



The City of Cape Coral
Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2018

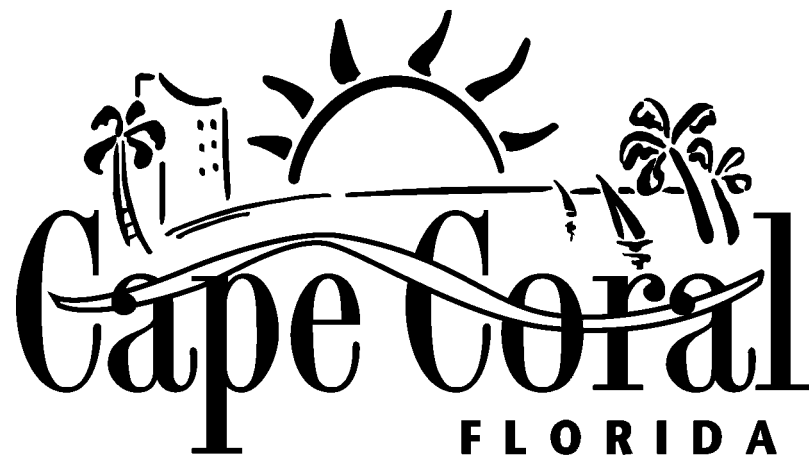
COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Cape Coral, Florida
For the Fiscal Year Ended
September 30, 2018



Prepared by:

Financial Services Department



CITY OF CAPE CORAL, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
TABLE OF CONTENTS

Page

I. INTRODUCTORY SECTION

Letter of Transmittal I
GFOA Certificate of Achievement VII
Organizational Chart VIII
List of City Officials IX

II. FINANCIAL SECTION

Independent Auditors' Report 1

A. MANAGEMENT'S DISCUSSION AND ANALYSIS 5

B. BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Statement of Net Position 21
Statement of Activities 22

Fund Financial Statements

Balance Sheet – Governmental Funds 23
Reconciliation of the Balance Sheet - Governmental Funds to the Government-wide
Statement of Net Position 24
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 25
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of Governmental Funds to the Statement of Activities 26
Statement of Net Position – Proprietary Funds 27
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds 29
Statement of Cash Flows – Proprietary Funds 30
Statement of Fiduciary Net Position – Fiduciary Funds 32
Statement of Changes in Net Position – Fiduciary Funds 32

Notes to the Financial Statements 33

C. REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – General Fund 111
Budgetary Comparison Schedule – Community Redevelopment Agency Special Revenue Fund 113
Notes to the Required Supplementary Information – Budget Comparisons 114
General Employees' Pension Plan 115
Municipal Police Officers' Pension Plan 118
Municipal Firefighters' Pension Plan 121
Schedule of Changes in Total OPEB Liability 123

D. COMBINING AND INDIVIDUAL NONMAJOR FUND FINANCIAL STATEMENTS AND
BUDGET AND ACTUAL SCHEDULES

Combining Balance Sheet – Nonmajor Governmental Funds 128
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor
Governmental Funds 132

TABLE OF CONTENTS

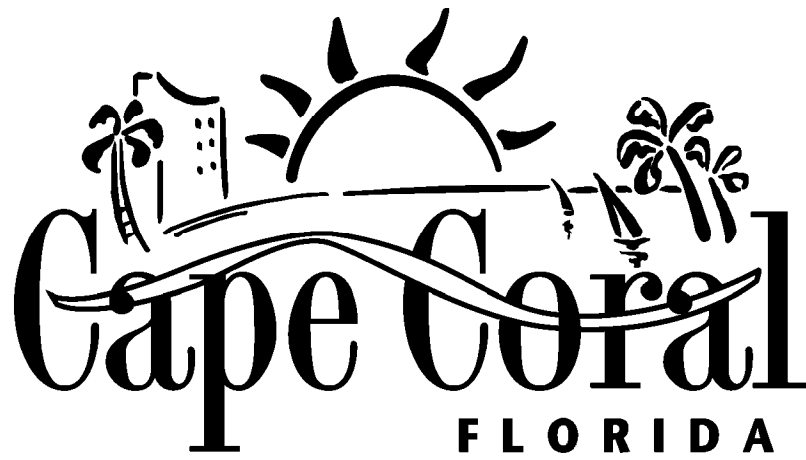
	Page
Budgetary Comparison Schedules	
Special Revenue Funds:	
Gas Tax	136
Road Impact Fee	137
Public Safety Impact Fee	138
Do the Right Thing	139
Police Confiscation – Federal	140
Police Confiscation – State	141
Criminal Justice Education	142
Seawalls	143
Park Recreational Facilities Impact Fee	144
City Centrum Business Park	145
All Hazards	146
Alarm Fee	147
Del Prado Mall Parking Lot	148
Lot Mowing	149
Parks and Recreation	150
Waterpark	151
Building	152
Community Development Block Grant (CDBG)	153
HUD Neighborhood Stabilization	154
State Housing Initiative Partnership (SHIP)	155
Residential Construction Mitigation Program	156
Debt Service Fund	157
Parks Capital Improvements Fund	158
Other Capital Improvements Fund	159
Transportation Capital Improvements Fund	160
Combining Statement of Net Position – Nonmajor Enterprise Funds	162
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Enterprise Funds	163
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	164
Combining Statement of Net Position – Internal Service Funds	165
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Funds	166
Combining Statement of Cash Flows – Internal Service Funds	167
Combining Statement of Changes in Assets and Liabilities – Agency Funds	169

III. STATISTICAL SECTION

Schedule 1:	Net Position by Component – Last Ten Fiscal Years	172
Schedule 2:	Changes in Net Position – Last Ten Fiscal Years	173
Schedule 3:	Fund Balances of Governmental Funds – Last Ten Fiscal Years	175
Schedule 4:	Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	176
Schedule 5:	Impact Fee Revenues – Last Ten Fiscal Years	177
Schedule 6:	Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	178
Schedule 7:	Property Tax Rates - Direct and Overlapping Governments – Last Ten Fiscal Years	179
Schedule 8:	Principal Property Taxpayers – Current Year and Nine Years Ago	180
Schedule 9:	Property Tax Levies and Collections – Last Ten Fiscal Years	181
Schedule 10:	Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	182
Schedule 11:	Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	183
Schedule 12:	Direct and Overlapping Governmental Activities Debt – as of September 30, 2018	184

TABLE OF CONTENTS

	Page
Schedule 13: Pledged-Revenue Coverage – Last Ten Fiscal Years.....	185
Schedule 14: Demographic and Economic Statistics – Last Ten Calendar Years	186
Schedule 15: Principal Employers – Current Year and Nine Years Ago	187
Schedule 16: Full-Time Equivalent City Government Employees by Function/Program – Last Ten Fiscal Years	188
Schedule 17: Operating Indicators by Function/Program – Last Ten Fiscal Years	189
Schedule 18: Capital Asset Statistics by Function/Program – Last Ten Fiscal Years.....	190
IV. 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 <i>Government Auditing Standards</i>	191
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.....	193
Schedule of Expenditures of Federal Awards and State Financial Assistance	196
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.....	198
Schedule of Findings and Questioned Costs.....	200
Summary Schedule of Prior Audit Findings	202
V. MANAGEMENT LETTER	203
VI. INDEPENDENT ACCOUNTANTS’ REPORT	206



Introductory Section



March 19, 2019

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, 2018. 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 Clifton Larson Allen LLP, a firm of licensed certified public accountants. The independent auditor has issued an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2018 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

PROFILE OF THE CITY

The City of Cape Coral, incorporated in 1970, is located on the southwest coast of Florida in Lee County, approximately 125 miles south of Tampa, at the mouth of the Caloosahatchee River. The City is the third largest city in Florida land-area wise, encompassing 120 square miles and the US Census estimates the population to be 183,365 (U.S. Census Bureau July 1, 2017 estimate) making it the most populated city in Southwest Florida and ninth 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

Forbes has projected that Cape Coral will be one of the fastest growing cities in the U.S. over the next decade (based on Moody Analytics data). The Cape Coral metro area ranks number 9 on Forbes' 2018 America's Fastest Growing Cities.

New housing and commercial development in Cape Coral continues to grow at a rapid pace. New single family residential building permits were up by 31.7% over last year with a total dollar volume of \$447.4 million. The population continues to rise and has increased by over 18.8% since the 2010 U.S. census.

The number of new commercial building permits increased by 697.5% from 2017 to 2018, at the same time, the value of these permits increased from \$2,090,300 to \$36,143,480 showing the magnitude of developments taking place in the Cape.

Nor-Tech Hi Performance Boats is building its new 50,000 square foot world headquarters in Cape Coral and plans to add up to 150 new jobs. The Pine Island Road corridor is exploding in growth. 2018 saw the opening of the Chrysler Dodge Ram dealership, Burlington, Five Below and others. An estimated 400 acres of commercially zoned land worth a combined \$100 million are for sale on both sides of the road.

The 90-unit Midtown Coastal Luxury Living Apartments opened, joining the 180-unit Coralina Apartments off Sandoval Parkway as two new rental options. The 320-unit apartment complex, Uptown at Liberty Park opened its first building in July with a second under construction. There is a lot of growth in senior care and assisted living facilities. Atrium at Liberty Park and Thrive at Four-mile cove will open in 2019.

Myriad Luxury Motorcoach Resort broke ground on its long-planned, high-end motorcoach lifestyle destination at 4100 Burnt Store Road and Durden Parkway in Cape Coral on 188 acres. The City welcomed over 1,500 new business during the fiscal year including new restaurants and breweries. Several existing companies are in expansion mode, such as Keltour Controls Inc., Insite Managed Solutions, and Coral Ridge Funeral Home and Cemetery.

The total taxable assessed property value in Cape Coral was \$12,045,371,047; \$13,194,333,653; and \$14,300,433,937 in fiscal years 2017, 2018 and 2019 respectively. The total taxable assessed property value increased 8.32% from fiscal year 2016 to 2017, and increased 9.54% from fiscal year 2017 to 2018, and increased 8.38% from fiscal year 2018 to 2019. The total includes new construction of \$232,341,287, \$336,504,739, and \$448,797,093 in fiscal years 2017, 2018, and 2019 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 2018 general fund ad valorem receipts of \$87,094, 669 represents 52.3% of the total revenue sources for the general fund. Although ad valorem receipts are still the single largest source, the percentage of all sources has previously been as high as 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 \$23.8 million along with the Public Service Tax, which generated \$7.1 million during fiscal year 2018. To help offset the Public Service Tax impact to citizens the City reduced the Fire Service Assessment recovery rate from 64% to 59% for fiscal year 2018.

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

- ◆ Significant, remaining undeveloped residential and commercial property.
- ◆ Population estimates have Cape Coral over 183,365, which is 12.4% higher than our 2010 population of 163,095 (U.S. Census bureau, July 01, 2017 estimate) and growing. During the winter season, it is estimated that our population climbs over 210,000 with our part-time residents and renters joining us. With new housing starts at a rate that's 31.7% higher than our 2017 levels along with increased commercial development continuing to grow as well, Cape Coral is poised for strong growth. These numbers will continue to drive housing, commercial development, investment and jobs which brings continued stabilization to Cape Coral's economy.
- ◆ The Cape Coral Economic Development Master Plan was adopted in October 2017, establishing a solid blueprint with initiatives, objectives and actions to grow and diversify the economy.
- ◆ Burnt Store Widening: The North Segment (Van Buren Parkway to Diplomat Parkway) was completed in January 2018. Construction on the Middle Segment (Diplomat Parkway to south of Tropicana Parkway) is underway. It will be followed by the South Segment (Tropicana Parkway to Pine Island Road). The expected completion date is Spring 2020. The Florida Department of transportation is overseeing this work as Burnt Store Road is a State road.
- ◆ The Cape Coral City Council approved a formal partnership to find developers for the Seven Islands project in Northwest Cape Coral. The city is working with CBRE, the world's largest commercial real estate services and investment firm, on this long-range project.
- ◆ The Utilities Expansion Program (UEP) is moving forward, as SW 6&7 is completed and North 2 construction is underway with construction slated to be completed in summer 2020. This phase of the project will bring water, sewer, and irrigation to approximately 8,900 parcels. The City has obtained two State Revolving Fund (SRF) loans for North 2 construction totaling about \$250 million.

LONG-TERM FINANCIAL PLANNING

A significant measure of the City's financial strength is the level of its fund balances (i.e. the accumulation of revenues exceeding expenditures). The general fund's fund balance decreased by \$12,354,454 or 32.4% from prior year primarily due to increased expenses related to Hurricane. 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 2018 was 6.75; the FY 2019 Adopted rate remained at 6.75 as planned for during FY 2017 as part of the three-year rolling budget.

The current five- year CIP for all funds includes approximately \$93.3 million of capital improvements scheduled in FY2019, of which \$88.0 million is for the UEP, \$1.0 million for transportation, \$4.3 million for stormwater.

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 construction phase with Construction of approximately \$230 million, the majority of which is financed through the State Revolving Fund (SRF) loan program. The North 2 area will provide water, sewer and irrigation service capacity to 8,900 lots including 3,400 improved parcels. A Request for Qualifications (RFQ) for the North 1 design will commence in FY 2019 and the design should be completed. in FY 2020.

The November 2018 election included a \$60 million General Obligation Parks & Recreation bond referendum, which was approved by the voters. Work will be started on small projects in FY 2019 along with designing new parks and facilities which will be constructed over the next 3 to 4 years.

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, 2017. This is the 32nd 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 flourish 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**

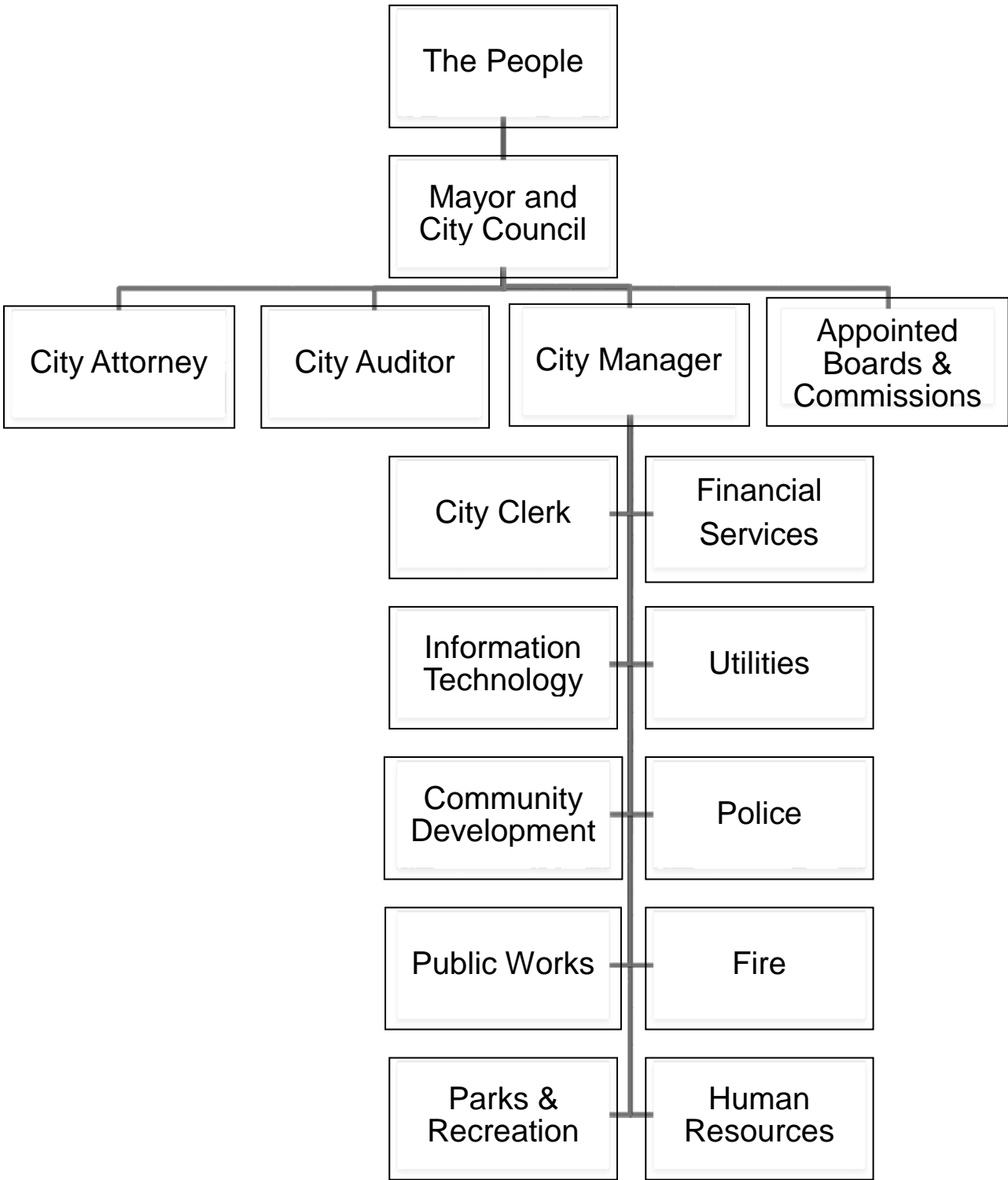
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO

ORGANIZATIONAL CHART



CITY OF CAPE CORAL, FLORIDA

List of City Officials**

Mayor Joe Coviello

City Council

John Gunter, District No. 1

John M. Carioscia Sr., District No. 2

Marilyn Stout, District No. 3

Jennifer Nelson, District No. 4

Dave Stokes, District No. 5

Rick Williams, District No. 6

Jessica Cosden, District No. 7

City Administration

A. John Szerlag, City Manager

Connie Barron, Assistant City Manager

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

Vincent Causero, AICP, Community Development Director

Andrea Butola, CPA, CFE, CGMA, City Auditor

Michelle Hoffmann, Information Technology Services Director

Dolores Menendez, City Attorney

David Newlan, Chief of Police

Paul Clinghan, Public Works Director

Kerry Runyon, CPRP, Parks & Recreation Director

Jeffrey Pearson, Utilities Director

Ricardo Noguera, Economic Development Manager

Kimberly Bruns, Interim City Clerk

Ryan W. Lamb, 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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note IV. 18, the City adopted the provisions of Governmental Accounting Standards Board Statement (GASBS) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of the implementation of GASBS No. 75, the City reported a restatement for the change in accounting principle. The auditors' opinion was not modified with respect to the restatement.

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 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, 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, Cost Principles, and Audit 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.

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

The combining and individual nonmajor fund financial statements and budget and actual schedules (except for the budget comparison schedules on pages 158 to 160) and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, the statistical section, and the budget comparison schedules on pages 158 to 160, 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.

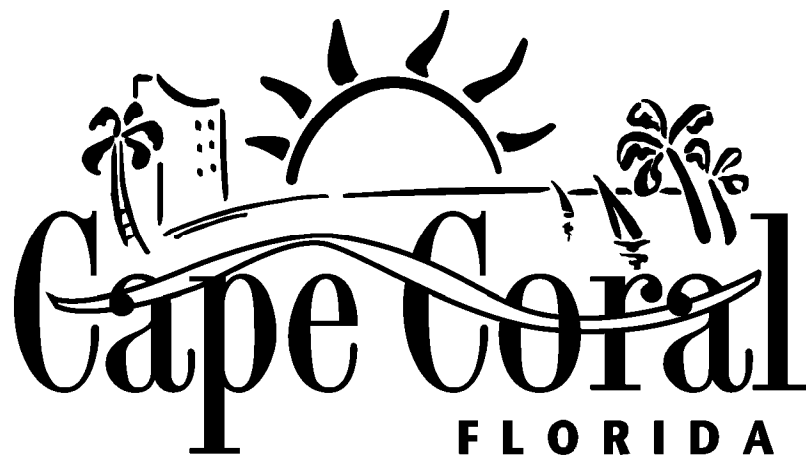
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Fort Myers, Florida
February 28, 2019



Management's Discussion & Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The MDA provides an overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2018. 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 2018, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$544.3 million (net position). Governmental and business-type assets and deferred outflows of resources exceeded liabilities and deferred outflows by \$77.7 million and \$466.6 million, respectively.
- The City's total net position decreased by \$72.3 million or 11.7%, in comparison to the prior year.
- The City had negative \$269.4 million of unrestricted net position.
- Total revenues increased \$20.8 million or 5.8% in comparison to the prior year.
- Total expenses increased \$9.4 million or 2.9% in comparison to the prior year.
- The City's governmental activities net position totaled \$77.7 million, which is a decrease of \$73.6 million or 48.6% in comparison to the prior year. Unrestricted net position for governmental activities was negative \$238.3 million.
- The City's business-type activities reported total net position of \$466.6 million, which is an increase of \$1.3 million or .3% in comparison to the prior year. Unrestricted net position for business-type activities was negative \$31.1 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, notes to the financial statements and required supplementary information. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

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

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

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

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

The government-wide financial statements include not only the City of Cape Coral itself (known as the primary government), but also a legally separate Charter School Authority, reported as a component unit. Separate financial

statements are issued for the Cape Coral Charter School Authority which can be obtained through the Financial Services Department of the City of Cape Coral, 1015 Cultural Park Blvd., Cape Coral, FL 33990.

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

Fund Financial Statements

Government resources are allocated to and accounted for in individual funds, based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations for each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures or expenses, as appropriate. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

Four of the City's governmental funds, the General Fund, the Transportation Capital Improvements Fund, the Community Redevelopment Agency Fund, 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 128-135).

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 fund are presented on pages 111-113 of the required supplementary information and other governmental funds are presented on pages 136-160 of the combining statements.

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

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

The proprietary fund financial statements provide separate information for the Water and Sewer Fund and for the Stormwater Fund, which are considered major funds. All other enterprise funds are combined into a single column on the proprietary fund financial statements, as well as the internal service funds reported in a single column. Individual fund data for the non-major enterprise funds and for the internal service funds is found in the combining statements as supplemental financial data (see pages 162-167).

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-110 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 schedule of changes in total OPEB liability. Required supplementary information can be found on pages 111-123 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	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 165.4	\$ 165.3	\$ 146.4	\$ 165.8	\$ 311.8	\$ 331.1
Capital assets	440.6	424.4	1,037.3	970.2	1,477.9	1,394.6
Total assets	<u>606.0</u>	<u>589.7</u>	<u>1,183.7</u>	<u>1,136.0</u>	<u>1,789.7</u>	<u>1,725.7</u>
Deferred outflows of resources	40.4	35.7	33.7	12.0	74.1	47.7
Current and other liabilities	18.3	14.3	40.6	12.7	58.9	27.0
Noncurrent liabilities	531.2	448.6	706.3	668.9	1,237.5	1,117.5
Total liabilities	<u>549.5</u>	<u>462.9</u>	<u>746.9</u>	<u>681.6</u>	<u>1,296.4</u>	<u>1,144.5</u>
Deferred inflows of resources	19.2	11.2	3.9	1.1	23.1	12.3
Net position:						
Net investment in capital assets	244.8	226.8	420.5	371.6	665.3	598.4
Restricted	71.2	53.8	77.2	102.0	148.4	155.8
Unrestricted	<u>(238.3)</u>	<u>(129.3)</u>	<u>(31.1)</u>	<u>(8.3)</u>	<u>(269.4)</u>	<u>(137.6)</u>
Total net position	<u>\$ 77.7</u>	<u>\$ 151.3</u>	<u>\$ 466.6</u>	<u>\$ 465.3</u>	<u>\$ 544.3</u>	<u>\$ 616.6</u>

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

The net investment in capital assets balance of \$665.3 million increased \$66.9 million or 11.2% 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 \$148.4 million (27.3% of total net position) decreased \$7.4 million or 4.7% in comparison to the prior year. This balance represents resources subject to external restrictions on their use. The governmental activities restricted net position increased \$17.4 million due primarily to increases in the gas tax funds, road impact fee fund, and the building fund. The business-type restricted activities restricted net position decreased \$24.8 million primarily due to the refunding of Water & Sewer debt as well as an increase in capital related accounts payable.

