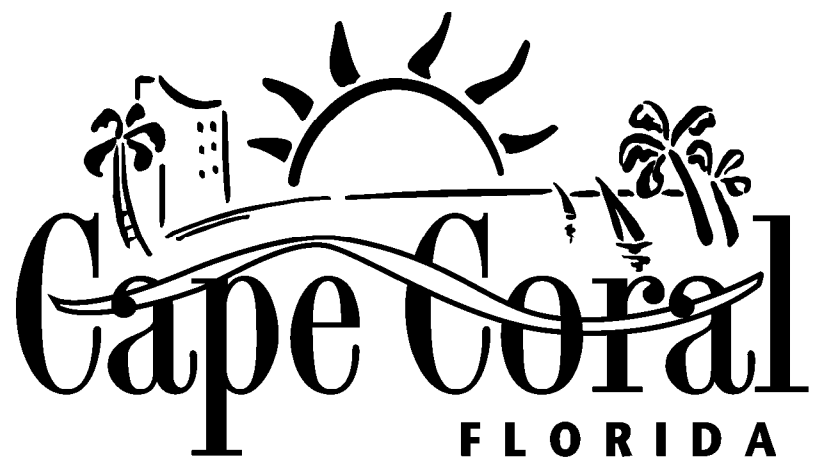
CliftonLarsonAllen LLP

Fort Myers, Florida
March 29, 2017

**CITY OF CAPE CORAL, FLORIDA
MANAGEMENT LETTER
SEPTEMBER 30, 2016**

APPENDIX A– PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Prior Year Findings and Recommendations		Current Year Status		
		Cleared	Partially Cleared	Not Cleared
2015-001	Material Weakness in Internal Control over Financial Reporting	X		
2015-002	Compliance and Material Weakness in Internal Control over Compliance	X		
2015-003	Significant Deficiency in Internal Control over Compliance	X		
2015-004	Significant Deficiency in Internal Control over Compliance	X		
MLC 2014-001	Deficiency in Internal Control	X		
MLC 2015-001	Deficiency in Internal Control	X		
MLC 2015-002	Deficiency in Internal Control	X		



Independent Accountants Report

INDEPENDENT ACCOUNTANTS' REPORT

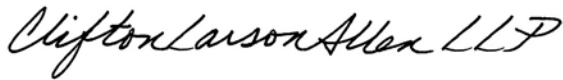
Honorable Mayor and
Members of the City Council
City of Cape Coral, Florida

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, 2016. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence 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, 2016.

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 29, 2017