The unrestricted net position balance increased from a negative \$137.6 million to a negative \$269.4 million which is a change of \$131.8 million from the prior year primarily due to the implementation of GASB 75.

Net Position Governmental Activities

Millions



Net Position Business Type Activities

Millions

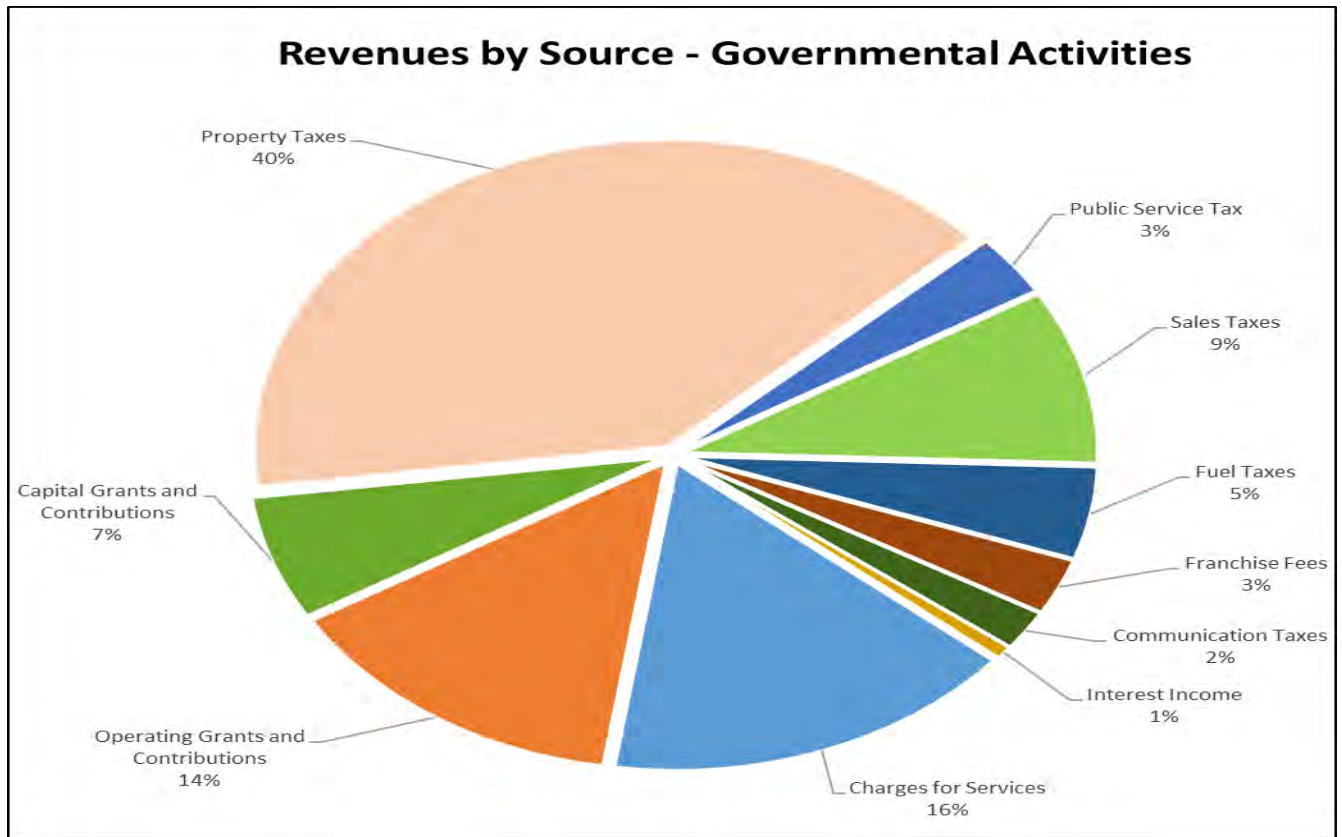


City of Cape Coral, Florida
Summary of Changes in Net Position
(in millions)

	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
REVENUES:						
Program Revenues:						
Charges for Services	\$ 36.0	\$ 32.0	\$ 106.8	\$ 100.1	\$ 142.8	\$ 132.1
Operating Grants and Contributions	30.8	30.6	0.5	0.3	31.3	30.9
Capital Grants and Contributions	14.4	12.4	46.9	46.0	61.3	58.4
Property Taxes	88.7	80.8	-	-	88.7	80.8
Public Service Tax	7.1	7.1	-	-	7.1	7.1
Sales Taxes	20.3	18.7	-	-	20.3	18.7
Fuel Taxes	10.7	10.5	-	-	10.7	10.5
Franchise Fees	6.5	6.4	-	-	6.5	6.4
Communication Taxes	4.6	5.3	-	-	4.6	5.3
Interest Income	1.5	1.0	5.4	8.2	6.9	9.2
Total Revenues	<u>220.6</u>	<u>204.8</u>	<u>159.6</u>	<u>154.6</u>	<u>380.2</u>	<u>359.4</u>
EXPENSES:						
Program Activities						
Governmental Activities:						
General Government	71.4	71.1	-	-	71.4	71.1
Public Safety						
Police	37.2	35.9	-	-	37.2	35.9
Fire	29.3	27.5	-	-	29.3	27.5
Building	5.7	5.3	-	-	5.7	5.3
Public Works	21.5	18.4	-	-	21.5	18.4
Parks and Recreation	20.4	15.9	-	-	20.4	15.9
Community Development	7.3	8.4	-	-	7.3	8.4
Interest and fiscal charges	8.6	8.6	-	-	8.6	8.6
Business-type Activities:						
Water and Sewer	-	-	111.5	113.6	111.5	113.6
Stormwater	-	-	14.3	13.9	14.3	13.9
Yacht Basin	-	-	0.5	0.3	0.5	0.3
Golf Course	-	-	3.1	2.5	3.1	2.5
Total Expenses	<u>201.4</u>	<u>191.1</u>	<u>129.4</u>	<u>130.3</u>	<u>330.8</u>	<u>321.4</u>
Increase in Net Position						
Before Transfers	19.2	13.7	30.2	24.3	49.4	38.0
Transfers, net	(0.6)	6.2	0.6	(6.2)	-	-
Change in Net Position	<u>18.6</u>	<u>19.9</u>	<u>30.8</u>	<u>18.1</u>	<u>49.4</u>	<u>38.0</u>
Net Position - beginning	151.3	131.4	465.3	447.2	616.6	578.6
Restatement of net position	(92.2)	-	(29.5)	-	(121.7)	-
Net Position - ending	<u>\$ 77.7</u>	<u>\$ 151.3</u>	<u>\$ 466.6</u>	<u>\$ 465.3</u>	<u>\$ 544.3</u>	<u>\$ 616.6</u>

Governmental Activities

The net position of the City's governmental activities decreased by \$73.6 million; the net investment in capital assets for governmental activities increased by \$18.0 million.



Total revenues for governmental activities increased \$15.8 million or 7.7%, in comparison to prior year. Outlined below are the explanations for the significant revenue changes within governmental activities.

Charges for services increased \$4.0 million or 12.5%. Building permit revenue continued to increase resulting in revenue growth of \$1.4 million or 18.9% over FY17 due to an increase in single family home permits issued from 1,661 in FY17 to 2,187 in FY18. Additionally, the General Fund receives reimbursements from other funds within the City to recover costs of administrative functions through the budgeted full cost allocation. These revenues increased by \$2.0 million or 41.2%. Debt service lease payments increased by \$.4 million due to the 2017 Special Obligation debt refunding. Police off duty service charges increased by \$.1 million or 31.5%. Site plan charges increased by \$.1 million or 37.5% as a result of an increase in construction.

Operating grants and contributions increased by \$.2 million or .7%. Fire service assessment revenues increased \$.3 million or 1.4% over FY17. This change is a result of an increase in property values combined with a decrease in the recovery rate from 64% to 59%. Community Development Block grants (CDBG) decreased by \$.3 million. State Housing Initiatives (SHIP) revenues decreased by \$.2 million. Construction Mitigation grants decreased by \$.2 million. Recycling revenues decreased by \$.2 million. Public Safety Grants remained the same at \$3.3 million.

Capital grants and contributions increased \$2.0 million or 16.1%. The increase in impact fee revenues was due to an increase of 526 single family home building permits issued.

Property taxes increased \$7.9 million or 9.8%. Taxable assessed property valuation of \$13,196,517,609 for fiscal year 2018 represents a 9.5% increase from the previous fiscal year. The millage rate remained unchanged at 6.750.

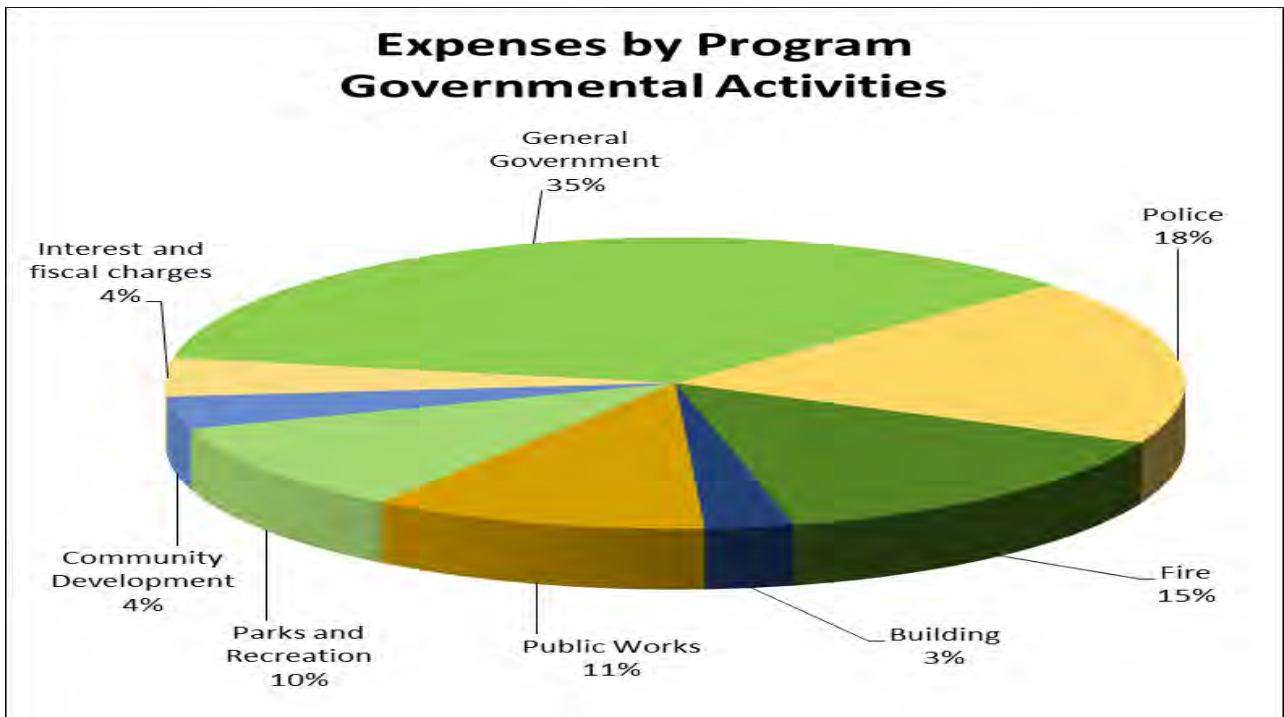
A public service tax (currently at 7.0%) on electricity is charged to residents and business owners who purchase electricity. The revenue from this tax remained at \$7.1 million.

Sales tax increased \$1.6 million or 8.6%. Revenues received through the State Revenue Sharing program increased by \$.3 or 5.6%. Additionally, revenues from the Local Government Half-Cent State Revenue sharing program increased by \$1.3 million or 9.2%. These revenues are received as a result of an increase in consumer spending.

Fuel taxes increased \$.2 million or 1.9%. Fuel taxes are based on the number of gallons sold irrespective of the unit cost per gallon. An increase in gallons sold, resulting in increased revenue can be explained by lower fuel prices and population growth.

Franchise fees increased \$.1 million or 1.6%. 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 \$.7 million or 13.2%. In fiscal year 2001, the communications services tax replaced all local taxes on telephone and cable services. The communication tax rate of 5.2% has been in effect since January 1, 2010.



Total expenses for governmental activities increased \$10.3 million or 5.4% in comparison to the prior year. Outlined below are the explanations for the most significant expense changes within governmental activities.

General Government expenses increased \$.3 million or .4%. This is a result of multiple increased and decreases in expenses. Other post-employment benefit expense decrease of \$9.9 million or 95.6% resulting from the implementation of GASB 75. In September 2017, Hurricane Irma impacted Cape Coral which resulted in increased personnel costs in FY17. In FY 18 the City only had minimal personnel expenses related to Irma resulting in a decrease in personnel costs related to Irma of \$5.6 million. Operating expenses related to Hurricane Irma increased by \$11.5 million due to the lingering need for debris removal. Personnel expenses not attributable to Hurricane Irma increased by \$5.4 million or 15.9% with budgeted compensation increases. Self-insurance expenses in excess of profits allocated to general government decreased by \$1.1 million or 57.2%.

Public Safety – Police expenses increased \$1.3 million or 3.6%. The primary reason is due to personnel cost increase of \$.6 million or 2.1% with budgeted increases in compensation. Pension related expenses increased by \$.4 million or 21.1%. There were also increases in facilities charges of \$.1 million or 39.5% and fleet charges of \$.1 million or 11.1% due to scheduled maintenance.

Public Safety – Fire expenses increased by \$1.8 million or 6.5%. This is a result of multiple increases and decreases in expenses compared to the prior fiscal year. Small equipment purchases increased by \$1.2 million or 297.7% due to a one time mass purchase of SCBA air packs for first responders. Additionally, personnel costs

increased by \$.8 million or 3.1% with budgeted increases in compensation. Other post employment benefit related expenses increased by \$1.4 million or 152.3% with the implementation fo GASB 75. Facilities charges increased by .3 million or 47.6% and fleet charges increased by \$.1 million or 18.9%. Pension expenses decreased by 1.8 million or 100%.

Public Safety – Building expenses increased by \$.4 million or 7.5% The primary reason is due to a \$.7 million or 18.1% increase in personnel costs with budgeted increases in compensation. Additionally, expenses related to pensions increased by \$.5 million or 1076.2%. These were offset by a decrease in expenses related to other post employment benefits of \$1.0 million or 99.7% due to the implementation of GASB 75.

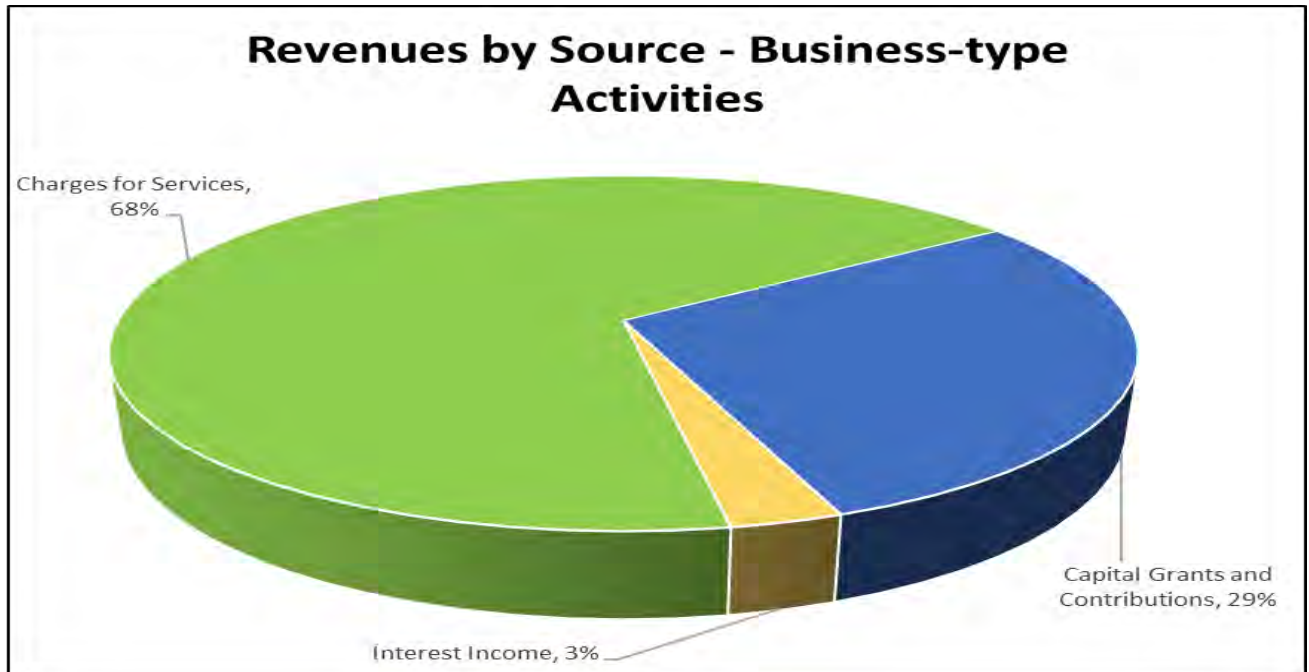
Public Works expenses increased \$3.1 million or 16.8%. Outside services operating expenses related to pepper tree removal increased by \$.9 million or 70.2% due to an expansion of the program. Personnel expenses increased by \$.7 million or 12.1% with budgeted increases in compensation. Additionally, in FY17 a portion of personnel expenses was reimbursable as an Irma related expenditure resulting in a reduction to FY17 personnel expenses and a distortion of the true % increase in personnel expenses. Expenses related to median maintenance increased by \$.2 million or 26.3%. Facilities expenses increased by \$.1 million or 26.9%. Other post-employment benefit expenses increased by \$1.2 million or 203.1% with the implementation of GASB 75.

Parks and Recreation expenses increased \$4.5 million or 28.3%. Personnel expenses increased by \$.6 million or 6.3% with budgeted increases in compensation. Depreciation increased by \$.7 million or 31.1%. There was also an increase in other post-employment benefit expense of \$3.1 million or 101.5% due to the implementation of GASB 75.

Community Development expenses decreased \$1.1 million or 13.1%. The primary reason for this decrease is due to other post-employment benefit expense decreasing by \$1.7 million or 102.2% based on the implementation of GASB 75. Personnel costs increased by \$.4 million or 9.1% with budgeted increases in compensation.

Business-type Activities

The net position of the City’s business-type activities increased by \$1.3 million or .3%. There was an increase in the business-type activities’ net investment in capital assets of \$48.9 million, or 13.2 % in comparison to prior year.

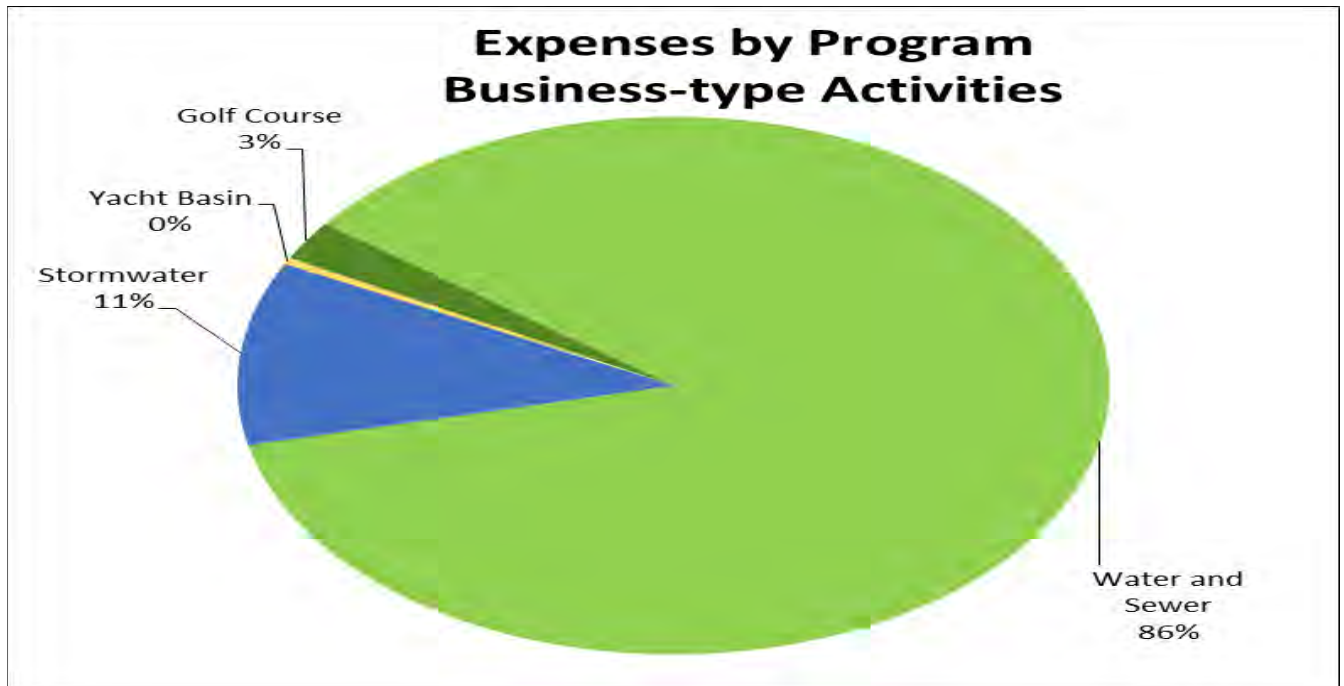


Charges for services reported in business-type activities increased \$6.7 million or 6.7%. The primary reason for the increase was due to a \$4.0 million increase in stormwater as a result of the utility fee increasing from \$87 to \$111. Water & Sewer had an increase of \$1.7 million as a result of the increased usage in the water, sewer and irrigation charges. There was also a \$.5 million increase in receipt of penalties from the tax collector for the assessment areas as well as other revenues. Lastly, the Golf Course had a \$.5 million increase because of increased sales and usage of the course from daily play and tournaments.

Operating grants and contributions reported in business-type activities increased \$.2 million or 66.7% due to an increase in auction sales from the previous year.

Capital grants and contributions reported in business-type activities increased \$.9 million or 2.0%. The primary reason for the increase was due to the receipt of Capital Facility Expansion Charges for the North 2 assessment area.

Interest income reported in business-type activities decreased \$2.8 million or 34.1% due primarily to a decrease in the assessment tax billed interest as a result of a lower amount billed to the tax collector in the current year. In FY17, the City sent \$6,834,588 to the tax collector; whereas in 2018 the city sent \$4,064,977 to the tax collector for the assessment areas.



Water and sewer expenses reported in business-type activities decreased \$2.1 million or 1.8%. The main reason for the decrease was an offset due to an increase in operating expenses of \$7.7 million, which included \$1.6 million in salaries, wages and employee benefits as a result of the annual raises and OPEB expenses, \$3.4 million in contractual services, materials and supplies as well as a \$2.7 million increase in depreciation. Which was offset by a \$7 million decrease in the loss on projects as there was no loss in FY18 as well as a \$3.1 million decrease in interest expense as a result of debt refunding.

Other Enterprise funds expenses increased \$.8 million or 28.6% due to an increase in salaries, wages and employee benefits as a result of the Golf Course resuming normal staff for the year once the renovations were completed for the golf course upgrades.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

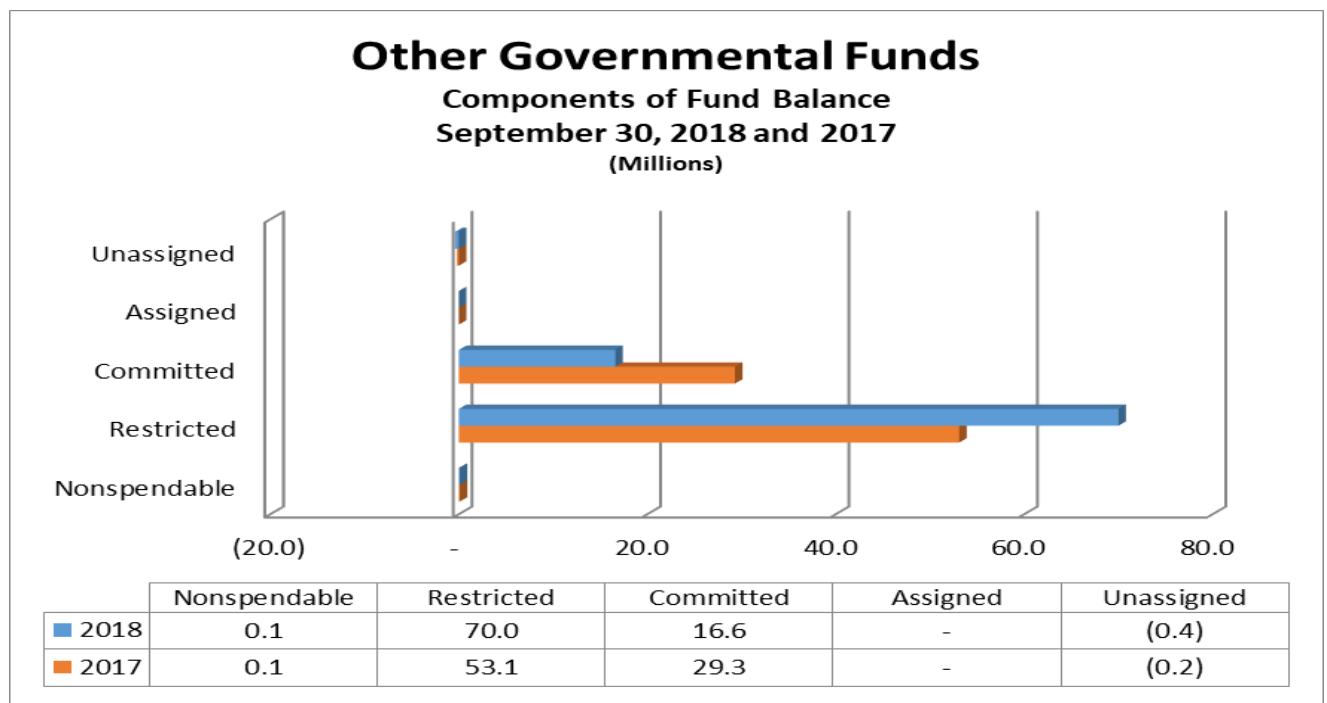
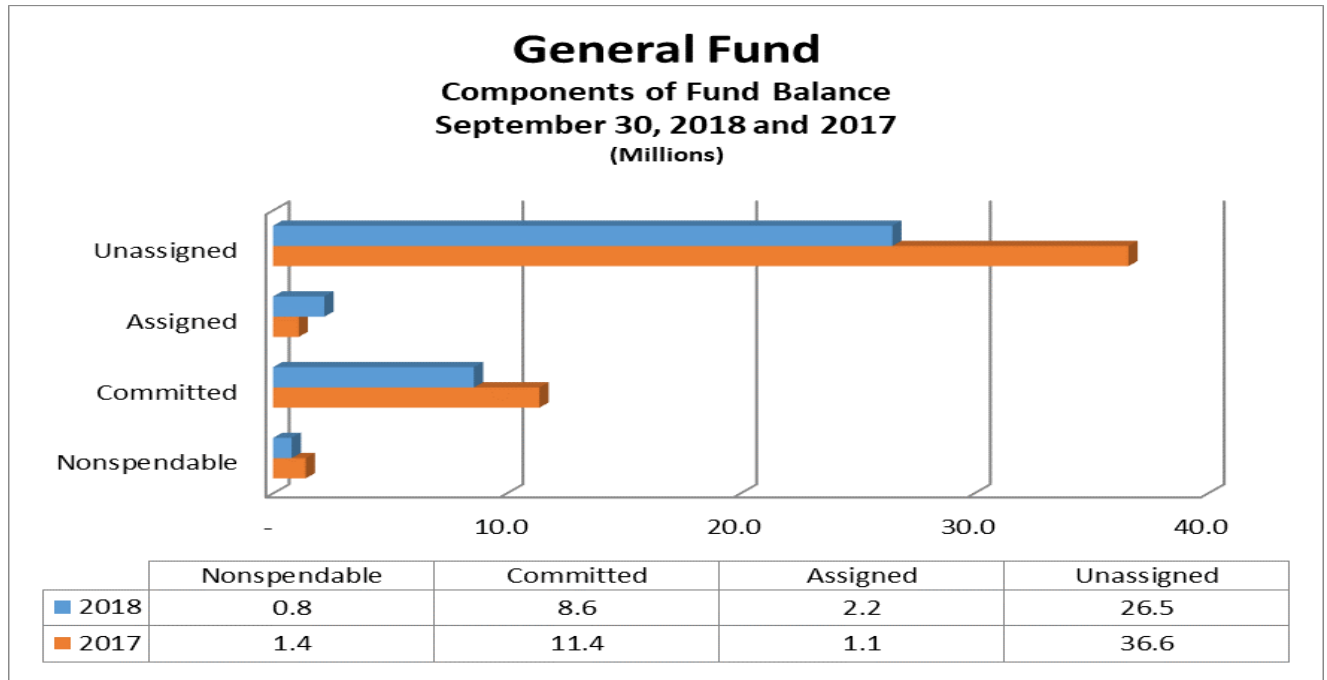
Governmental funds are comprised of the general fund, special revenue funds, debt service fund and the capital projects funds. Governmental funds use the current financial resources measurement focus that provides information on near-term inflows, outflows, and balances of spendable resources. The following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

The *General Fund* is the chief operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund. At the end of the current fiscal year, the City's general fund unassigned fund balance decreased by \$12.4 million or 24.6% with a fund balance of \$26.5 million, while total fund balance reached \$38.1 million.

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 \$11.7 million. The fund balance decreased by \$13.2 million or 53.0% in comparison to prior year. This was primarily due to closing completed projects on the books and transferring any remaining cash back to the funding source.

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. The fund has a fund balance of \$.1 million, a decrease of \$.1 million or 50% compared to the prior year.

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 \$5.3 million, resulting from an increase in fund balance of \$0.9 million or 20.5% compared to prior year.



Proprietary Funds

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

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

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

General Fund Budgetary Highlights

Original budget compared to final budget. The budgetary comparison schedule can be found on pages 111-113. Two budget amendments were adopted by City Council for fiscal year 2018. Major changes to the budget as a result of those amendments include:

Revenues

- Balances brought forward of \$10,730,457 were utilized to fulfill capital purchases not completed by the end of FY17.
- Intergovernmental revenue was increased by \$769,179 to include various grants and recycling tipping fees.
- Charges for services was increased by \$539,650 to include Charter School service fees and Records Management Service Fees.

Expenses

- Capital Outlay was increased by \$5,605,144 as a result of rolling forward capital outlay items from FY17 as well as new authorizations for the purchase of replacement rolling stock.
- General government was increased by \$17,441,230 to include Hurricane Irma related expenses, as well as security services at Charter Schools.
- Overall reserves were decreased by \$15,628,032 as a result of an increase in expenses related to Hurricane Irma.

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

Revenues

- Sales tax revenue was \$1,289,750 or 6.82% higher than budgeted. State Shared Sales tax revenue was \$344,476 or 7.75% higher than budgeted and Half Cent tax revenue was \$945,274 or 6.54% higher than budgeted.
- Utility tax was \$177,636 or 2.43% lower than originally budgeted.
- Licenses and permits were \$225,416 or 21.9% lower than budgeted
- Communications service tax revenue was \$453,979 or 8.94% lower than had been forecasted and is primarily attributed to fewer home telephone systems as consumers increase reliance on their cellular devices.
- Fuel tax revenue is a component part of the state's municipal revenue sharing program and resulted in revenues that were \$98,999 or 6.61% higher than budgeted. Estimated revenue is conservatively budgeted at 95.0% of the state distribution.
- Fines and forfeitures revenue was more than budgeted by \$81,390 or 12.27%. This revenue line item includes several different fines and fees including ordinance violation fines, filing fees, tax billed penalties, etc.
- Interest revenue was \$333,279 or 83.27% more than budgeted as a result of an increase in cash balances.

- Other revenue was \$867,878 or 223.02% higher than the budgeted amount of \$389,147 primarily due to insurance recoveries and equity distributions.

Expenditures

- Capital Outlay expenditures were \$2,583,981 or 26.97% less than budgeted due to the continued backlog of capital expenditure efforts resulting from Hurricane Irma.
- General Government expenditures were \$4,941,413 or 6.92% less than budgeted. Payroll expenses were \$873,566 or 2.16% less than budgeted and operating expenses were \$4,067,847 or 13.13% less than budgeted.
- Public Works expenditures were \$1,619,925 less than budgeted. Payroll expenses were \$620,289 or 10.55% less than budgeted and operating expenses were \$999,636 or 15.63% less than budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The following schedule reflects the City's net capital assets as of September 30, 2018 and 2017:

	Governmental		Business-type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Land	\$ 151.2	\$ 150.9	\$ 33.6	\$ 33.3	\$ 184.8	\$ 184.2
Buildings	82.5	85.4	296.3	305.7	378.8	391.1
Building Improvements	2.4	2.7	1.4	1.8	3.8	4.5
Improvements other than buildings	26.6	28.4	129.7	137.6	156.3	166.0
Equipment	16.3	14.6	11.9	10.0	28.2	24.6
Intangible computer software	0.2	0.4	-	-	0.2	0.4
Infrastructure	143.2	138.6	438.7	453.4	581.9	592.0
Construction in progress	18.2	3.4	125.7	28.4	143.9	31.8
Total capital assets	<u>\$ 440.6</u>	<u>\$ 424.4</u>	<u>\$1,037.3</u>	<u>\$ 970.2</u>	<u>\$1,477.9</u>	<u>\$1,394.6</u>

The City's total capital assets increased by \$83.3 million, or 6.0%, during the current fiscal year. The overall increase is primarily a result of an increase in construction in progress of \$112.1 million. The work in progress is primarily due to the North 2 Utility expansion project. Additionally there was infrastructure and other improvements of \$14.4 million, vehicle and equipment purchases of \$6.0 million, land purchases of \$.7 million and building purchases of \$.2 million. This was offset by depreciation of \$50.0 million.

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

- Police equipment
- Fire equipment
- Fire station #11 construction
- CRA Streetscape
- Lift station improvements
- Sidewalk improvements
- NRO Busway Replacement
- North 2 Utility Expansion Project

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 2018, the major rating institutions reaffirmed or assigns various ratings. Below is a summary of the bonds which were reviewed.

Standard & Poor's: Water and Sewer Revenue Bonds "AA/Stable"
 Moody's: Water and Sewer Revenue Bonds "A1/Stable"

At September 30, 2018, the City had \$810.1 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 \$629.5 million, or 77.7%, 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 \$86.1 million, or 10.6%, 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 \$94.2 million, or 11.6%, of the total outstanding debt. Capital leases, which are collateralized by the related equipment, had an outstanding balance \$.3 million.

The following is a schedule of outstanding debt as of September 30, 2018 and 2017:

	Governmental		Business-type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Revenue Bonds	\$ 180.9	\$ 191.1	\$ 448.6	\$ 437.2	\$ 629.5	\$ 628.3
Special Assessment Debt with						
Governmental Commitment	0.9	1.1	85.2	98.6	86.1	99.7
Notes Payable	16.4	10.5	77.8	67.9	94.2	78.4
Capital Leases	0.3	0.5	-	-	0.3	0.5
Total	\$ 198.5	\$ 203.2	\$ 611.6	\$ 603.7	\$ 810.1	\$ 806.9

The City's total debt increased by \$3.2 million, or .4%, during the current fiscal year. The Governmental activities decrease of \$4.7 million or 2.3% is due to scheduled debt payments. The Business-type activities overall increase of \$7.9 million or 1.3% is due to new issuance and costs of refunding debt.

The City's governmental activities issued \$7,912,705 of debt to finance the acquisition and construction of fire station #11 and various streetscape improvements within the City's community redevelopment area. In addition, business-type activities issued \$13,318,526 of state revolving loans and issued \$248,355,000 of revenue bonds to refund \$247,370,000 of outstanding debt. This reduced debt service over the next 25 years by \$10,842,239 million.

The ratio of net bonded debt to assessed valuation is not applicable since the City of Cape Coral did not have any outstanding general obligation bonds at September 30, 2018.

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 \$53,735 in FY18. The reduction in FY19 is expected to be 6.2% or \$50,478.

Additional information on the City's long-term debt and debt coverage can be found in Note 7: Long-term Liabilities and Note 13: 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.

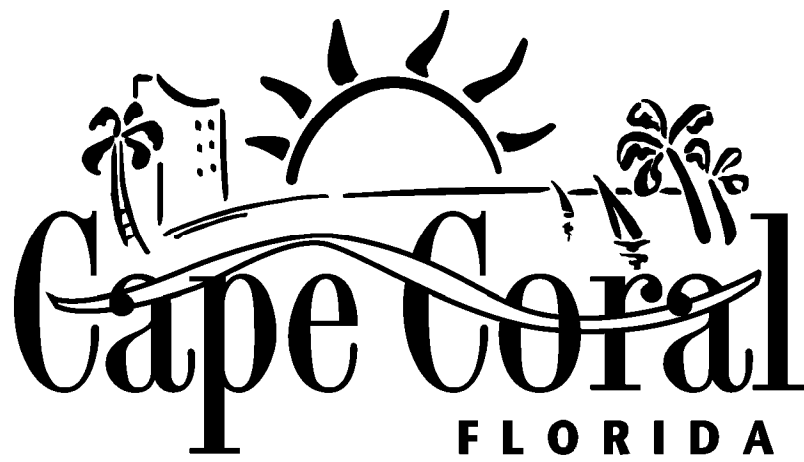
The following factors were considered in preparing the City's budget for the 2019 fiscal year:

- The FY19 budget was again developed as part of a three-year rolling budget and included FY20 and FY21 with only FY19 being formally approved by the City Council. Approval of the public service tax and imposition of the special assessment for fire services beginning in FY14 laid the foundation for addressing Economic and Financial Stability which is the primary goal of the City's strategic plan. The other goals of the City include Economic Development, Redevelopment, Infrastructure Improvements, Public Safety, and Improved City Image which all have a level of dependency upon the City's ability to achieve Economic and Financial Stability.
- The FY19 budget provides continued funding of the capital and infrastructure needs of governmental activities which was reestablished in FY14. 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 FY15 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 FY18 budget provided for a number of initiatives that support the strategic plan and the community as a whole. These initiatives include: continuation of street light funding for installing new street lights primarily focusing on school bus stops; funding for the downtown redevelopment agency for the Streetscape project, the building of a new Fire Station in NW Cape Coral, street paving and sidewalk improvements to name a few. These initiatives have been carried forward into the FY19 budget as the projects progress through their various stages of completion.
- The FY19 - FY21 rolling budget was adopted with an operating millage rate of 6.750 which was the same rate as FY18. The FY19 budget was formulated to allow for the replenishment of disaster reserves used after Hurricane Irma. The focus of the FY20 and FY21 budgets and beyond will be to continue revenue diversification and reducing the reliance upon ad valorem tax revenues. Although the millage rate remained constant, ad valorem taxes remain less than 50.0% of the current revenue as opposed to 60-62% in previous years.
- The Water and Sewer budget was prepared to support the continuing operations of the existing utility facilities to include the water reclamation plants, reverse osmosis plants, and the existing collection, distribution, and transmission lines. The preparation of the annual budget is made in conjunction with the annual update of the rate sufficiency model which indicates no rate changes are required for the system.
- The stormwater utility fee is charged per equivalent residential unit (ERU). Based on the results of the Stormwater Cost Recovery study performed by an outside consultant, the rolling budget was adopted with an increase in the rate structure to \$115 per ERU and will be re-examined annually per resolution 122-16. The previous rate was \$111.
- 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 48.4% of the program expenditures.

- Impact Fee Funds: No new projects have been planned to be funded from impact fees for FY19. 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 52.88 full-time equivalent positions. As a result of an increase in permitting activity no subsidy has been required by the General Fund since FY10.

REQUEST FOR INFORMATION

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



Basic Financial Statements

City of Cape Coral, Florida

STATEMENT OF NET POSITION
September 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Cape Coral Charter School Authority
ASSETS				
Cash and investments	\$ 156,396,127	\$ 39,778,411	\$ 196,174,538	\$ 10,148,761
Interest receivable	392,594	113,263	505,857	-
Accounts receivable, net	1,823,338	9,166,512	10,989,850	48,166
Assessments receivable, net	2,118	9,574	11,692	-
Intergovernmental receivable	7,246,709	82,513	7,329,222	98,123
Note receivable	38,826	-	38,826	-
Due from component unit	10,916	-	10,916	-
Internal balances	(1,046,898)	1,046,898	-	-
Inventories	129,138	1,304,601	1,433,739	-
Prepaid items	370,829	31,335	402,164	53,708
Unamortized bond insurance	3,424	555,827	559,251	-
Restricted:				
Cash and investments	-	91,345,425	91,345,425	-
Interest receivable	-	443,404	443,404	-
Accounts receivable, net	-	148,973	148,973	-
Intergovernmental receivable	-	934,415	934,415	-
Assessments receivable, net	-	1,465,360	1,465,360	-
Capital assets (net of accumulated depreciation):				
Land and construction in progress	169,376,075	159,281,003	328,657,078	-
Other capital assets, net of depreciation	271,228,958	878,015,507	1,149,244,465	1,271,231
Total assets	<u>605,972,154</u>	<u>1,183,723,021</u>	<u>1,789,695,175</u>	<u>11,619,989</u>
DEFERRED OUTFLOWS OF RESOURCES				
Loss on refunding	7,569,335	24,884,002	32,453,337	-
Pension related	25,516,956	6,646,536	32,163,492	4,441,464
OPEB related	7,289,579	2,199,675	9,489,254	-
Total deferred outflows of resources	<u>40,375,870</u>	<u>33,730,213</u>	<u>74,106,083</u>	<u>4,441,464</u>
LIABILITIES				
Accounts payable and other accrued liabilities	9,311,719	25,305,541	34,617,260	349,550
Retainage payable	1,598,043	6,814,559	8,412,602	-
Accrued payroll	3,243,434	494,916	3,738,350	309,389
Accrued interest payable	17,240	625,951	643,191	-
Deposits	720,897	2,682,400	3,403,297	-
Intergovernmental payable	172,233	-	172,233	15,985
Unearned revenue	3,203,955	4,697,446	7,901,401	23,485
Noncurrent liabilities:				
Due within one year	23,420,543	27,230,384	50,650,927	399,246
Due in more than one year	507,763,621	679,039,326	1,186,802,947	11,375,158
Total liabilities	<u>549,451,685</u>	<u>746,890,523</u>	<u>1,296,342,208</u>	<u>12,472,813</u>
DEFERRED INFLOWS OF RESOURCES				
Gain on refunding	8,109	-	8,109	-
Pension related	7,621,828	424,863	8,046,691	786,172
OPEB related	11,590,597	3,497,534	15,088,131	-
Total deferred inflows of resources	<u>19,220,534</u>	<u>3,922,397</u>	<u>23,142,931</u>	<u>786,172</u>
NET POSITION				
Net investment in capital assets	244,770,705	420,502,966	665,273,671	729,871
Restricted for:				
Community redevelopment agency	126,388	-	126,388	-
Public safety	9,946,146	-	9,946,146	-
Parks and recreation	3,081,969	-	3,081,969	-
Public works	34,059,718	-	34,059,718	-
Debt service	5,721,575	966,868	6,688,443	-
Community development	11,947,295	-	11,947,295	-
Capital improvements	6,326,074	70,232,801	76,558,875	1,697,980
Renewal and replacement	-	6,024,547	6,024,547	-
Unrestricted	(238,304,065)	(31,086,868)	(269,390,933)	374,617
Total net position	<u>\$ 77,675,805</u>	<u>\$ 466,640,314</u>	<u>\$ 544,316,119</u>	<u>\$ 2,802,468</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, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Cape Coral Charter School Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 71,403,749	\$ 12,887,037	\$ 279,172	\$ 18,417	\$ (58,219,123)	\$ -	\$ (58,219,123)	\$ -
Public safety:								
Police	37,171,888	1,203,878	1,806,290	1,538,112	(32,623,608)	-	(32,623,608)	-
Fire	29,341,496	407,676	25,353,923	603,628	(2,976,269)	-	(2,976,269)	-
Building	5,729,880	9,104,243	-	-	3,374,363	-	3,374,363	-
Public works	21,523,769	3,828,797	1,045,035	9,500,927	(7,149,010)	-	(7,149,010)	-
Parks and recreation	20,381,690	5,718,774	695,040	2,737,325	(11,230,551)	-	(11,230,551)	-
Community development	7,342,215	2,822,241	1,617,819	-	(2,902,155)	-	(2,902,155)	-
Interest on long-term debt	8,578,175	-	-	-	(8,578,175)	-	(8,578,175)	-
Total governmental activities	201,472,862	35,972,646	30,797,279	14,398,409	(120,304,528)	-	(120,304,528)	-
Business-type activities:								
Water and sewer	111,524,023	85,104,961	214,296	46,810,945	-	20,606,179	20,606,179	-
Stormwater	14,312,734	18,558,103	264,469	141,619	-	4,651,457	4,651,457	-
Yacht basin	471,313	687,066	5,775	-	-	221,528	221,528	-
Golf course	3,086,272	2,440,346	12,700	-	-	(633,226)	(633,226)	-
Total business-type activities	129,394,342	106,790,476	497,240	46,952,564	-	24,845,938	24,845,938	-
Total primary government	\$ 330,867,204	\$ 142,763,122	\$ 31,294,519	\$ 61,350,973	(120,304,528)	24,845,938	(95,458,590)	-
Component unit:								
Cape Coral Charter School Authority	\$ 23,945,520	\$ 750,666	\$ 2,113,224	\$ 2,338,906				\$ (18,742,724)
General revenues:								
Taxes:								
Florida education finance program					-	-	-	21,192,427
Property taxes, levied for general purpose					87,094,669	-	87,094,669	-
Property taxes, other (CRA and All Hazards)					1,632,023	-	1,632,023	-
Public service tax					7,135,139	-	7,135,139	-
Sales					20,194,344	-	20,194,344	-
Fuel					10,738,730	-	10,738,730	-
Alcohol and beverage					71,954	-	71,954	-
Franchise					6,534,366	-	6,534,366	-
Communication					4,626,232	-	4,626,232	-
Interest income					1,506,682	5,370,071	6,876,753	97,592
Insurance proceeds					-	-	-	17,171
Transfers, net					(639,421)	639,421	-	-
Total general revenues and transfers					138,894,718	6,009,492	144,904,210	21,307,190
Change in net position					18,590,190	30,855,430	49,445,620	2,564,466
Net position - beginning as restated					59,085,615	435,784,884	494,870,499	238,002
Net position - ending					\$ 77,675,805	\$ 466,640,314	\$ 544,316,119	\$ 2,802,468

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

BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2018

	General	Transportation Capital Improvements	Community Redevelopment Agency	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 38,268,197	\$ 12,621,822	\$ 127,607	\$ 5,302,569	\$ 75,599,202	\$ 131,919,397
Interest receivable	103,532	26,223	407	3,158	195,627	328,947
Accounts receivable, net	1,571,255	-	87	-	39,035	1,610,377
Assessments receivable, net	1,220	-	-	-	898	2,118
Intergovernmental receivable	3,851,069	806,712	-	433,088	2,155,840	7,246,709
Notes receivable	38,826	-	-	-	-	38,826
Due from other funds	614,747	-	-	-	-	614,747
Advances to other funds	564,909	-	-	-	-	564,909
Inventories	40,084	-	-	-	89,054	129,138
Prepaid items	192,838	-	2,419	-	12,122	207,379
Total assets	<u>\$ 45,246,677</u>	<u>\$ 13,454,757</u>	<u>\$ 130,520</u>	<u>\$ 5,738,815</u>	<u>\$ 78,091,778</u>	<u>\$ 142,662,547</u>
LIABILITIES						
Accounts payable and other accrued liabilities	3,207,643	328,210	272	-	3,870,077	7,406,202
Accrued retainage	5,033	577,453	-	-	1,015,557	1,598,043
Accrued payroll	2,809,079	15,519	1,441	-	316,860	3,142,899
Due to other funds	-	-	-	-	614,747	614,747
Deposits	107,392	-	-	-	613,505	720,897
Intergovernmental payables	46,752	9,402	-	-	116,079	172,233
Unearned revenue	781,798	-	-	-	2,422,157	3,203,955
Total liabilities	<u>6,957,697</u>	<u>930,584</u>	<u>1,713</u>	<u>-</u>	<u>8,968,982</u>	<u>16,858,976</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - grant reimbursement	64,022	806,712	-	-	-	870,734
Unavailable revenue - other	68,755	-	-	-	-	68,755
Unavailable revenue - lease	-	-	-	433,088	-	433,088
Total deferred inflows of resources	<u>132,777</u>	<u>806,712</u>	<u>-</u>	<u>433,088</u>	<u>-</u>	<u>1,372,577</u>
FUND BALANCES						
Nonspendable	797,831	-	2,419	-	101,176	901,426
Restricted	-	5,519,361	126,388	5,305,727	59,035,127	69,986,603
Committed	8,615,344	6,198,100	-	-	10,427,580	25,241,024
Assigned	2,237,766	-	-	-	-	2,237,766
Unassigned	26,505,262	-	-	-	(441,087)	26,064,175
Total fund balances	<u>38,156,203</u>	<u>11,717,461</u>	<u>128,807</u>	<u>5,305,727</u>	<u>69,122,796</u>	<u>124,430,994</u>
Total liabilities, deferred inflows of	<u>\$ 45,246,677</u>	<u>\$ 13,454,757</u>	<u>\$ 130,520</u>	<u>\$ 5,738,815</u>	<u>\$ 78,091,778</u>	<u>\$ 142,662,547</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, 2018

Fund balances - total governmental funds \$ 124,430,994

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	\$ 629,716,795	
Accumulated depreciation	<u>(190,203,105)</u>	439,513,690

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

Net position of internal service funds	\$ (1,241,563)	
Cross-over to enterprise funds	<u>(1,611,807)</u>	(2,853,370)

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

3,424

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

(17,240)

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

7,569,335

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

24,428,475

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

6,896,006

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

(7,552,250)

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

(8,109)

Deferred inflows related to OPEB.

(10,964,809)

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

1,372,577

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	\$ (198,544,597)	
Total OPEB liability	(205,512,650)	
Net pension liability	(92,951,399)	
Compensated absences	<u>(8,134,272)</u>	(505,142,918)
Total net position of governmental activities		<u>\$ 77,675,805</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, 2018

	<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>
REVENUES						
Taxes:						
Property	\$ 87,094,669	\$ -	\$ 822,594	\$ -	\$ 809,429	\$ 88,726,692
Public service	7,135,139	-	-	-	-	7,135,139
Sales	20,194,344	-	-	-	-	20,194,344
Fuel	1,595,928	-	-	-	9,142,802	10,738,730
Alcohol and beverage	71,954	-	-	-	-	71,954
Franchise	6,534,366	-	-	-	-	6,534,366
Communication	4,626,232	-	-	-	-	4,626,232
Special assessments	22,799,378	-	-	-	58,230	22,857,608
Licenses and permits	803,988	-	-	-	9,086,588	9,890,576
Intergovernmental	3,995,181	215,687	-	-	2,913,744	7,124,612
Charges for services	8,840,811	-	-	-	8,819,463	17,660,274
Fines and forfeitures	744,904	-	-	-	223,704	968,608
Impact fees	-	-	-	-	14,555,217	14,555,217
Rent and royalties	428,546	-	-	3,439,497	7,309	3,875,352
Interest income	733,538	230,713	17,602	108,726	307,866	1,398,445
Contributions and donations	7,625	143,613	-	-	128,782	280,020
Other revenue	778,648	21,489	86	-	1,274,101	2,074,324
Total revenues	<u>166,385,251</u>	<u>611,502</u>	<u>840,282</u>	<u>3,548,223</u>	<u>47,327,235</u>	<u>218,712,493</u>
EXPENDITURES						
Current:						
General government	66,420,164	-	-	3,288	181,136	66,604,588
Public safety:						
Police	36,645,128	-	-	-	248,829	36,893,957
Fire	30,582,029	-	-	-	606,705	31,188,734
Building	-	-	-	-	5,108,187	5,108,187
Public works	10,651,971	771,396	-	-	4,741,058	16,164,425
Parks and recreation	6,403,220	-	-	-	11,186,159	17,589,379
Community development	4,599,000	-	198,970	-	2,542,518	7,340,488
Capital outlay	6,988,656	11,420,245	-	-	13,924,189	32,333,090
Debt service:						
Principal	-	-	-	11,942,674	-	11,942,674
Interest and fiscal charges	-	-	-	8,593,724	-	8,593,724
Bond issuance costs	-	-	-	39,873	-	39,873
Total expenditures	<u>162,290,168</u>	<u>12,191,641</u>	<u>198,970</u>	<u>20,579,559</u>	<u>38,538,781</u>	<u>233,799,119</u>
Excess revenues over (under) expenditures	<u>4,095,083</u>	<u>(11,580,139)</u>	<u>641,312</u>	<u>(17,031,336)</u>	<u>8,788,454</u>	<u>(15,086,626)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	10,811,327	14,212,141	1,370,788	17,024,618	26,300,043	69,718,917
Transfers out	(27,739,241)	(15,805,410)	(2,039,928)	(7,026,148)	(18,836,464)	(71,447,191)
Issuance of debt	-	-	-	7,912,705	-	7,912,705
Proceeds on sale of capital assets	478,377	21,500	-	-	75,253	575,130
Total other financing sources (uses)	<u>(16,449,537)</u>	<u>(1,571,769)</u>	<u>(669,140)</u>	<u>17,911,175</u>	<u>7,538,832</u>	<u>6,759,561</u>
Net change in fund balances	(12,354,454)	(13,151,908)	(27,828)	879,839	16,327,286	(8,327,065)
Fund balances - beginning	50,510,657	24,869,369	156,635	4,425,888	52,795,510	132,758,059
Fund balances - ending	<u>\$ 38,156,203</u>	<u>\$ 11,717,461</u>	<u>\$ 128,807</u>	<u>\$ 5,305,727</u>	<u>\$ 69,122,796</u>	<u>\$ 124,430,994</u>

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

**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, 2018

Net change in fund balances - total governmental funds: \$ (8,327,065)

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	\$ 32,333,090	
Depreciation	(16,149,819)	16,183,271

The net effect on net position for various miscellaneous transactions involving capital assets (disposals, transfers, donations). (40,574)

Certain revenues not considered available are not recognized in the governmental funds but are included in the statement of activities. 658,251

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	\$ 11,942,674	
Issuance of debt	(7,912,705)	
Unamortized bond insurance	(190)	4,029,779

Vehicle lease payments received from Charter School. (251,698)

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.

Change in long-term compensated absences	\$ (521,447)	
OPEB related	(2,149,661)	
Pension related	6,094,361	3,423,253

Internal service funds are used by management to charge the cost of certain activities to the individual funds. 2,899,424

Interest on long-term debt in the statement of activities is recognized as the interest accrues, regardless of when it is due. In the governmental funds, interest is recognized as an expenditure when it is due. Premiums, discounts, and other similar items are deferred and amortized in the statement of activities.

Accrued interest	\$ 5,252	
Amortization of bond premiums, discounts, refunding gains and losses	10,297	15,549

Change in net position - governmental activities \$ 18,590,190

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

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2018**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Sewer	Stormwater	Other Enterprise Funds	Total	
ASSETS					
Current assets:					
Cash and investments	\$ 24,470,180	\$ 14,242,216	\$ 1,066,015	\$ 39,778,411	\$ 24,476,730
Interest receivable	69,439	40,489	3,335	113,263	63,647
Accounts receivable, net	9,138,123	27,819	570	9,166,512	223,877
Intergovernmental receivable	-	82,513	-	82,513	-
Inventories	1,276,131	-	28,470	1,304,601	-
Prepaid items	31,335	-	-	31,335	163,450
Restricted:					
Cash and investments	91,345,425	-	-	91,345,425	-
Interest receivable	443,404	-	-	443,404	-
Intergovernmental receivable	934,415	-	-	934,415	-
Assessments receivable, net	9,574	-	-	9,574	-
Total restricted assets	92,732,818	-	-	92,732,818	-
Total current assets	127,718,026	14,393,037	1,098,390	143,209,453	24,927,704
Noncurrent assets:					
Unamortized bond insurance	555,827	-	-	555,827	-
Restricted:					
Accounts receivable, net	148,973	-	-	148,973	-
Assessments receivable	1,465,360	-	-	1,465,360	-
Total restricted assets	1,614,333	-	-	1,614,333	-
Capital assets:					
Land	25,417,150	6,369,976	1,817,726	33,604,852	-
Buildings	384,971,127	83,408	1,338,450	386,392,985	794,507
Building improvements	2,522,935	1,833,038	40,729	4,396,702	117,477
Improvements other than buildings	299,903,441	24,487,337	3,729,283	328,120,061	63,796
Equipment	34,168,611	8,665,595	833,525	43,667,731	1,973,322
Infrastructure	670,716,040	14,643,493	286,049	685,645,582	-
Intangible computer software	-	-	-	-	705,245
Construction in progress	120,592,844	5,083,307	-	125,676,151	19,664
Less accumulated depreciation	(539,935,691)	(25,489,742)	(4,782,121)	(570,207,554)	(2,582,668)
Total capital assets, net	998,356,457	35,676,412	3,263,641	1,037,296,510	1,091,343
Total noncurrent assets	1,000,526,617	35,676,412	3,263,641	1,039,466,670	1,091,343
Total assets	1,128,244,643	50,069,449	4,362,031	1,182,676,123	26,019,047
DEFERRED OUTFLOWS OF RESOURCES					
Loss on refunding	24,884,002	-	-	24,884,002	-
Pension related	4,908,368	1,513,669	224,499	6,646,536	1,088,481
OPEB related	1,582,355	531,455	85,865	2,199,675	393,573
Total deferred outflows of resources	31,374,725	2,045,124	310,364	33,730,213	1,482,054

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

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS (continued)**
September 30, 2018

	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	\$ 24,295,776	\$ 901,330	\$ 108,435	\$ 25,305,541	\$ 1,905,517
Accrued retainage	6,645,249	169,310	-	6,814,559	-
Accrued payroll	349,255	121,534	24,127	494,916	100,535
Accrued interest payable	625,951	-	-	625,951	-
Deposits	2,662,400	-	20,000	2,682,400	-
Unearned revenue	4,640,904	-	56,542	4,697,446	-
Compensated absences	314,102	97,217	16,275	427,594	59,045
Total OPEB liability	1,582,355	531,455	85,865	2,199,675	393,573
Claims liability	-	-	-	-	3,310,208
Debt:					
Revenue bonds	10,760,000	-	-	10,760,000	-
Special assessment debt	10,615,000	-	-	10,615,000	-
Notes	3,228,115	-	-	3,228,115	-
Total debt	24,603,115	-	-	24,603,115	-
Total current liabilities	65,719,107	1,820,846	311,244	67,851,197	5,768,878
Noncurrent liabilities:					
Advances from other funds	-	-	564,909	564,909	-
Compensated absences	1,748,141	549,304	98,253	2,395,698	397,561
Total OPEB liability	45,574,490	15,306,815	2,473,071	63,354,376	11,335,553
Claims liability	-	-	-	-	6,243,060
Net pension liability	19,400,446	5,982,812	887,338	26,270,596	4,302,246
Debt:					
Revenue bonds	437,786,694	-	-	437,786,694	-
Special assessment debt	74,612,598	-	-	74,612,598	-
Notes	74,619,364	-	-	74,619,364	-
Total debt	587,018,656	-	-	587,018,656	-
Total noncurrent liabilities	653,741,733	21,838,931	4,023,571	679,604,235	22,278,420
Total liabilities	719,460,840	23,659,777	4,334,815	747,455,432	28,047,298
DEFERRED INFLOWS OF RESOURCES					
Pension related	313,755	96,757	14,351	424,863	69,578
OPEB related	2,515,980	845,026	136,528	3,497,534	625,788
Total deferred inflows of resources	2,829,735	941,783	150,879	3,922,397	695,366
NET POSITION					
Net investment in capital assets	382,557,448	34,681,878	3,263,640	420,502,966	1,091,343
Restricted for:					
Debt service	966,868	-	-	966,868	-
Capital improvements	70,232,801	-	-	70,232,801	-
Renewal and replacement	6,024,547	-	-	6,024,547	-
Unrestricted	(22,452,871)	(7,168,865)	(3,076,939)	(32,698,675)	(2,332,906)
Total net position	\$ 437,328,793	\$ 27,513,013	\$ 186,701	\$ 465,028,507	\$ (1,241,563)
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.				1,611,807	
Net position of business-type activities				\$ 466,640,314	

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, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Sewer	Stormwater	Other Enterprise Funds	Total	
OPERATING REVENUES					
Charges for services	\$ 83,554,365	\$ 18,368,761	\$ 3,124,214	\$ 105,047,340	\$ 37,134,295
Other revenue	1,550,596	189,342	3,198	1,743,136	1,460,913
Total operating revenues	<u>85,104,961</u>	<u>18,558,103</u>	<u>3,127,412</u>	<u>106,790,476</u>	<u>38,595,208</u>
OPERATING EXPENSES					
Salaries, wages and employee benefits	26,154,311	8,467,372	1,759,461	36,381,144	6,415,407
Contractual services, materials and supplies	24,121,489	3,936,063	1,626,843	29,684,395	9,381,567
Claims and claims adjustments	-	-	-	-	20,659,579
Depreciation	36,485,352	1,943,062	199,275	38,627,689	206,076
Total operating expenses	<u>86,761,152</u>	<u>14,346,497</u>	<u>3,585,579</u>	<u>104,693,228</u>	<u>36,662,629</u>
Operating income (loss)	<u>(1,656,191)</u>	<u>4,211,606</u>	<u>(458,167)</u>	<u>2,097,248</u>	<u>1,932,579</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	5,233,946	131,173	4,952	5,370,071	108,237
Interest expense	(21,202,370)	-	-	(21,202,370)	-
Debt service costs	(3,750,603)	-	-	(3,750,603)	-
Gain on sale of capital assets	214,296	264,469	18,475	497,240	21,614
Total nonoperating revenues (expenses)	<u>(19,504,731)</u>	<u>395,642</u>	<u>23,427</u>	<u>(19,085,662)</u>	<u>129,851</u>
Income (loss) before contributions and transfers	<u>(21,160,922)</u>	<u>4,607,248</u>	<u>(434,740)</u>	<u>(16,988,414)</u>	<u>2,062,430</u>
Capital contributions					
Special assessments	38,555,093	-	-	38,555,093	-
Developer contributions	230,041	141,619	-	371,660	-
Impact fees and contribution in aid of construction	8,025,811	-	-	8,025,811	-
Total capital contributions	<u>46,810,945</u>	<u>141,619</u>	<u>-</u>	<u>46,952,564</u>	<u>-</u>
Transfers					
Transfers in	233,258	-	940,000	1,173,258	1,089,853
Transfers out	(138,536)	(280,301)	(115,000)	(533,837)	(1,000)
Total transfers	<u>94,722</u>	<u>(280,301)</u>	<u>825,000</u>	<u>639,421</u>	<u>1,088,853</u>
Change in net position	25,744,745	4,468,566	390,260	30,603,571	3,151,283
Total net position - beginning as restated	411,584,048	23,044,447	(203,559)	434,424,936	(4,392,846)
Total net position - ending	<u>\$ 437,328,793</u>	<u>\$ 27,513,013</u>	<u>\$ 186,701</u>	<u>\$ 465,028,507</u>	<u>\$ (1,241,563)</u>
Change in net position of business-type activities				\$ 30,603,571	
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.				251,859	
Change in net position of business-type activities				<u>\$ 30,855,430</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, 2018

	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	\$ 85,263,283	\$ 18,528,357	\$ 3,158,015	\$ 106,949,655	\$ 39,020,343
Cash payments for claims	-	-	-	-	(19,867,506)
Cash payments to suppliers	(17,509,619)	(2,322,380)	(1,231,543)	(21,063,542)	(8,977,832)
Cash payments to employees	(25,133,959)	(9,995,853)	(1,692,485)	(36,822,297)	(6,001,203)
Cash payments for interfund services	(6,294,537)	-	(443,634)	(6,738,171)	-
Net cash provided (used) by operating activities	<u>36,325,168</u>	<u>6,210,124</u>	<u>(209,647)</u>	<u>42,325,645</u>	<u>4,173,802</u>
CASH FLOWS FROM NONCAPITAL FINANCING					
Transfers in	233,258	-	940,000	1,173,258	1,000,000
Transfers out	(138,536)	(280,301)	(115,000)	(533,837)	-
Due from other funds	-	-	(200,347)	(200,347)	-
Net cash provided (used) by noncapital financing activities	<u>94,722</u>	<u>(280,301)</u>	<u>624,653</u>	<u>439,074</u>	<u>1,000,000</u>
CASH FLOWS FROM CAPITAL AND RELATED					
Acquisition and construction of capital assets	(77,038,756)	(3,255,673)	(212,840)	(80,507,269)	(412,327)
Proceeds from sale of capital assets	214,295	233,393	18,475	466,163	39,146
Issuance of long-term debt	35,588,332	-	-	35,588,332	-
Principal payments on long-term debt	(26,950,094)	-	-	(26,950,094)	-
Refunding of debt	(20,162,652)	-	-	(20,162,652)	-
Collection of special assessments	43,204,797	-	-	43,204,797	-
Transfer out for the acquisition of capital assets	-	-	-	-	(1,000)
Impact fees and contribution in aid of construction	8,084,820	-	-	8,084,820	-
Interest paid	(21,345,401)	-	-	(21,345,401)	-
Transfer in for acquisition of capital assets	-	-	-	-	89,853
Net cash used by capital and related financing activities	<u>(58,404,659)</u>	<u>(3,022,280)</u>	<u>(194,365)</u>	<u>(61,621,304)</u>	<u>(284,328)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment Earnings	2,092,355	118,299	3,675	2,214,329	89,320
Net cash provided by investing activities	<u>2,092,355</u>	<u>118,299</u>	<u>3,675</u>	<u>2,214,329</u>	<u>89,320</u>
Net increase (decrease) in cash and investments	(19,892,414)	3,025,842	224,316	(16,642,256)	4,978,794
Cash and investments - beginning	135,708,019	11,216,374	841,699	147,766,092	19,497,936
Cash and investments - ending	<u>\$ 115,815,605</u>	<u>\$ 14,242,216</u>	<u>\$ 1,066,015</u>	<u>\$ 131,123,836</u>	<u>\$ 24,476,730</u>
CLASSIFIED AS:					
Cash and investments	\$ 24,470,180	\$ 14,242,216	\$ 1,066,015	\$ 39,778,411	\$ 24,476,730
Restricted cash and investments	91,345,425	-	-	91,345,425	-
Total cash and investments	<u>\$ 115,815,605</u>	<u>\$ 14,242,216</u>	<u>\$ 1,066,015</u>	<u>\$ 131,123,836</u>	<u>\$ 24,476,730</u>

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

City of Cape Coral, Florida

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (continued)
For the Year Ended September 30, 2018

	Business-type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	Water and Sewer	Stormwater	Other Enterprise Funds		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET					
Operating income (loss)	\$ (1,656,191)	\$ 4,211,606	\$ (458,167)	\$ 2,097,248	\$ 1,932,579
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	36,485,352	1,943,062	199,275	38,627,689	206,076
(Increase) decrease in assets:					
Accounts receivable, net	109,953	(22,154)	21	87,820	425,134
Intergovernmental receivable	-	(7,592)	-	(7,592)	-
Inventories	430,588	-	8,558	439,146	-
Prepaid items	(27,277)	1,164	568	(25,545)	(36,096)
(Increase) decrease in deferred outflows:					
Pension related	513,481	147,414	23,732	684,627	147,065
OPEB related	(197,432)	(57,924)	(10,544)	(265,900)	(56,535)
Increase (decrease) in liabilities:					
Accounts payable and other accrued liabilities	(85,978)	(12,644)	(57,460)	(156,082)	439,833
Accrued payroll	(12,637)	(6,710)	2,556	(16,791)	22,650
Compensated absences	212,259	50,398	18,163	280,820	9,869
Total OPEB liability	(550,111)	(473,621)	(35,673)	(1,059,405)	119,053
Net pension liability	(954,320)	(253,244)	(44,567)	(1,252,131)	(336,259)
Claims liability	-	-	-	-	792,072
Deposits	48,289	-	-	48,289	-
Unearned revenue	80	-	30,582	30,662	-
Increase (decrease) in deferred inflows:					
Pension related	(506,868)	(154,657)	(23,219)	(684,744)	(117,427)
OPEB related	2,515,980	845,026	136,528	3,497,534	625,788
Total adjustments	37,981,359	1,998,518	248,520	40,228,397	2,241,223
Net cash provided (used) by operating activities	\$ 36,325,168	\$ 6,210,124	\$ (209,647)	\$ 42,325,645	\$ 4,173,802

Supplemental disclosure of noncash investing, capital and financing activities:

- Water and Sewer decrease in fair value of investments of \$1,216,223.
- Water and Sewer recognized \$230,041 in developer contributions.
- Water and Sewer had \$22,971,818 of capital related accounts payable.
- Water and Sewer issued debt of \$248,355,000.
- Water and Sewer refunded debt of \$247,370,000.
- Stormwater had a decrease in fair value of investments of \$96,314.
- Stormwater had \$825,224 of capital related accounts payable.
- Other Enterprise Funds decrease in fair value of investments of \$8,225.
- Internal Service Funds decrease in fair value of investments of \$149,624
- Internal Service Funds had \$0 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, 2018**

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 15,175,595	\$ -
Cash and investments		3,766,660
Receivables		
Due from brokers	3,037,583	-
Interest receivable	544,949	10,694
Total receivables	<u>3,582,532</u>	<u>10,694</u>
Intergovernmental receivable	-	44,981
Investments, at fair value:		
US Government Obligations and		
Federal Agency Guaranteed Securities	30,671,236	-
Mortgage Backed Securities	6,314,140	-
Collateralized Mortgage Obligations	4,890,433	-
Corporate Bonds	26,619,371	-
Municipal obligations	247,573	-
Stocks	178,779,675	-
Unit Investment Trusts	1,225,143	-
Mutual and ETF funds		
Equity	74,117,829	-
Balanced	34,251,650	-
Pooled/common/commingled funds		
Equity	206,109,033	-
Real Estate	36,451,192	-
Partnerships	34,794,696	-
Total investments	<u>634,471,971</u>	<u>-</u>
Prepaid expenses	5,856	-
Total assets	<u>653,235,954</u>	<u>\$ 3,822,335</u>
LIABILITIES		
Accounts payable	476,636	
Due to broker for securities purchased	3,127,066	
Prepaid contributions	8,071	
Due to others	-	3,822,335
Total liabilities	<u>3,611,773</u>	<u>\$ 3,822,335</u>
NET POSITION RESTRICTED FOR PENSIONS	<u>\$ 649,624,181</u>	

City of Cape Coral, Florida

**STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2018**

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 38,689,810
Plan members	8,065,373
Member buybacks	135,716
State of Florida	2,886,346
Total contributions	<u>49,777,245</u>
Investment income (expenses)	
Investment income	12,417,622
Net appreciation (depreciation) in fair value of investments	31,544,241
Less: investment expenses	<u>(2,288,532)</u>
Net Investment Income (Loss)	<u>41,673,331</u>
Total additions	<u>91,450,576</u>
DEDUCTIONS	
Benefits and refunds	33,519,603
Administrative expenses	<u>536,802</u>
Total deductions	<u>34,056,405</u>
Net increase in net position	57,394,171
Net position - beginning	<u>592,230,010</u>
Net position - ending	<u>\$ 649,624,181</u>

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

Notes to Financial Statements

City of Cape Coral

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

	Page
NOTE I. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	
1. Organization	34
2. Related Organization	35
3. Summary of Significant Accounting Policies	35
NOTE II. PROPERTY TAXES	45
NOTE III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY	
1. Compliance with Finance-Related Legal and Contractual Provisions.....	45
2. Deficit Fund Balance/Net Position	45
3. Expenditures in Excess of Appropriations.....	46
NOTE IV. DETAILED NOTES	
1. Cash and Investments.....	46
2. Restricted Cash and Investments	63
3. Receivables	64
4. Interfund Receivables, Payables, and Transfers.....	65
5. Capital Assets.....	67
6. Accounts Payable and Other Accrued Liabilities.....	69
7. Long-term Liabilities	70
8. Defeased Debt Issues	78
9. Operating Leases	78
10. Construction and Other Significant Commitments	79
11. Fund Balances.....	80
12. Segment Information	84
13. Future Revenues that are Pledged	86
14. Intergovernmental Revenue	87
15. Interest Income.....	87
16. Other Revenue	87
17. Building and Vehicle Leases	88
18. Change in Accounting Principle and Adjustment to Beginning Net Position.....	89
NOTE V. OTHER INFORMATION	
1. Risk Management.....	89
2. Chiquita Boat Lock-South Spreader Waterway.....	90
3. Pension Plans.....	91
4. Other Postemployment Benefits (OPEB)	106
5. Contingencies	109
6. Subsequent Event	109

City of Cape Coral
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

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, 2018, and their report dated September 28, 2018, 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity/net position, 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 SE 8th Street, SW 20th Avenue, Pelican Boulevard, and Chiquita Boulevard. Engineering and design has begun on the shared use trail (Sun Trail).
 - Other Transportation Capital Improvements – improvements to various roadways including miscellaneous road resurfacing, median landscaping, and alley resurfacing.
- 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. Five 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 Management Fund is used to account for the costs of operation for the repair and maintenance of city owned/leased buildings. 4) The Fleet Management Fund is used to account for the costs of operation for the repair and maintenance of city owned/leased vehicles and equipment 5) 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 12: Segment Information.
- b. **Stormwater Fund** is used to account for the activities of the City's Stormwater drainage program in compliance with the Environmental Protection Agency, and local and state regulations.

3. Other Funds:

Additionally, the City reports the following Funds:

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

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

1. Cash and Investments

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

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

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

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

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

Florida PRIME is considered a qualifying external investment pool that meets all of the necessary criteria to elect to measure all of the investments at amortized cost. Therefore, the fair value of the City's position in the pool is the same as the value of the pool shares. The Florida PRIME investments are not categorized because they are not evidenced by securities that exist in physical or book entry form. Throughout the year, and as of September 30, 2018, Florida PRIME contained certain floating and adjustable rate securities. These investments represented 31% percent of Florida PRIME's portfolio at September 30, 2018.

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

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

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

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

As of September 30, 2018, 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, a deferred impact fee, and other miscellaneous receivables.

The other governmental funds accounts receivables are for false alarm, lot mowing, auction proceeds, and purchasing card rebate.

Assessments receivable - the City levies a special assessment against benefited property owners for construction of water, wastewater and irrigation utility extension, in certain areas of the City. In addition, the City levies a fire services assessment to fund fire-rescue services. The City utilizes the uniform collection method for collecting the assessments. The receivable reported is the assessment amount that has a lien and is unpaid. There are no unbilled receivables for governmental activities and \$325,570,045 for business-type activities.

Intergovernmental Receivable - The general fund intergovernmental receivable includes communication service tax, half cent revenue, recycling revenue, police task force reimbursements, occupational tax, firefighter’s supplemental education, alcoholic beverage license, fuel tax rebate, Lee County Public Safety, grant reimbursements and a receivable due from component unit - Cape Coral Charter School Authority, at September 30, 2018 of \$396,494. The Cape Coral Charter School reports a receivable from the primary government at June 30, 2018 of \$10,441. The Cape Coral Charter School Authority also reports a payable to the primary government at June 30, 2018 of \$15,985.

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 2018 fuel tax collections, Florida Medicaid reimbursement for special populations, and collections due from the Lee County Tax Collector, and the Lee County Clerk of Courts. In addition, grant reimbursements are receivable for the Community Development Block Grant (CDBG).

Other governmental funds have a payable, due to component unit - Cape Coral Charter School Authority, at September 30, 2018 of \$34,103. This is for a share of the profit from Parks and Recreation programs from after school programs.

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

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

3. Inventories and Prepaid Items

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

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

4. Capital Assets

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

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

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

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes 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 includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The City has the following deferred outflows/inflows:

1. Deferred charge (gain/loss) on refunding - reported in the government-wide statements of net position. A deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price and amortized over the shorter of the life of the refunded or refunding debt.
2. Unavailable revenue - The sources of unavailable revenue are school resource officer revenue, Lee County Public Safety fire station rent, State Firefighter Supplemental Education Incentive reimbursement, grant reimbursements, and charter school bus leases. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available.
3. Investment earnings - Difference between projected and actual earnings on investments. These amounts will be recognized as reductions in pension expense in future years.
4. 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.
5. Assumptions - Changes in actuarial assumptions about future economic or demographic factors.
6. Benefit payments subsequent to measurement date.

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 – 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, school resource officers, 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 \$1,448,820 for fiscal year 2018. These amounts are eliminated in the statement of activities. The enterprise funds that received these services were charged \$5,851,677 for fiscal year 2018. 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, 2018 was \$1,429,657. The State of Florida's contribution to the Municipal Firefighters' Plan for the year ended September 30, 2018 was \$1,456,689. 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, notes receivable and advances, as well as property acquired for resale.

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

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

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

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

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

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

In the general fund, the City strives to maintain an unassigned balance of two months operating expenditures of the general fund. This is the target that the unassigned fund balance should not fall below without establishing a replenishment plan. Detailed information on fund balances can be found in Note 11: 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 position that does not meet the definition of "restricted" or "net investment in capital assets".

16. Use of Estimates

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

17. New Accounting Pronouncements

During the fiscal year ended September 30, 2018, the City implemented GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. See Note IV 18 for further information. For the year ended September 30, 2018, the financial statements include the impact of the adoption of GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The primary objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and the simplification of accounting for interest cost incurred before the end of a

construction period. This Statement replaces the requirements of GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

The statements also include the impact of the adoption of GASB Statement No. 82, Pension Issues, and GASB Statement No. 85, Omnibus 2017. GASB Statement No. 82 addresses issues regarding the presentation of payroll related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes and the classification of payments made by employers to satisfy employee contribution requirements. GASB Statement No. 85 establishes accounting and financial reporting requirements for blending component units, goodwill, fair value measurement and application and postemployment benefits.

NOTE II. PROPERTY TAXES

Property taxes are levied on November 1st of each year and are due and payable upon receipt of the notice of levy. The Lee County, Florida Tax Collector's office bills and collects property taxes on behalf of the City. The total tax rate of 6.750 mills per \$1,000 of assessed taxable property value consists of 6.750 mills to finance general governmental services for the fiscal year ended September 30, 2018. 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 2018 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, 2018.

NOTE III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1) Compliance with Finance-Related Legal and Contractual Provisions

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

2) Deficit Fund Balance/Net Position

The following individual funds had deficit fund balances as of September 30, 2018:

<u>Fund</u>	<u>Type</u>	<u>Amount</u>
Lot Mowing ¹	Governmental	\$ 78,921
Waterpark ²	Governmental	219,536
Residential Construction Mitigation Program ³	Governmental	576
Golf Course ⁴	Enterprise	984,165
Facilities Management ⁵	Internal Service	8,366,045
Fleet Management ⁵	Internal Service	3,098,142

¹ The deficit is a result of ongoing maintenance expenses as well as debris cleanup from Hurricane Irma. Special onetime assessment for debris cleanup will be assessed in fiscal year 2019.

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

³ The deficit is a result of additional expenses since last draw.

⁴ The deficit is due to memberships and services revenues not exceeding operating expenses after the renovation was completed.

⁵ The deficit is a result of unfunded Pension and OPEB expenses.

3) Expenditures in Excess of Appropriations

The following individual funds had excess expenditures over appropriations as of September 30, 2018.

Governmental activities:

Do the Right Thing ¹	\$ (1,641)
HUD Neighborhood Stabilization ²	(218,281)
State Housing Initiative Partnership Program ²	(520,832)
Residential Construction Mitigation Program ²	(28,824)

¹ Public relations expenses were under budgeted.

² 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, 2018 the City had the following cash and investment amounts:

<u>Category</u>	<u>Fair Value</u>
Checking and savings accounts	\$ 12,102,661
Cash on hand	10,315
Cash with fiscal agent	6,976,799
LGIP- Florida PRIME (SBA)	33,327,075
Intergovernmental Investment Pools	44,665,026
Money Market Funds	174,603
Investments	194,030,144
Total	<u>\$291,286,623</u>

Reconciliation of cash and investments to the basic financial statements:

	<u>Cash and Investments</u>		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Governmental Funds	\$131,919,397	\$ -	\$131,919,397
Business-Type Activities -			
Enterprise Funds	39,778,411	91,345,425	131,123,836
Governmental Activities -			
Internal Service Funds	24,476,730	-	24,476,730
Agency Funds	3,766,660	-	3,766,660
Total	<u>\$199,941,198</u>	<u>\$ 91,345,425</u>	<u>\$291,286,623</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, 2018, interest receivable on the City's investment portfolio amounted to \$959,955.

As of September 30, 2018, 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	\$ 32,462,270	1.43
Federal Agencies - Bond/Note	32,025,084	1.84
US Treasury - Bond/Note	128,343,702	2.18
Municipal - Bond/Note	1,199,088	0.09
LGIP- Florida PRIME (SBA)	33,327,075	0.09
Intergovernmental Investment Pool-FL CLASS	29,607,421	0.14
Intergovernmental Investment Pool - FL SAFE	15,057,605	0.06
Money Market Funds	174,603	0.07
Total Fair Value	<u>\$ 272,196,848</u>	
Portfolio Weighted Average Duration		1.45

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, 2018, the City had the following investment measurements by security type:

Investment By Fair Value Level	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Corporate Notes	\$ 32,462,270	\$ -	\$ 32,462,270	\$ -
Federal Agencies - Bond/Note	32,025,084	-	32,025,084	-
US Treasuries - Bond/Note	128,343,702	-	128,343,702	-
Municipal Bond/Note	1,199,088	-	1,199,088	-
Total Investment By Fair Value Level	<u>\$194,030,144</u>	<u>\$ -</u>	<u>\$194,030,144</u>	<u>\$ -</u>
Cash Equivalents Measured at Amortized Cost				
LGIP - FL Prime	33,327,075			
Intergovernmental Investment Pool - FL Safe	15,057,605			
Money Market Funds	174,603			
Total Cash Equivalents Measured at Amortized Cost	<u>\$ 48,559,283</u>			
Cash Equivalents Measured at Net Asset Value (NAV)				
Intergovernmental Investment Pool - FL Class	29,607,421			
Total Cash Equivalents and Investments	<u>\$272,196,848</u>			

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

Pooled/Common/Comingled Funds:	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
FL Class	\$ 29,607,421	\$ -	Daily	1-Day
Total Investment Measured at NAV	<u>\$ 29,607,421</u>			

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

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

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

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

At September 30, 2018, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value within FL PRIME and FL SAFE.

D. Interest Rate Risk

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

The City utilizes "effective duration" as a measurement of interest rate risk and as of September 30, 2018 the investment portfolio had an effective duration of 1.45 years.

Included in the investment portfolio, the City has \$771,202 of Corporate Notes that have embedded options consisting of the option at the discretion of the issuer to call their obligation or pay a stated increase in the interest rate. These securities have various call dates and mature on August 23, 2019.

The dollar weighted average days to maturity (WAM) of Florida PRIME at September 30, 2018, is 33 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, 2018, is 72 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, 2018, the City had the following credit exposure as a percentage of total investments:

<u>Security Type</u>	<u>S&P Credit Rating</u>	<u>% of Portfolio</u>
Corporate Notes	AAA	0.74%
Corporate Notes	AA+	2.79%
Corporate Notes	AA-	1.65%
Corporate Notes	AA	2.95%
Corporate Notes	A+	3.42%
Corporate Notes	A	0.38%
Federal Agencies - Bond/Note	AA+	11.77%
US Treasuries - Bond/Note	AA+	47.15%
Municipal Bond/Note	AA	0.44%
LGIP	AAAM	28.65%
Money Market Funds	AAAM	0.06%
Total		100.00%

As of September 30, 2018, the City’s investment deposit in Florida Prime, Florida Class, and Florida Asset Fund Trust (FL Safe) investment pool was \$33,327,075, \$29,607,421, and \$15,057,605 respectively. These qualify as 2a7-like external investment pools. As of September 30, 2018, 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, 2018, 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.

Remainder of page intentionally left blank

As of September 30, 2018, the City had the following issuer concentration based on fair value:

Issuer	Fair Value	Percentage of Portfolio
American Honda Finance Corp	\$ 4,178,103	1.53%
Apple Inc	7,603,819	2.79%
Federal Farm Credit Banks Funding Corp	1,036,970	0.38%
Federal Home Loan Banks	2,602,141	0.96%
Federal Home Loan Mortgage Corp	8,544,830	3.14%
Federal National Mortgage Association	10,429,898	3.83%
Fhms K030 A1	420,575	0.15%
Fhms K503 A2	972,143	0.36%
First Amer:Trs Obg Y	174,603	0.06%
Fn Ab5396	510,543	0.19%
Fn Ma1084	711,856	0.26%
Fna 10M3 A3	110,536	0.04%
Freddie Mac	6,116,125	2.25%
G2 005301	418,103	0.15%
G2 794283	151,364	0.06%
Gilead Sciences Inc	1,036,379	0.38%
Intel Corp	2,509,175	0.92%
International Business Machines Corp	1,847,317	0.68%
Johnson & Johnson	529,087	0.19%
JPMorgan Chase Bank Na	771,202	0.28%
Microsoft Corp	1,481,805	0.54%
Mississippi St	1,199,088	0.44%
Procter & Gamble Co	296,901	0.11%
Toyota Motor Credit Corp	4,188,010	1.54%
United States Treasury	128,343,699	47.18%
Walmart Inc	7,252,465	2.66%
Wal-Mart Stores Inc	768,010	0.28%
FL Class	29,607,421	10.88%
FL Safe	15,057,605	5.53%
FL Prime	33,327,075	12.24%
Total	\$ 272,196,848	100.00%

Pension Trust Funds:

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

A. Cash and Cash Equivalents

At September 30, 2018, the carrying amount of the Pension Funds' cash and cash equivalents was \$15,175,595.

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, 2018, interest and dividend receivable on the Pension Funds' investment portfolio amounted to \$544,949.

As of September 30, 2018, the City's Pension Funds had the following investment types and effective duration presented in terms of years:

General Employees' Pension Investments

<u>Security Type</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>	<u>Weighted Average Maturity (years)</u>
Cash and Cash Equivalents	\$ 6,935,744	2.40%	N/A
Investments:			
Stock	60,964,848	21.06%	N/A
Unit investment trusts	1,225,143	0.42%	N/A
Mutual Funds:			
Equity	27,402,280	9.47%	N/A
Pooled/Common/Commingled Funds	158,157,415	54.63%	N/A
Partnerships	34,794,696	12.02%	N/A
Total	<u>\$ 289,480,126</u>	<u>100.00%</u>	

Police Officers' Pension Investments

<u>Security Type</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>	<u>Weighted Average Maturity (years)</u>
Cash and Cash Equivalents	\$ 3,217,182	1.83%	N/A
Investments:			
Federal agency securities	14,766,055	8.38%	10.34
Mortgage Backed Securities	3,024,366	1.72%	
Collateralized Mortgage Obligations	2,372,009	1.35%	
Corporate Bonds	12,330,883	7.00%	
Subtotal MBS, CMO, and Corporate Bonds	<u>17,727,258</u>		8.97
Stocks	64,777,167	36.78%	N/A
Municipal obligations	112,533	0.06%	21.68
Mutual Funds:			
Balanced	16,648,572	9.45%	N/A
Equity	22,878,050	13.00%	N/A
Pooled/Common/Commingled Funds:			
Equity	17,753,101	10.08%	N/A
Real Estate	18,225,596	10.35%	N/A
Total	<u>\$ 176,105,514</u>	<u>100.00%</u>	

Firefighters' Pension Investments

<u>Security Type</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>	<u>Weighted Average Maturity (years)</u>
Cash and Cash Equivalents	\$ 5,022,669	2.73%	N/A
Investments:			
U.S Government Obligations and Federal Agency Securities	15,905,181	8.64%	10.78
Mortgage Backed Securities	3,289,774	1.79%	
Collateralized Mortgage Obligations	2,518,424	1.37%	
Corporate Bonds	14,288,488	7.76%	
Subtotal MBS, CMO, and Corporate Bonds	<u>20,096,686</u>		8.82
Stock	53,037,660	28.82%	N/A
Municipal obligations	135,040	0.07%	21.68
Mutual Funds:			
Balanced	17,603,078	9.56%	N/A
Equity	23,837,499	12.95%	N/A
Pooled/Common/Commingled Funds:			
Equity	30,198,517	16.41%	N/A
Real Estate	18,225,596	9.90%	N/A
Total	<u>\$ 184,061,926</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, 2018.

D. Credit Risk

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

Equity Securities

General Pension Funds:

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

Police and Fire Pension Funds:

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

Fixed Income Securities

General Pension Fund:

The fixed income portfolio shall comply with the following guidelines:

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

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

- The portfolio must have at least 70% of securities purchased at cost be those securities rated "BAA" or higher by Moody's or "BBB" or higher by Standard & Poor's rating services.
- No more than 30% at cost can be invested in non-investment grade/non-US fixed income commingled vehicles.
- Securities issued by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia. no more than 10% at cost of an investment manager's total fixed income portfolio shall be invested in the securities of any single corporate issuer.

Investments in Collateralized Mortgage Obligations (CMO's) shall be limited to 20% of the market value of the investment managers' total portfolio and shall be restricted to issues which meet all of the following criteria:

- The portfolio must have at least 90% at cost of all issues backed by mortgage securities issued, guaranteed, or fully insured by the Government National Mortgage Association (GNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA) or that are rated "AAA" by Moody's or "AAA" by Standard & Poor's rating services.
- No more than 10% at cost of issues can be rated below "AAA" by Moody's or "AAA" by Standard & Poor's rating services.
- There is no limit imposed on investments in fixed income securities issued directly by the United States Government or any agency or instrumentality thereof.
- Fixed income securities maybe managed through the purchase of open-end, no-load mutual funds or commingled funds as long as these funds in aggregate adhere to the fixed income guidelines herein.
- All approved institutions and dealers transacting in repurchase agreements are required to execute and perform as stated in the Master Repurchase Agreement. All repurchase agreement transactions shall adhere to the requirements of the Master Repurchase Agreement. The Board shall determine the approximate maturity date based on cash flow needs and market conditions, analyze and select one or more optimal types of investment, and competitively bid the security in question when feasible and appropriate. Except as otherwise required by law, the most economically advantageous bid must be selected.

Police and Fire Pension Funds:

The fixed income portfolio shall comply with the following guidelines:

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

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

- Those securities rated below "BBB" shall not exceed 15% of the entire fixed income portfolio.
- Securities issued by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia.

- No more than 5% at cost of an investment manager's total fixed income portfolio shall be invested in the securities of any single corporate issuer.

Cash Equivalent Securities

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

General Pension Fund:

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

Police and Fire Pension Funds:

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

Real Estate

General Pension Fund:

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

Police and Fire Pension Funds:

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

As of September 30, 2018, the Pension Funds had the following credit exposure as a percentage of total fixed income investments:

<u>Standard & Poor's Credit Rating</u>	<u>General Employees'</u>	<u>Police Officers'</u>	<u>Firefighters'</u>
AAA	N/A	4.86%	5.00%
AA+	N/A	4.86%	4.64%
AA	N/A	3.46%	3.60%
AA-	N/A	4.88%	2.36%
A+	N/A	11.18%	12.11%
A	N/A	10.15%	12.06%
A-	N/A	18.81%	18.84%
BBB+	N/A	10.67%	11.00%
BBB	N/A	2.88%	2.78%
BBB-	N/A	0.23%	0.23%
not rated	<u>100.00%</u>	<u>28.02%</u>	<u>27.38%</u>
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, 2018:

General Employees' Pension Investments

<u>Investment</u>	<u>Amount</u>
Wells Fargo Emerging Markets Equity Fund	\$ 19,719,067
Fidelity Core Plus Commingled Pool	42,429,186
Wilmington Trust for ClearBridge Large Cap	45,377,857
Total	<u>\$ 107,526,110</u>

Police Officers' Pension Investments

<u>Investment</u>	<u>Amount</u>
American Core Reality Fund	\$ 18,225,596
Rhumblin Russell 1000 Pooled Index Fund	17,753,101
Total	<u>\$ 35,978,697</u>

Firefighters' Pension Investments

<u>Investment</u>	<u>Amount</u>
American Core Reality Fund	\$ 18,225,596
Rhumblin Russell 1000 Pooled Index Fund	30,198,517
Total	<u>\$ 48,424,113</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, 2018:

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	\$ 60,964,848	\$ 60,964,848	\$ -	\$ -
Unit Investment Trust	1,225,143	1,225,143	-	-
Mutual Funds:				
Equity	27,402,280	27,402,280	-	-
	<u>\$ 89,592,271</u>	<u>\$ 89,592,271</u>	<u>\$ -</u>	<u>\$ -</u>
Investment Measured at Net Asset Value (NAV)				
Pooled/common/commingled funds	\$ 158,157,415			
Partnerships	34,794,696			
Total Investments Measured at the NAV	<u>192,952,111</u>			
Total Investments Measured at Fair Value	<u>\$ 282,544,382</u>			
Investments Measured at Amortized Cost				
Money Market Funds	6,935,744			
Total cash, cash equivalents, and investments	<u>\$ 289,480,126</u>			

Police Officers' Pension Investments

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment by Fair Value Level				
U.S. Government Obligations and				
Federal Agency Securities	\$ 14,766,055	\$ -	\$ 14,766,055	\$ -
Mortgage Backed Securities	3,024,366	-	3,024,366	-
Collateralized Mortgage Obligations	2,372,009	-	2,372,009	-
Corporate Bonds	12,330,883	-	12,330,883	-
Stocks	64,777,167	64,777,167	-	-
Municipal Obligations	112,533	-	112,533	-
Mutual Funds:				
Balanced	16,648,572	16,648,572	-	-
Equity	22,878,050	22,878,050	-	-
	<u>\$ 136,909,635</u>	<u>\$ 104,303,789</u>	<u>\$ 32,605,846</u>	<u>\$ -</u>
Investment Measured at Net Asset Value (NAV)				
Pooled/common/commingled funds				
Equity Index Fund	\$ 17,753,101			
Real Estate Commingled Fund	18,225,596			
Total Investments Measured at the NAV	<u>35,978,697</u>			
Total Investments Measured at Fair Value	<u>172,888,332</u>			
Investments Measured at Amortized Cost				
Money Market Funds and Other				
Short-Term Cash	3,217,182			
Total cash, cash equivalents, and investments	<u>\$ 176,105,514</u>			

Firefighters' 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				
U.S. Government Obligations and Federal Agency Securities	\$ 15,905,181	\$ -	\$ 15,905,181	\$ -
Mortgage Backed Securities	3,289,774	-	3,289,774	-
Collateralized Mortgage Obligations	2,518,424	-	2,518,424	-
Corporate Bonds	14,288,488	-	14,288,488	-
Stocks	53,037,660	53,037,660	-	-
Municipal Obligations	135,040	-	135,040	-
Mutual Funds:				
Balanced	17,603,078	17,603,078	-	-
Equity	23,837,499	23,837,499	-	-
	<u>\$ 130,615,144</u>	<u>\$ 94,478,237</u>	<u>\$ 36,136,907</u>	<u>\$ -</u>
Investment Measured at Net Asset Value (NAV)				
Pooled/common/commingled funds				
Equity Index Funds	\$ 30,198,517			
Real Estate Commingled Fund	18,225,596			
Total Investments Measured at the NAV	<u>48,424,113</u>			
Total Investments Measured at Fair Value	<u>179,039,257</u>			
Investments Measured at Amortized Cost				
Money Market Funds and Other Short-Term Cash	5,022,669			
Total cash, cash equivalents, and investments	<u>\$ 184,061,926</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	\$ 65,096,924	\$ -	Daily	3 Days
Fixed Income	53,838,761	-	Daily	5 Days
Private Equity	10,482,307	2,118,982	N/A	N/A
Real Estate	28,739,423	212,700	Quarterly	45 Days
Partnerships				
Alternative (Hedge Fund/GTAA)	20,556,807	-	Qtrly/Mthly	90/30 Days
Real Estate	4,732,192	8,636,332	N/A	N/A
Farmland	7,047,348	3,274,800	N/A	N/A
Private Equity	2,458,349	8,326,307	N/A	N/A
Total Investments Measured at the NAV	<u>\$ 192,952,111</u>			

Police Officers' Pension Investments

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Notice Period</u>
Pooled/Common/Commingled Funds				
Equity Index Funds	\$ 17,753,101	\$ -	Monthly	Daily
Real Estate Commingled Fund	<u>18,225,596</u>	85,967	Quarterly	Daily
Total Investments Measured at the NAV	<u>\$ 35,978,697</u>			

Firefighters' Pension Investments

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Notice Period</u>
Pooled/Common/Commingled Funds				
Equity Index Funds	\$ 30,198,517	\$ -	Monthly	Daily
Real Estate Commingled Funds	<u>18,225,596</u>	85,967	Quarterly	Daily
Total Investments Measured at the NAV	<u>\$ 48,424,113</u>			

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

F. Custodial Credit Risk

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

As of September 30, 2018, the Pension Funds' investment portfolio was held with a third-party custodian as required by Florida Statute.

G. Concentration of Credit Risk

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

Equity Securities

General Pension Fund:

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

Police and Fire Pension Funds:

- Investments in equity securities shall be limited to no more than 70% at market value of the Fund's total asset value.
- All equity investments shall be limited to fully and easily negotiable equity securities.

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

Fixed Income Securities

General Pension Fund:

- The average credit quality of the bond portfolio shall be "BBB" or higher.
- The duration of the fixed income portfolio shall not exceed 150% of the duration of the market index. The market Index is defined as the Barclays Aggregate Bond Index.
- At Least 70% of securities purchased at cost must be rated "BAA" or higher by Moody's or "BBB" or higher by Standard & Poor's rating services.
- No more than 30% at cost can be invested in non-investment grade/non-US fixed income commingled vehicles.
- No more than 10% at cost of an investment manager's total fixed income portfolio shall be invested in the securities of any single corporate issuer.
- No more than 20% of the market value of the investment manager's portfolio shall be invested in collateralized mortgage obligations (CMO's) with the following restrictions:
 - At least 90% at cost of all issues backed by mortgage securities issued, guaranteed, or fully insured by the Government National Mortgage Association (GNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA) or that are rated "AAA" by Moody's or "AAA" by Standard & Poor's rating services.
 - No more than 10% at cost of issues can be rated below "AAA" by Moody's or "AAA" by Standard & Poor's rating services.
 - No limit on fixed income securities issued directly by the United States Government or any agency or instrumentality thereof.
 - Fixed income securities may be managed through the purchase of open-end, no-load mutual funds as long as these funds in aggregate adhere to the fixed income guidelines herein.
 - All approved institutions and dealers transacting in repurchase agreements are required to execute and perform as stated in the Master Repurchase Agreement. All repurchase agreement transactions shall adhere to the requirements of the Master Repurchase Agreement. The Board shall determine the approximate maturity date based on cash flow needs and market conditions, analyze and select one or more optimal types of investment, and competitively bid the security in question when feasible and appropriate. Except as otherwise required by law, the most economically advantageous bid must be selected.

Police and Fire Pension Funds:

- The fixed income portfolio shall comply with the following guidelines:
 - The average credit quality of the bond portfolio shall be "A" or higher.
 - The duration of the fixed income portfolio shall not exceed 135% of the duration of the market index. The market index is defined as the Barclays Aggregate Bond Index.
- Investment in all corporate fixed income securities shall be limited to:
 - Those securities rate below "BBB" shall not exceed 15% of the entire fixed income portfolio.
 - Securities issued by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia.
 - No more than 5% at cost of an investment manager's total fixed income portfolio shall be invested in the securities of any single corporate issuer.
- Private security Collateralized Mortgage Obligations (CMOs) shall be limited to 15% of the market value of the investment managers' total fixed income portfolio. Agency CMOs may be purchased without restriction.

- Futures contracts may be used on a non-leveraged basis for duration adjustment and yield curve -positioning purposes.
- There is no limit imposed on investments in fixed income securities issued directly by the United Stated Government or any agency or instrumentality thereof.

Real Estate Funds

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	\$ 55,179,188
Capital improvements	27,666,030
Renewal and replacement	6,024,547
Deposits	<u>2,475,660</u>
Total restricted cash and investments	<u>\$ 91,345,425</u>

3. Receivables

Governmental activities:

	General Fund	Transportation Capital Improvements	Community Redevelopment Agency	Debt Service Fund	Other Governmental Funds	Total
Unrestricted:						
Interest	\$ 103,532	\$ 26,223	\$ 407	\$ 3,158	\$ 195,627	\$ 328,947
Gross assessments receivable ¹	111,132	-	-	-	64,573	175,705
Less: allowance for uncollectibles	(109,912)	-	-	-	(63,675)	(173,587)
Intergovernmental	3,851,069	806,712	-	433,088	2,155,840	7,246,709
Gross accounts receivable	1,657,589	-	87	-	418,926	2,076,602
Less: allowance for uncollectibles	(86,334)	-	-	-	(379,891)	(466,225)
Notes Receivable	38,826	-	-	-	-	38,826
Total net receivables	\$ 5,565,902	\$ 832,935	\$ 494	\$ 436,246	\$ 2,391,400	\$ 9,226,977

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, 2018, there are no unbilled amounts.

Business-type activities:

	Water and Sewer	Stormwater	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
Unrestricted:					
Interest	\$ 69,439	\$ 40,489	\$ 3,335	\$ 113,263	\$ 63,647
Intergovernmental	-	82,513	-	82,513	-
Gross accounts receivable	9,809,862 ¹	163,032	570	9,973,464	223,891
Less: allowance for uncollectibles	(671,739) ²	(135,213)	-	(806,952)	(14)
Total net unrestricted	9,207,562	150,821	3,905	9,362,288	287,524
Restricted:					
Interest	443,404	-	-	443,404	-
Intergovernmental	934,415	-	-	934,415	-
Gross accounts receivable	395,974 ⁴	-	-	395,974	-
Less: allowance for uncollectibles	(247,001) ²	-	-	(247,001)	-
Gross assessments receivable ^{3,4}	3,013,115	-	-	3,013,115	-
Less: allowance for uncollectibles	(1,538,181) ²	-	-	(1,538,181)	-
Total net restricted	3,001,726	-	-	3,001,726	-
Total net receivables	\$ 12,209,288	\$ 150,821	\$ 3,905	\$ 12,364,014	\$ 287,524

¹ Includes unbilled receivables of \$4,479,500.

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 120 days past due. City policy states all finaled accounts 60 days past due are sent to a collection agency.

³ During FY2001, the City changed the method of collecting for new special assessments. The amortized assessment is collected pursuant to the Uniform Assessment Collection Act under Florida Statutes 197.3632 and 197.3635. The Uniform Assessment Collection Act authorizes the collection of non-ad valorem assessments on the same bill as ad valorem taxes. The uniform collection method offers the City the greatest assurance of collecting all of its billed special assessment revenue. For financial statement reporting, the receivable is recorded at the time of the levy which is each year when the assessment is billed on the tax roll and the enforceable legal claim arises. The total assessment for all projects is \$597,745,914. As of September 30, 2018, the unbilled amount is \$325,570,045.

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, 2018, the delinquent amounts were \$9,575 for assessments, \$37,289 for impact loans, and \$213,558 for CIAC loans.

4. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2018 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose for Balance</u>	<u>Amount</u>
General	Other governmental funds (Alarm Fee)	Operations	\$ 8,749
	Other governmental funds (Waterpark)	Operations	245,000
	Other governmental funds (CDBG)	Awaiting grant reimbursement	360,422
	Other governmental funds (RCMP)	Awaiting grant reimbursement	576
			<u>\$ 614,747</u>

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose for Balance</u>	<u>Amount</u>
General	Other enterprise funds (Golf Course)	Operations	\$ 564,909
Total			<u>\$ 1,179,656</u>

Remaining page left intentionally blank

Interfund Transfers:

Transfers In

Transfers Out	General Fund	Transportation Capital Improvements	Community Redevelopment Agency	Debt Service Fund	Other Governmental Funds	Water and Sewer	Stormwater	Other Enterprise Funds	Internal Service Funds	Total
General Fund	\$ -	\$ 10,854,147 ⁴	\$ 1,370,788 ⁶	\$ 6,324,741 ⁷	\$ 7,231,255 ¹¹	\$ 4,300 ¹⁶	\$ -	\$ 940,000 ¹⁹	\$ 1,014,010 ²⁰	\$ 27,739,241
Transportation Capital	5,313,744 ¹	-	-	-	10,491,666 ¹²	-	-	-	-	15,805,410
CRA	-	-	-	603,954 ⁸	1,435,974 ¹³	-	-	-	-	2,039,928
Debt Service Fund	-	-	-	-	7,026,148 ¹⁴	-	-	-	-	7,026,148
Other Governmental	5,474,783 ²	3,357,994 ⁵	-	9,999,687 ⁹	-	-	-	-	4,000 ²¹	18,836,464
Water and Sewer	-	-	-	96,236 ¹⁰	-	-	-	-	42,300 ²²	138,536
Stormwater	22,800 ³	-	-	-	-	227,958 ¹⁷	-	-	29,543 ²³	280,301
Other Enterprise	-	-	-	-	115,000 ¹⁵	-	-	-	-	115,000
Internal Service Fund	-	-	-	-	-	1,000 ¹⁸	-	-	-	1,000
Total	\$ 10,811,327	\$ 14,212,141	\$ 1,370,788	\$ 17,024,618	\$ 26,300,043	\$ 233,258	\$ -	\$ 940,000	\$ 1,089,853	\$ 71,982,028

¹ Transportation capital projects fund transferred \$5,313,744 of unspent project funds to the general fund (project funding source).

² Various other governmental funds transferred \$1,717,341 to the general fund for reimbursement of budgetary established levels for administrative services.

Other governmental fund (Gas Tax) transferred \$3,564,262 to the general fund for budgetary established levels to support public works services division's operations.

Other governmental fund (All Hazards) transferred \$93,600 to the general fund for reimbursement of incentive pays for hazmat response.

Other governmental fund (Police Confiscation State) transferred \$17,430 to the general fund for reimbursement of equipment purchased for drug prevention.

Other governmental fund (Police Confiscation Federal) transferred \$82,150 to the general fund for reimbursement of equipment purchased for technology upgrades.

³ Enterprise fund (Stormwater) transferred \$22,800 to general fund for the purchase of capital assets.

⁴ General fund transferred \$520,000 to transportation capital projects for alley resurfacing.
General fund transferred \$312,000 to transportation capital projects for median maintenance.

General fund transferred \$10,022,147 to transportation capital projects for local road resurfacing.

⁵ 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 (Gas Tax) transferred \$953,157 to transportation capital projects fund for local road resurfacing.

Other governmental fund (Gas Tax) transferred \$1,454,837 to transportation capital projects fund for median curbing.

Other governmental fund (Gas Tax) transferred \$800,000 to transportation capital projects fund for sidewalks and bikeways.

⁶ General fund transferred \$1,370,788 to the community redevelopment agency for established Tax Increment Financing (TIF) funding.

⁷ General fund transferred \$6,324,741 to the debt service fund for annual debt service payments.

⁸ Community redevelopment agency transferred \$603,954 to the debt service fund for annual debt service payments.

⁹ Other governmental fund (Road Impact) transferred \$6,748,271 to the debt service fund for annual debt service payments.

Other governmental fund (Fire Impact) transferred \$338,101 to the debt service fund for annual debt service payments.

Other governmental fund (Building) transferred \$22,038 to the debt service fund for annual debt service payments.

Other governmental fund (Waterpark) transferred \$173,180 to the debt service fund for annual debt service payments.

Other governmental fund (Park Impact) transferred \$2,718,097 to the debt service fund for annual debt service payments.

¹⁰ Water & sewer fund transferred \$96,236 to the debt service fund for annual debt service payments.

¹¹ General fund transferred \$102,800 to other governmental fund (City Centrum) for budgetary established support of annual operations.

General fund transferred \$874,158 to other governmental fund (Waterpark) for budgetary established support of annual operations.

General fund transferred \$5,245,000 to other governmental fund (Parks and Recreation Programs) for budgetary established support of annual operations.

General fund transferred \$222,297 to other governmental fund (Parks Capital Improvements Projects) for the grant match for the renovation of the D&D Boat Ramp.

General fund transferred \$200,000 to other governmental fund (Parks and Recreation Capital Projects) for festival park development.

General fund transferred \$200,000 to other governmental fund (Parks and Recreation Capital Projects) for the grant match for art studio renovations.

General fund transferred 90,000 to other governmental fund (Public Safety Capital Projects) for the academic village project.

General fund transferred \$297,000 to other governmental fund (Fire Capital Projects) for design of fire station #12.

¹² Transportation capital projects fund transferred \$7,946,967 of unspent project funds to the other governmental fund (Gas Tax) (project funding source).

Transportation capital projects fund transferred \$2,544,699 of unspent project funds to the other governmental fund (Road Impact) (project funding source).

¹³ CRA fund transferred \$1,435,974 to other governmental fund (CRA Streetscape) for the CRA streetscape project.

¹⁴ Debt service fund transferred \$4,120,122 to CRA capital projects fund for the CRA Streetscape project.

Debt service fund transferred \$2,906,026 to fire capital projects fund for the construction of fire station #12.

¹⁵ Other enterprise funds (Yacht Basin fund) transferred \$115,000 to other governmental funds (Parks and Recreation Programs) as an operating subsidy to the shared facilities at the yacht club.

¹⁶ General fund transferred \$4,300 to water and sewer fund for the purchase of capital assets.

¹⁷ Enterprise fund (Stormwater) transferred \$227,958 to Enterprise Fund (Water and Sewer) for annual debt service payments.

¹⁸ Internal service fund (Fleet) transferred \$1,000 to water and sewer fund for the purchase of capital assets.

¹⁹ General fund transferred \$940,000 to other enterprise funds (Golf Course) for budgetary established support of annual operations.

²⁰ General fund transferred \$1,000,000 to the internal service fund (Self-Insured Health Plan) for budgetary established support of annual operations.

Internal service fund (Facilities) transferred \$10,000 to enterprise fund (Stormwater) for the purchase of capital assets.

General fund (Public Works) transferred \$4,010 to internal service fund (Fleet) for the purchase of capital assets.

²¹ Special revenue (P&R Programs) transferred \$4,000 to internal service fund (Fleet) for the purchase of capital assets.

²² Enterprise fund (Water & Sewer) transferred \$42,300 to internal service fund (Fleet) for the purchase of capital assets.

²³ Enterprise fund (Stormwater) transferred \$29,543 to internal service fund (Fleet) for the purchase of capital assets.

5. Capital Assets

Capital asset activity for the year ended September 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land				
Governmental	\$ 150,871,653	\$ 330,361	\$ -	\$ 151,202,014
Construction in progress				
Governmental	3,435,775	28,380,273	(13,661,651)	18,154,397
Internal Service	19,664	-	-	19,664
Total construction in progress	<u>3,455,439</u>	<u>28,380,273</u>	<u>(13,661,651)</u>	<u>18,174,061</u>
Total capital assets, not being depreciated	<u>154,327,092</u>	<u>28,710,634</u>	<u>(13,661,651)</u>	<u>169,376,075</u>
Capital assets, being depreciated:				
Buildings				
Governmental	129,175,725	240,139	-	129,415,864
Internal Service	794,507	-	-	794,507
Total buildings	<u>129,970,232</u>	<u>240,139</u>	<u>-</u>	<u>130,210,371</u>
Building improvements				
Governmental	5,008,130	15,937	-	5,024,067
Internal Service	117,477	-	-	117,477
Total building improvements	<u>5,125,607</u>	<u>15,937</u>	<u>-</u>	<u>5,141,544</u>
Improvements other than buildings				
Governmental	61,707,901	675,918	-	62,383,819
Internal Service	63,796	-	-	63,796
Total improvements other than buildings	<u>61,771,697</u>	<u>675,918</u>	<u>-</u>	<u>62,447,615</u>
Equipment				
Governmental	43,822,680	5,546,144	(3,421,468)	45,947,356
Internal Service	1,856,695	518,501	(401,874)	1,973,322
Total equipment	<u>45,679,375</u>	<u>6,064,645</u>	<u>(3,823,342)</u>	<u>47,920,678</u>
Intangible computer software				
Governmental	3,212,121	-	-	3,212,121
Internal Service	705,245	-	-	705,245
Total intangible computer software	<u>3,917,366</u>	<u>-</u>	<u>-</u>	<u>3,917,366</u>
Infrastructure				
Governmental	203,424,970	10,952,187	-	214,377,157
Total capital assets, being depreciated	<u>449,889,247</u>	<u>17,948,826</u>	<u>(3,823,342)</u>	<u>464,014,731</u>
Less accumulated depreciation for:				
Buildings				
Governmental	(44,139,867)	(3,083,055)	-	(47,222,922)
Internal Service	(473,228)	(25,735)	-	(498,963)
Total buildings	<u>(44,613,095)</u>	<u>(3,108,790)</u>	<u>-</u>	<u>(47,721,885)</u>
Building improvements				
Governmental	(2,357,756)	(285,058)	-	(2,642,814)
Internal Service	(103,680)	(2,822)	-	(106,502)
Total building improvements	<u>(2,461,436)</u>	<u>(287,880)</u>	<u>-</u>	<u>(2,749,316)</u>
Improvements other than buildings				
Governmental	(33,299,531)	(2,480,415)	-	(35,779,946)
Internal Service	(59,156)	(1,710)	-	(60,866)
Total improvements other than buildings	<u>(33,358,687)</u>	<u>(2,482,125)</u>	<u>-</u>	<u>(35,840,812)</u>
Equipment				
Governmental	(29,858,249)	(3,824,193)	3,234,678	(30,447,764)
Internal Service	(1,210,033)	(175,809)	174,750	(1,211,092)
Total equipment	<u>(31,068,282)</u>	<u>(4,000,002)</u>	<u>3,409,428</u>	<u>(31,658,856)</u>
Intangible computer software				
Governmental	(2,813,996)	(150,156)	-	(2,964,152)
Internal Service	(705,245)	-	-	(705,245)
Total intangible computer software	<u>(3,519,241)</u>	<u>(150,156)</u>	<u>-</u>	<u>(3,669,397)</u>
Infrastructure				
Governmental	(64,818,565)	(6,326,942)	-	(71,145,507)
Total accumulated depreciation	<u>(179,839,306)</u>	<u>(16,355,895)</u>	<u>3,409,428</u>	<u>(192,785,773)</u>
Total capital assets, being depreciated, net	<u>270,049,941</u>	<u>1,592,931</u>	<u>(413,914)</u>	<u>271,228,958</u>
Governmental activities capital assets, net	<u>\$ 424,377,033</u>	<u>\$ 30,303,565</u>	<u>\$ (14,075,565)</u>	<u>\$ 440,605,033</u>

(continued on next page)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land				
Water and Sewer	\$ 25,074,060	\$ 343,090	\$ -	\$ 25,417,150
Stormwater	6,369,976	-	-	6,369,976
Other enterprise funds	1,817,726	-	-	1,817,726
Total land	<u>33,261,762</u>	<u>343,090</u>	<u>-</u>	<u>33,604,852</u>
Construction in progress				
Water and Sewer	26,361,693	96,342,931	(2,111,780)	120,592,844
Stormwater	2,038,719	3,044,588	-	5,083,307
Total construction in progress	<u>28,400,412</u>	<u>99,387,519</u>	<u>(2,111,780)</u>	<u>125,676,151</u>
Total capital assets, not being depreciated	<u>61,662,174</u>	<u>99,730,609</u>	<u>(2,111,780)</u>	<u>159,281,003</u>
Capital assets, being depreciated:				
Buildings				
Water and Sewer	384,971,127	-	-	384,971,127
Stormwater	83,408	-	-	83,408
Other enterprise funds	1,338,450	-	-	1,338,450
Total buildings	<u>386,392,985</u>	<u>-</u>	<u>-</u>	<u>386,392,985</u>
Building improvements				
Water and Sewer	2,518,540	4,395	-	2,522,935
Stormwater	1,833,038	-	-	1,833,038
Other enterprise funds	40,729	-	-	40,729
Total building improvements	<u>4,392,307</u>	<u>4,395</u>	<u>-</u>	<u>4,396,702</u>
Improvements other than buildings				
Water and Sewer	297,795,772	2,107,669	-	299,903,441
Stormwater	24,476,094	11,243	-	24,487,337
Other enterprise funds	3,729,283	-	-	3,729,283
Total improvements other than buildings	<u>326,001,149</u>	<u>2,118,912</u>	<u>-</u>	<u>328,120,061</u>
Equipment				
Water and Sewer	30,902,443	4,142,884	(876,716)	34,168,611
Stormwater	8,285,526	1,090,659	(710,590)	8,665,595
Other enterprise funds	765,861	224,671	(157,007)	833,525
Total equipment	<u>39,953,830</u>	<u>5,458,214</u>	<u>(1,744,313)</u>	<u>43,667,731</u>
Infrastructure				
Water and Sewer	670,169,384	546,656	-	670,716,040
Stormwater	14,501,875	141,618	-	14,643,493
Other enterprise funds	286,049	-	-	286,049
Total Infrastructure	<u>684,957,308</u>	<u>688,274</u>	<u>-</u>	<u>685,645,582</u>
Total capital assets, being depreciated	<u>1,441,697,579</u>	<u>8,269,795</u>	<u>(1,744,313)</u>	<u>1,448,223,061</u>
Less accumulated depreciation for:				
Buildings				
Water and Sewer	(79,756,338)	(9,365,362)	-	(89,121,700)
Stormwater	(58,150)	(3,629)	-	(61,779)
Other enterprise funds	(896,134)	(36,429)	-	(932,563)
Total buildings	<u>(80,710,622)</u>	<u>(9,405,420)</u>	<u>-</u>	<u>(90,116,042)</u>
Building improvements				
Water and Sewer	(1,669,835)	(219,770)	-	(1,889,605)
Stormwater	(839,845)	(177,488)	-	(1,017,333)
Other enterprise funds	(60,936)	(1,674)	-	(62,610)
Total building improvements	<u>(2,570,616)</u>	<u>(398,932)</u>	<u>-</u>	<u>(2,969,548)</u>
Improvements other than buildings				
Water and Sewer	(176,431,439)	(9,118,597)	-	(185,550,036)
Stormwater	(8,775,292)	(871,234)	-	(9,646,526)
Other enterprise funds	(3,188,327)	(53,442)	-	(3,241,769)
Total improvements other than buildings	<u>(188,395,058)</u>	<u>(10,043,273)</u>	<u>-</u>	<u>(198,438,331)</u>
Equipment				
Water and Sewer	(23,932,016)	(2,631,232)	783,458	(25,779,790)
Stormwater	(5,439,203)	(616,312)	613,177	(5,442,338)
Other enterprise funds	(568,273)	(93,378)	145,176	(516,475)
Total equipment	<u>(29,939,492)</u>	<u>(3,340,922)</u>	<u>1,541,811</u>	<u>(31,738,603)</u>
Infrastructure				
Water and Sewer	(222,444,169)	(15,150,391)	-	(237,594,560)
Stormwater	(9,047,367)	(274,399)	-	(9,321,766)
Other enterprise funds	(14,352)	(14,352)	-	(28,704)
Total Infrastructure	<u>(231,505,888)</u>	<u>(15,439,142)</u>	<u>-</u>	<u>(246,945,030)</u>
Total accumulated depreciation	<u>(533,121,676)</u>	<u>(38,627,689)</u>	<u>1,541,811</u>	<u>(570,207,554)</u>
Total capital assets, being depreciated, net	<u>908,575,903</u>	<u>(30,357,894)</u>	<u>(202,502)</u>	<u>878,015,507</u>
Business-type activities capital assets, net	<u>\$ 970,238,077</u>	<u>\$ 69,372,715</u>	<u>\$ (2,314,282)</u>	<u>\$ 1,037,296,510</u>

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

Governmental activities:

General Government	\$ 4,521,228
Public Safety:	
Police	1,387,385
Fire	1,496,385
Building	85,841
Public Works	5,267,623
Community Development	271,158
Parks and Recreation	3,120,199
Internal Service	206,076
Total depreciation expense - governmental activities	<u>\$ 16,355,895</u>

Business-type activities:

Water and Sewer	\$ 36,485,352
Stormwater	1,943,062
Other enterprise funds	199,275
Total depreciation expense - business-type activities	<u>\$ 38,627,689</u>

6. Accounts Payable and Other Accrued Liabilities

Accounts payable and other accrued liabilities at September 30, 2018 are as follows:

Governmental activities:

	<u>General Fund</u>	<u>Transportation Capital Improvements</u>	<u>Community Redevelopment Agency</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Accounts payable and other accrued liabilities	\$ 3,207,643	\$ 328,210	\$ 272	\$ 3,870,077	\$ 7,406,202
Retainage payable	5,033	577,453	-	1,015,557	1,598,043
Intergovernmental payable	46,752	9,402	-	116,079	172,233
Total	<u>\$ 3,259,428</u>	<u>\$ 915,065</u>	<u>\$ 272</u>	<u>\$ 5,001,713</u>	<u>\$ 9,176,478</u>

Business-type activities:

	<u>Water and Sewer</u>	<u>Stormwater</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
Accounts payable and other accrued liabilities	\$ 24,295,776	\$ 901,330	\$ 108,435	\$ 25,305,541	\$ 1,905,517
Retainage payable	6,645,249	169,310	-	6,814,559	-
Total	<u>\$ 30,941,025</u>	<u>\$ 1,070,640</u>	<u>\$ 108,435</u>	<u>\$ 32,120,100</u>	<u>\$ 1,905,517</u>

7. Long-term Liabilities

The following is a summary of changes in the City's Bonded and other indebtedness for the year ended September 30, 2018:

	Long-term Debt				
	Revenue Bonds¹	Notes Payable²	Special Assessments	Capital Leases	Total
Governmental Activities:					
Original amounts	\$ 244,677,950	\$ 13,675,000	\$ 1,500,000	\$ 1,342,755	\$ 261,195,705
Debt payable - beginning	191,054,422	10,474,000	1,130,000	452,014	203,110,436
Debt issued	-	7,912,705	-	-	7,912,705
Debt payments made	(9,568,620)	(1,920,500)	(275,000)	(178,554)	(11,942,674)
Amortization of discount (premium)	(535,870)	-	-	-	(535,870)
Debt payable - ending	180,949,932	16,466,205	855,000	273,460	198,544,597
Less amounts recorded as current liabilities	(9,906,410)	(2,393,753)	(280,000)	(181,548)	(12,761,711)
Long-term debt - ending	<u>\$ 171,043,522</u>	<u>\$ 14,072,452</u>	<u>\$ 575,000</u>	<u>\$ 91,912</u>	<u>\$ 185,782,886</u>

¹ The Community Redevelopment Agency's portion of the Special Obligation Revenue Bond, Series 2012 is \$2,301,460

² The Community Redevelopment Agency's portion of the Special Obligation Revenue Note, Series 2018 is \$4,092,048

	Long-term Debt			
	Revenue Bonds	Notes Payable	Special Assessment Debt	Total
Business-type Activities:				
Original amounts	\$ 707,510,000	\$ 232,447,718	\$ 101,155,000	\$ 1,041,112,718
Debt payable - beginning	437,229,120	67,859,047	98,580,423	603,668,590
Debt issued	248,355,000	13,318,526	-	261,673,526
Debt issued - premium	21,733,913	-	-	21,733,913
Debt payments made	(10,215,000)	(3,330,094)	(13,405,000)	(26,950,094)
Debt refunding	(247,370,000)	-	-	(247,370,000)
Amortization of discount (premium)	(1,186,339)	-	52,175	(1,134,164)
Debt payable - ending	448,546,694	77,847,479	85,227,598	611,621,771
Less amounts recorded as current liabilities	(10,760,000)	(3,228,115)	(10,615,000)	(24,603,115)
Long-term debt - ending	<u>\$ 437,786,694</u>	<u>\$ 74,619,364</u>	<u>\$ 74,612,598</u>	<u>\$ 587,018,656</u>

Long-term Debt at September 30, 2018 is comprised of the following:

General Long-term Debt

Revenue Bonds

<p>\$28,200,000 Capital Improvement Revenue Bond, Series 2008, issued to finance and refinance the cost of acquisition, construction and equipping of a new police headquarters facility. Principal and interest on the obligations is secured by the half-cent sales tax. Principal is paid annually through 2019 with interest paid semiannually at 5.67%.</p>	\$ 1,175,000
<p>\$6,185,000 Gas Tax Revenue Bonds, Series 2010A issued to finance and refinance the cost of acquisition, construction, and reconstruction of transportation improvements. Principal and interest on the obligations is secured by gas tax revenues and non-ad valorem funds budgeted and appropriated by City Council. Principal is paid annually through 2019 with interest paid semiannually at rates ranging from 4.250% to 4.375%.</p>	795,000
<p>\$33,815,000 Gas Tax Revenue Bonds, (Federally Taxable Build America Bonds - Direct Payment), Series 2010B issued to finance and refinance the cost of acquisition, construction, and reconstruction of transportation improvements. Principal and interest on the obligations is secured by gas tax revenues and non-ad valorem funds budgeted and appropriated by City Council. Principal is paid annually from October 2020 to October 2030 with interest paid semiannually at rates ranging from 5.849% to 7.147%.</p>	33,815,000
<p>\$17,690,000 Special Obligation Revenue Bonds, Series 2011 issued to finance and refinance the cost of acquisition, construction, and equipping of various capital improvements to the City's Charter Schools. Principal and interest on the obligations is secured by non-ad valorem funds budgeted and appropriated by City Council. Principal is paid annually through 2021 with interest paid semiannually at rates ranging from 4.00% to 4.75%.</p>	1,220,000
<p>\$17,669,950 Special Obligation Revenue Bonds, Series 2012 issued to refund \$12,928,555 of outstanding Series 2009 Special Obligation Revenue Notes plus accrued interest due on 4/01/2012 and \$4,500,000 of commercial paper obligations issued to finance and refinance the acquisition, construction and equipping of various capital improvements with the City. The City refunded the 2009 Series to reduce its debt service payment over 13 years by \$1,978,440 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,696,880. Principal and interest on the new obligation is secured by non-ad valorem funds budgeted and appropriated by City Council. Principal is paid annually through 2024 with interest paid semiannually at 2.43%. The Community Redevelopment Agency's portion is \$2,301,460.</p>	8,814,970
<p>\$5,300,000 Capital Improvement Refunding Revenue Bonds, Series 2014, issued to refund a portion of the City's outstanding Capital Improvement Revenue Bonds, Series 2005. The City refunded the 2005 Series to reduce its debt service payment over 11 years by \$355,537 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$316,378. Principal and interest on the obligations is secured by gas tax revenues and non-ad valorem funds budgeted and appropriated by City Council. Principal is paid annually through 2024 with interest paid semiannually at 2.31%.</p>	3,600,000
<p>\$21,433,000 Gas Tax Refunding Revenue Bonds, Series 2014, issued to refund all of the City's outstanding Gas Tax Revenue Bonds, Series 2009. The City refunded the 2009 Series to reduce its debt service payment over 10 years by \$1,921,763 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,724,892. Principal and interest on the obligations is secured by gas tax revenues and non-ad valorem funds budgeted and appropriated by City Council. Principal is paid annually through 2023 with interest paid semiannually at 2.20%.</p>	12,223,000
<p>\$51,790,000 Special Obligation Revenue Bonds, Series 2015 was issued to refund a portion of the City's Special Obligation Revenue, Series 2006 and finance the cost of acquisition and equipping various vehicles for Police, Fire, Code Compliance, Public Works, Parks and Recreation, and the acquisition and installation of certain equipment. The City refunded the 2006 Series to reduce its debt service payment over 22 years by \$6,919,935 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$4,976,052. Principal and interest on the obligations is secured by non-ad valorem funds budgeted and appropriated by City Council. Principal is paid annually through 2036 with interest paid semiannually at rates ranging from 3.625% to 5.0%.</p>	46,530,000

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

\$	61,705,000
	<u>169,877,970</u>
	(16,708)
	<u>11,088,670</u>
\$	<u><u>180,949,932</u></u>

Less unamortized discount
Plus unamortized premium

Notes Payable

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

\$	8,822,000
----	-----------

\$7,912,705 Special Obligation Revenue Note, Series 2018 was issued to finance the acquisition and construction of fire station #11 and various streetscape improvements within the City's community redevelopment area. Principal and interest on the obligations is secured by non-ad valorem funds budgeted and appropriated by City Council. Principal is paid quarterly through 2027 with interest paid quarterly at 3.05%.

	7,644,205
\$	<u><u>16,466,205</u></u>

Special Assessment

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

\$	<u><u>855,000</u></u>
----	-----------------------

Capital Leases

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

\$	<u><u>273,460</u></u>
----	-----------------------

Proprietary Funds - Long-term Debt

Revenue Bonds

\$175,000,000 Water and Sewer Refunding Revenue Bonds, Series 2011, issued to refund on a current basis all of the City's outstanding Water and Sewer Revenue Bonds, Series 2009 and to refinance certain commercial paper obligations which were issued to finance, on an interim basis, a portion of the acquisition, construction and equipping of certain capital improvements to the City's water, wastewater, and irrigation water system. The bonds are secured by a pledge of and lien upon the water and sewer system's net revenues as defined by the Bond Resolution, and expansion fees. Principal is paid annually through 2041 with interest paid semiannually at rates ranging from 3.0% to 5.0%. The Series 2011 Bonds are issued in parity with the City's Water and Sewer Refunding Revenue Bonds, Series 2011A, Water and Sewer Refunding Revenue Bonds, Series 2015, and Water and Sewer Refunding Revenue Bonds, Series 2015A and Water and Sewer Refunding Revenue Bonds, Series 2017.

\$	6,925,000
----	-----------

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

\$ 5,350,000

\$72,415,000 Water and Sewer Refunding Revenue Bond, Series 2015, issued to refund a portion of the Series 2006 Water and Sewer Refunding Revenue Bonds. The bonds are secured by a pledge of and lien upon the water and sewer system's net revenues as defined by the Bond Resolution. The City refunded the 2006 Series to reduce its debt service payment over 21 years by \$5,429,134 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$3,716,201. Principal is paid annually from 2030 to 2036 with interest paid semiannually rates ranging from 4.0% to 5.0%. The Series 2015 Bonds are issued in parity with the City's Water and Sewer 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, and Water and Sewer Refunding Revenue Bonds, Series 2017.

72,415,000

\$94,740,000 Water and Sewer Refunding Revenue Bond, Series 2015A, issued to refund a portion of the Series 2006 Water and Sewer Refunding Revenue Bonds. The bonds are secured by a pledge of and lien upon the water and sewer system's net revenues as defined by the Bond Resolution. The City refunded the 2003 Series to reduce its debt service payment over 21 years by \$15,191,723 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$10,103,869. Principal and interest is paid quarterly through 2029. Interest rates range from 2.21% to 3.0%. The Series 2015A Bonds are issued in parity with the City's Water and Sewer Refunding Revenue Bonds, Series 2011, and Water and Sewer Refunding Revenue Bonds, Series 2011A, and Water and Sewer Refunding Revenue Bonds, Series 2015, and Water and Sewer Refunding Revenue Bonds, Series 2017.

84,785,000

\$248,335,000 Water and Sewer Refunding Revenue Bond, Series 2017, issued to refund a portion of the Series 2011 and Series 2011A 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 2011 Series to reduce its debt service payment over 24 years by \$16,014,455 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$11,220,371. Principal and interest is paid semiannually through 2041. Interest rates range from 4.00% to 5.00%. The City refunded the 2011A Series to reduce its debt service payment over 25 years by \$10,842,239 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$7,519,161. Principal and interest is paid semiannually through 2042. Interest rates range from 4.00% to 5.00%. The Series 2017 Bonds are issued in parity with the City's 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 2015 and Water and Sewer Refunding Revenue Bonds, Series 2015A.

248,355,000

417,830,000

30,716,694

\$ 448,546,694

Plus unamortized premium

Notes Payable

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

\$ 924,760

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

226,643

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

\$ 1,153,615

\$12,401,582 State Revolving Fund Loan Agreement DW#360103 (Southwest 6 & 7 Drinking Water) payable to the State with principal and interest payable semiannually at 2.12% through 2036. The current principal amount includes actual draws and a 2% loan service fee. The security is a lien on the special assessment proceeds, sewer expansions fees, irrigation expansion fees, capital facility expansion charges and net revenues of the water and sewer system. The lien is junior and subordinate to the water and sewer revenue bonds.

11,701,154

\$54,662,273 State Revolving Fund Loan Agreement WW#360100 (Southwest 6 & 7 Clean Water) payable to the State with principal and interest payable semiannually at rates ranging from 1.93% to 2.42% through 2036. The current principal amount includes actual draws and capitalized interest. The security is a lien on the special assessment proceeds, sewer expansions fees, irrigation expansion fees, capital facility expansion charges and net revenues of the water and sewer system. The lien is junior and subordinate to the water and sewer revenue bonds.

50,522,781

\$65,000,000 State Revolving Fund Loan Agreement WW#360120 (North 2 Clean Water) payable to the State with principal and interest payable semiannually at rates ranging from 0.51% to 0.72% through 2042. 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. The City has requested a draw in the amount of \$25,163,807. As of September 30, 2018 the City has received \$13,318,526.

13,318,526

\$61,500,000 State Revolving Fund Loan Agreement DW#360130 (North 2 Drinking Water) payable to the State with principal and interest payable semiannually at rates ranging from 1.11% to 1.39% through 2042. 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. The City has requested a draw in the amount of \$24,648,651. As of September 30, 2018 the City has not received the funds.

\$ 77,847,479

Special Assessment Debt with Government Commitment

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

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

\$ 85,745,000

Less unamortized discount

(517,402)

Total Special Assessment Debt

\$ 85,227,598

Summary of Debt Service Requirements by Maturity

Year ending September 30,	Governmental Activities					
	Revenue Bonds		Notes Payable		Special Assessment Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 9,906,410	\$ 7,893,113	\$ 2,393,753	\$ 410,401	\$ 280,000	\$ 11,798
2020	10,222,010	7,514,032	2,452,496	353,190	285,000	7,136
2021	10,599,420	7,116,849	2,508,907	294,531	290,000	2,393
2022	10,177,650	6,700,501	2,571,011	234,467	-	-
2023	10,563,750	6,305,705	1,708,830	172,870	-	-
2024 - 2028	58,868,730	23,367,461	4,831,208	307,938	-	-
2029 - 2033	35,370,000	8,854,227	-	-	-	-
2034 - 2038	21,920,000	2,580,164	-	-	-	-
2039 - 2040	2,250,000	135,800	-	-	-	-
	<u>169,877,970</u>	<u>70,467,852</u>	<u>16,466,205</u>	<u>1,773,397</u>	<u>855,000</u>	<u>21,327</u>
Unamortized discount	(16,708)	-	-	-	-	-
Unamortized premium	11,088,670	-	-	-	-	-
Total	<u>\$ 180,949,932</u>	<u>\$ 70,467,852</u>	<u>\$ 16,466,205</u>	<u>\$ 1,773,397</u>	<u>\$ 855,000</u>	<u>\$ 21,327</u>

Year Ending September 30,	Business-type Activities					
	Revenue Bonds		Notes Payable		Special Assessment Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 10,760,000	\$ 17,162,754	\$ 3,228,115	\$ 1,383,908	\$ 10,615,000	\$ 1,963,971
2020	11,045,000	16,875,611	3,299,257	1,311,393	10,795,000	1,788,824
2021	11,405,000	16,516,638	4,006,201	1,304,359	10,525,000	1,583,719
2022	11,825,000	16,144,120	4,083,829	1,225,299	9,835,000	1,373,219
2023	12,210,000	15,755,026	4,163,152	1,144,512	41,385,000	3,616,389
2024 - 2028	67,910,000	71,906,354	20,367,443	4,534,156	2,590,000	77,700
2029 - 2033	82,470,000	57,152,440	21,827,552	2,567,785	-	-
2034 - 2038	104,915,000	36,653,238	15,478,198	539,795	-	-
2039 - 2042	105,290,000	11,033,750	1,393,732	8,896	-	-
	<u>417,830,000</u>	<u>259,199,931</u>	<u>77,847,479</u>	<u>14,020,103</u>	<u>85,745,000</u>	<u>10,403,822</u>
Unamortized discount	-	-	-	-	(517,402)	-
Unamortized premium	30,716,694	-	-	-	-	-
Total	<u>\$ 448,546,694</u>	<u>\$ 259,199,931</u>	<u>\$ 77,847,479</u>	<u>\$ 14,020,103</u>	<u>\$ 85,227,598</u>	<u>\$ 10,403,822</u>

Capital Leases - The capital leases are recorded at the present value of future minimum lease payments. The following schedule shows the present value of these payments at September 30, 2018.

<u>Fiscal Year</u>	<u>Governmental Activities</u>
2019	\$ 185,360
2020	92,680
Total Payments	278,040
Less interest	(4,580)
	<u>\$ 273,460</u>

Remainder of page intentionally left blank

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Governmental Funds					
Long-term debt	\$ 191,502,604	\$ 7,912,705	\$ (11,942,674)	\$ 187,472,635	\$ 12,761,711
Bond discount and premium	11,607,832	-	(535,870)	11,071,962	-
Total bonds and notes payable	203,110,436	7,912,705	(12,478,544)	198,544,597	12,761,711
Compensated absences ¹	7,612,825	521,447	-	8,134,272	-
Net Pension Liability ²	97,507,557	27,262,924	(31,819,082)	92,951,399	-
Total OPEB Liability ³	213,633,529	-	(8,120,879)	205,512,650	6,896,006
Total Governmental Funds	<u>\$ 521,864,347</u>	<u>\$ 35,697,076</u>	<u>\$ (52,418,505)</u>	<u>\$ 505,142,918</u>	<u>\$ 19,657,717</u>
Internal Service Funds					
Claims Liability	\$ 8,761,196	\$ 3,422,794	\$ (2,630,722)	\$ 9,553,268	\$ 3,310,208
Compensated absences	446,737	53,087	(43,218)	456,606	59,045
Net Pension Liability	4,638,505	2,371,326	(2,707,585)	4,302,246	-
Total OPEB Liability ³	11,610,073	238,106	(119,053)	11,729,126	393,573
Total Internal Service Funds	<u>\$ 25,456,511</u>	<u>\$ 6,085,313</u>	<u>\$ (5,500,578)</u>	<u>\$ 26,041,246</u>	<u>\$ 3,762,826</u>
Total Governmental					
Long-term debt	\$ 191,502,604	\$ 7,912,705	\$ (11,942,674)	\$ 187,472,635	\$ 12,761,711
Less bond discount, premium	11,607,832	-	(535,870)	11,071,962	-
Total bonds payable	203,110,436	7,912,705	(12,478,544)	198,544,597	12,761,711
Claims Liability	8,761,196	3,422,794	(2,630,722)	9,553,268	3,310,208
Compensated absences	8,059,562	574,534	(43,218)	8,590,878	59,045
Net Pension Liability	102,146,062	29,634,250	(34,526,667)	97,253,645	-
Total OPEB Liability ³	225,243,602	238,106	(8,239,932)	217,241,776	7,289,579
Total Governmental	<u>\$ 547,320,858</u>	<u>\$ 41,782,389</u>	<u>\$ (57,919,083)</u>	<u>\$ 531,184,164</u>	<u>\$ 23,420,543</u>
Business-type activities:					
Water and Sewer					
Long-term debt	\$ 594,069,047	\$ 261,673,526	\$ (274,320,094)	\$ 581,422,479	\$ 24,603,115
Bond discount and premium	9,599,543	21,733,913	(1,134,164)	30,199,292	-
Total bonds and notes payable	603,668,590	283,407,439	(275,454,258)	611,621,771	24,603,115
Compensated absences	1,849,984	493,001	(280,742)	2,062,243	314,102
Net Pension Liability	20,354,766	6,729,942	(7,684,262)	19,400,446	-
Total OPEB Liability ³	25,167,190	23,230,329	(1,240,674)	47,156,845	1,582,355
Total Water and Sewer	<u>651,040,530</u>	<u>313,860,711</u>	<u>(284,659,936)</u>	<u>680,241,305</u>	<u>26,499,572</u>
Stormwater					
Compensated absences	596,123	133,325	(82,927)	646,521	97,217
Net Pension Liability	6,236,056	1,785,897	(2,039,141)	5,982,812	-
Total OPEB Liability ³	8,605,701	7,612,335	(379,766)	15,838,270	531,455
Total Stormwater	<u>15,437,880</u>	<u>9,531,557</u>	<u>(2,501,834)</u>	<u>22,467,603</u>	<u>628,672</u>
Other Enterprise Funds					
Compensated absences	96,365	31,823	(13,660)	114,528	16,275
Net Pension Liability	931,905	314,290	(358,857)	887,338	-
Total OPEB Liability ³	1,369,346	1,642,589	(452,999)	2,558,936	85,865
Total Other Enterprise	<u>2,397,616</u>	<u>1,988,702</u>	<u>(825,516)</u>	<u>3,560,802</u>	<u>102,140</u>
Total Business-type					
Long-term debt	594,069,047	261,673,526	(274,320,094)	581,422,479	24,603,115
Bond discount, premium and deferred amount on refunds	9,599,543	21,733,913	(1,134,164)	30,199,292	-
Total bonds and notes payable	603,668,590	283,407,439	(275,454,258)	611,621,771	24,603,115
Compensated absences	2,542,472	658,149	(377,329)	2,823,292	427,594
Net Pension Liability	27,522,727	8,830,129	(10,082,260)	26,270,596	-
Total OPEB Liability ³	35,142,237	32,485,253	(2,073,439)	65,554,051	2,199,675
Total Business-type	<u>\$ 668,876,026</u>	<u>\$ 325,380,970</u>	<u>\$ (287,987,286)</u>	<u>\$ 706,269,710</u>	<u>\$ 27,230,384</u>

¹ Compensated absences were liquidated as follows: General Fund 88%, Special Revenue Funds 9%, and Internal Service Funds 3%.

² Net pension liability is typically liquidated as follows: General Fund 82%, Special Revenue Funds 11%, Capital Projects Funds 1%, and Internal Service Funds 6%.

³ OPEB obligation is typically liquidated as follows: General Fund 94%, Special Revenue Funds 5%, and Internal Service Funds 1%

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, 2018, Health Facility Revenue Bonds outstanding aggregated \$79,385,000.

8. Defeased Debt Issues

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

Governmental Fund Debt:

Capital Improvement Revenue Bonds, Series 2008	\$21,615,000
Special Obligation Revenue Bonds, Series 2011	\$14,395,000
Water & Sewer Refunding Revenue Bonds, Series 2011	\$155,085,000
Water & Sewer Refunding Revenue Bonds, Series 2011A	\$92,285,000

9. 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, 2018, there are no operating lease commitments that extend beyond 2021. Lease expense for fiscal year 2018 reported in the Governmental Activities and the Business-type Activities were \$51,492 and \$114,429 respectively.

Years Ending September 30,	Governmental Activities	Business-Type Activites	Total
2019	\$ 39,285	\$ 131,819	\$ 171,104
2020	24,745	123,405	148,150
2021	9,182	119,935	129,117
Total	<u>\$ 73,212</u>	<u>\$ 375,159</u>	<u>\$ 448,371</u>

10. Construction and Other Significant Commitments

Construction Commitments. As of September 30, 2018 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	\$ 2,379,300	\$ 608,434
Traffic Operations ²	41,323	14,380
Transportation Fund:		
Road Improvements ³	9,033,559	8,790,510
Community Redevelopment Agency Fund:		
CRA Streetscape Project ⁴	7,987,042	5,004,862
Debt Service Fund		
Fire Station 11 Construction ⁵	2,680,299	1,070,282
Total governmental activities	<u>22,121,523</u>	<u>15,488,468</u>
Business-type activities:		
Water & Sewer Fund:		
Galvanized Pipe Replacement ⁶	1,933,790	767,612
Road Resurfacing ⁶	616,246	266,647
Deep Injection Well ⁶	5,429,319	1,761,100
Utility Extension Program: Area - Southwest 6 & 7 ⁷	37,385,342	3,295,712
US 41 Conveyance ⁶	365,981	662,982
Reuse Main Ext (FGUA) ⁶	2,595,943	8,367,759
Forcemain Intercon ⁶	1,885,141	691,571
Fiber Optics (Forcemain Intercon) ⁶	-	169,728
WAS Line (Forcemain Incon) ⁶	51,110	61,534
Utility Extension Program: Area - North 2 ⁷	89,491,970	131,368,482
Stormwater Utility Fund:		
Drainage Improvements Southwest 6 & 7 Utility Area ⁷	1,121,296	307,322
Drainage Improvements North 2 Utility Area ⁸	2,871,006	6,028,963
Total business-type activities	<u>143,747,144</u>	<u>153,749,412</u>
Total	<u>\$ 165,868,667</u>	<u>\$ 169,237,880</u>

¹ Projects are being funded by lot mowing fees.

² Projects are being funded by General Fund.

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

⁴ Project is being funded by the appropriation of General Fund, community redevelopment agency, water and sewer, and stormwater utility reserves, and debt service proceeds.

⁵ Project is being funded by the appropriation of General Fund reserves and debt service proceeds.

⁶ Projects are being funded by water and sewer user fees.

⁷ Projects are being funded by State Revolving Fund loans with debt service being paid by special assessments and stormwater user fees.

⁸ Projects are being funded by stormwater user fees, FDEP grant funds and 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	\$ 4,087,254
Transportation Capital Improvements	8,749,048
Community Redevelopment Agency	3,844
Nonmajor governmental funds	7,593,423
Total encumbrances	<u>\$ 20,433,569</u>

11. Fund Balances

Fund balances for governmental funds at September 30, 2018 are as follows:

	<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>
Fund balances:						
Nonspendable						
Inventory	\$ 40,084	\$ -	\$ -	\$ -	\$ 89,054	\$ 129,138
Prepaid items	192,838	-	2,419	-	12,122	207,379
Advance to other funds	564,909	-	-	-	-	564,909
Total Nonspendable	<u>797,831</u>	<u>-</u>	<u>2,419</u>	<u>-</u>	<u>101,176</u>	<u>901,426</u>
Restricted						
Housing and community development	-	-	-	-	2,339,880	2,339,880
Building code enforcement	-	-	-	-	9,607,415	9,607,415
Law enforcement - forfeiture funds	-	-	-	-	848,661	848,661
Law enforcement - Do the Right Thing	-	-	-	-	17,360	17,360
Law enforcement training	-	-	-	-	33,787	33,787
Police projects	-	-	-	-	4,687,553	4,687,553
Fire projects	-	-	-	-	4,358,784	4,358,784
Seawalls	-	-	-	-	245,920	245,920
Parks projects	-	-	-	-	3,081,969	3,081,969
Community redevelopment	-	-	126,388	-	-	126,388
Santa Barbara Boulevard project	-	2,777,449	-	-	-	2,777,449
Del Prado Boulevard project	-	2,241,912	-	-	-	2,241,912
Sidewalk / bikepath resurface	-	300,000	-	-	-	300,000
Sidewalk / bikepath UEP	-	200,000	-	-	-	200,000
Other transportation projects	-	-	-	-	33,813,798	33,813,798
Debt service	-	-	-	5,305,727	-	5,305,727
Total Restricted	<u>-</u>	<u>5,519,361</u>	<u>126,388</u>	<u>5,305,727</u>	<u>59,035,127</u>	<u>69,986,603</u>

	<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>
Committed						
Charter school - professional security	\$ 1,495	\$ -	\$ -	\$ -	\$ -	\$ 1,495
City auditor - professional services	44,149	-	-	-	-	44,149
City clerk - equipment	7,115	-	-	-	-	7,115
Community development - professional services	19,097	-	-	-	-	19,097
Computer equipment	210,785	-	-	-	-	210,785
Computer software	252,076	-	-	-	-	252,076
Computer warranty	33,263	-	-	-	-	33,263
Economic development - public relations	52,351	-	-	-	-	52,351
Fire - building maintenance	40,135	-	-	-	-	40,135
Fire - equipment	57,646	-	-	-	-	57,646
Fire - medical supplies	5,790	-	-	-	-	5,790
Fire - professional services	66,842	-	-	-	-	66,842
Fire - safety equipment	12,176	-	-	-	-	12,176
Fire - small equipment	11,468	-	-	-	-	11,468
Fire - uniforms	123,310	-	-	-	-	123,310
Fire - vehicles	308,298	-	-	-	-	308,298
General government - furnishings	34,106	-	-	-	-	34,106
General government - operating supplies	56,346	-	-	-	-	56,346
General government - professional services	453,857	-	-	-	-	453,857
Hurricane Irma - cleanup	14,470	-	-	-	-	14,470
Hurricane Irma - outside services	423,032	-	-	-	-	423,032
Parks - equipment	42,306	-	-	-	-	42,306
Parks - maintenance	29,247	-	-	-	-	29,247
Parks - outside services	19,126	-	-	-	-	19,126
Parks - professional services	14,687	-	-	-	-	14,687
Police - crossing guards	20,830	-	-	-	-	20,830
Police - equipment	324,902	-	-	-	-	324,902
Police - maintenance	6,307	-	-	-	-	6,307
Police - operating supplies	18,792	-	-	-	-	18,792
Police - uniforms	16,485	-	-	-	-	16,485
Police - vehicles	600,562	-	-	-	-	600,562
Police - weapons and ammunition	11,007	-	-	-	-	11,007
Public works - bridge maintenance	127,561	-	-	-	-	127,561
Public works - median maintenance	331,950	-	-	-	-	331,950
Public works - professional services	15,414	-	-	-	-	15,414
Public works - roads curbs maintenance	11,689	-	-	-	-	11,689
Public works - sidewalk maintenance	23,684	-	-	-	-	23,684
Public works - traffic operations	102,957	-	-	-	-	102,957
Public works - vehicles	126,031	-	-	-	-	126,031

	General	Transportation Capital Improvements	Community Redevelopment Agency	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Law enforcement - alarm fees	\$ -	\$ -	\$ -	\$ -	\$ 7,404	\$ 7,404
Del Prado mall parking lot	-	-	-	-	117,320	117,320
City centrum	-	-	-	-	50	50
Parks and recreation - parks programs	-	-	-	-	189,610	189,610
Santa Barbara Boulevard project	-	152,351	-	-	-	152,351
Del Prado Boulevard project	-	354,938	-	-	-	354,938
Road resurfacing project	-	4,064,268	-	-	-	4,064,268
Median landscaping	-	925,694	-	-	-	925,694
Other transportation projects	-	700,849	-	-	-	700,849
Parks projects	-	-	-	-	698,775	698,775
CRA streetscape	-	-	-	-	6,959,561	6,959,561
Capital projects	-	-	-	-	114,351	114,351
Chiquita boat lock	-	-	-	-	865,218	865,218
Ceitus boat lift	-	-	-	-	19,104	19,104
Public works projects	-	-	-	-	833,708	833,708
Academic village	-	-	-	-	57,887	57,887
Computer system	-	-	-	-	564,592	564,592
Economic incentives	544,000	-	-	-	-	544,000
Capital equipment	1,500,000	-	-	-	-	1,500,000
Facilities maintenance	500,000	-	-	-	-	500,000
Disaster reserve	2,000,000	-	-	-	-	2,000,000
Total Committed	<u>8,615,344</u>	<u>6,198,100</u>	<u>-</u>	<u>-</u>	<u>10,427,580</u>	<u>25,241,024</u>
Assigned						
Charter school - security	16,015	-	-	-	-	16,015
City clerk - advertising	4,532	-	-	-	-	4,532
City manager - professional services	16,373	-	-	-	-	16,373
City manager - public relations	29,583	-	-	-	-	29,583
Community development - advertising	7,613	-	-	-	-	7,613
Community development - maintenance	5,960	-	-	-	-	5,960
Community development - operating supplies	9,580	-	-	-	-	9,580
Community development - professional services	950	-	-	-	-	950
Computer equipment	27,527	-	-	-	-	27,527
Computer software	146,948	-	-	-	-	146,948
Economic development - public relations	25,135	-	-	-	-	25,135
Fire - building improvements	15,939	-	-	-	-	15,939

	General	Transportation Capital Improvements	Community Redevelopment Agency	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Fire - equipment	\$ 71,317	\$ -	\$ -	\$ -	\$ -	\$ 71,317
Fire - improvements	15,830	-	-	-	-	15,830
Fire - maintenance	50,826	-	-	-	-	50,826
Fire - operating supplies	104,570	-	-	-	-	104,570
Fire - outside services	4,210	-	-	-	-	4,210
Fire - professional services	14,198	-	-	-	-	14,198
Fire - public relations	7,410	-	-	-	-	7,410
Fire - small equipment	221,019	-	-	-	-	221,019
Fire - vehicles	14,000	-	-	-	-	14,000
General government - operating supplies	46,065	-	-	-	-	46,065
Government services - operating supplies	9,215	-	-	-	-	9,215
Government services - professional services	99,120	-	-	-	-	99,120
Hurricane Irma - cleanup	82,322	-	-	-	-	82,322
Hurricane Irma - professional services	131	-	-	-	-	131
Information technology - operating supplies	5,649	-	-	-	-	5,649
Information technology - professional services	43,382	-	-	-	-	43,382
Parks - operating supplies	185,136	-	-	-	-	185,136
Parks - professional services	26,744	-	-	-	-	26,744
Parks maintenance - equipment rental	51,941	-	-	-	-	51,941
Parks maintenance - improvements	44,451	-	-	-	-	44,451
Parks maintenance - maintenance	68,322	-	-	-	-	68,322
Parks maintenance - outside services	8,005	-	-	-	-	8,005
Parks maintenance - parking lots	21,118	-	-	-	-	21,118
Police - maintenance	30,480	-	-	-	-	30,480
Police - operating supplies	94,690	-	-	-	-	94,690
Police - outside services	17,705	-	-	-	-	17,705
Police - professional services	5,635	-	-	-	-	5,635
Police - small equipment	10,100	-	-	-	-	10,100
Police - vehicles	3,616	-	-	-	-	3,616
Public works - median maintenance	13,187	-	-	-	-	13,187
Public works - operating supplies	51,549	-	-	-	-	51,549
Public works - outside services	28,844	-	-	-	-	28,844
Public works - professional services	5,561	-	-	-	-	5,561
Public works - roads curbs maintenance	57,704	-	-	-	-	57,704
Public works - street light power	389,114	-	-	-	-	389,114
Public works - traffic light maintenance	22,643	-	-	-	-	22,643
Public works - vehicles	5,802	-	-	-	-	5,802
Total Assigned	2,237,766	-	-	-	-	2,237,766
Unassigned	26,505,262	-	-	-	(441,087)	26,064,175
Total fund balances	<u>\$ 38,156,203</u>	<u>\$ 11,717,461</u>	<u>\$ 128,807</u>	<u>\$ 5,305,727</u>	<u>\$ 69,122,796</u>	<u>\$ 124,430,994</u>

12. Segment Information

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

STATEMENT OF NET POSITION

ASSETS

Current assets:	
Cash and investments	\$ 24,470,180
Interest receivable	69,439
Accounts receivable, net	9,138,123
Inventories	1,276,131
Prepaid items	31,335
Restricted:	
Cash and investments	27,300,212
Interest receivable	70,462
Intergovernmental receivable	886,057
Total restricted assets	<u>28,256,731</u>
Total current assets	<u>63,241,939</u>
Noncurrent assets:	
Unamortized bond insurance costs	184,754
Advances to other funds	<u>2,818,430</u>
Total restricted assets	<u>3,003,184</u>
Capital assets:	
Land and construction in progress	804,105,188
Other capital assets, net of depreciation	<u>(298,712,263)</u>
Capital assets, net	<u>505,392,925</u>
Total noncurrent assets	<u>508,396,109</u>
Total assets	<u>571,638,048</u>

Deferred Outflows of Resources

Loss on refunding	24,150,013
Pension related	4,908,368
OPEB related	<u>1,582,355</u>
Total deferred outflows of resources	<u>\$ 30,640,736</u>

LIABILITIES

Current liabilities:	
Accounts payable and other accrued liabilities	\$ 5,425,528
Accrued retainage	766,960
Accrued payroll	349,255
Accrued interest payable	14,611
Deposits	2,573,896
Unearned revenue	440
Compensated absences	314,102
Total OPEB Liability	1,582,355
Debt:	
Revenue bonds	10,760,000
Notes	<u>142,303</u>
Total debt	<u>10,902,303</u>
Total current liabilities	<u>21,929,450</u>
Noncurrent liabilities:	
Compensated absences	1,748,141
Total OPEB Liability	45,574,490
Net pension liability	19,400,446
Debt:	
Revenue bonds	437,786,694
Notes	<u>782,457</u>
Total debt	<u>438,569,151</u>
Total noncurrent liabilities	<u>505,292,228</u>
Total liabilities	<u>527,221,678</u>

Deferred Inflows of Resources	
Pension related	313,755
OPEB related	2,515,980
Total deferred inflows of resources	<u>2,829,735</u>

NET POSITION	
Net investment in capital assets	75,304,530
Restricted for:	
Debt service	1,443,531
Capital improvement	19,490,407
Renewal and replacement	6,024,547
Unrestricted	(30,035,644)
Total net position	<u>\$ 72,227,371</u>

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION

OPERATING REVENUES	
Charges for services	\$ 83,554,365
Other revenue	863,497
Total operating revenues	<u>84,417,862</u>

OPERATING EXPENSES	
Salaries, wages and employee benefits	26,149,893
Contractual services, materials and supplies	23,879,565
Depreciation	22,612,828
Total operating expenses	<u>72,642,286</u>
Operating income	<u>11,775,576</u>

NONOPERATING REVENUES (EXPENSES)	
Interest income	594,312
Interest expense	(17,519,204)
Debt service costs	(3,713,184)
Gain on sale of capital assets	214,296
Total nonoperating revenues (expenses)	<u>(20,423,780)</u>
Income (loss) before contributions and transfers	<u>(8,648,204)</u>

Capital Contributions	
Developer contributions	230,041
Total capital contributions	<u>230,041</u>

Transfers	
Transfers in	491,783
Transfers out	(138,536)
Total transfers	353,247
Change in net assets	(8,064,916)
Total net position - beginning as restated	80,292,287
Total net position - ending	<u>\$ 72,227,371</u>

Condensed Statement of Cash Flows	
New cash provided (used) by:	
Operating activities	\$ 35,862,259
Nonoperating financing activities	353,247
Capital and related financing activities	(39,027,210)
Investing activities	589,558
Net increase (decrease)	(2,222,146)
Beginning cash and investments	58,515,388
Ending cash and investments	<u>\$ 56,293,242</u>

13. 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.

<u>Pledged Revenue</u>	<u>Total Principal and Interest Outstanding</u>	<u>Current Year Principal and Interest Paid</u>	<u>Current Year Revenue</u>	<u>Coverage</u>
Special Assessment ¹	\$ 227,842,143	\$ 17,554,381	\$ 17,241,440	98.22%
Half-cent Sales Tax	14,544,089	3,773,315	15,402,256	408.19%
Gas Tax	67,982,985	5,779,984	9,142,802	158.18%

¹ Includes \$1,152,078 collected for two (4) 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)	\$ 177,213			
Historical Non Ad-Valorem Revenue Debt (000)	\$ 259,740			
Legally Available Non-Ad Valorem Revenues (000)		\$ 76,015		
Average of current and prior year		\$ 78,631 (A)		
Maximum Annual Debt Service (MADS)		\$ 20,337 (B)		
MADS coverage (A ÷ B)		3.87		
MADS required coverage		1.50		
Governmental Revenues		\$ 218,712 (C)		
Governmental Revenues percentage (B ÷ C)		9.30%		
Required Coverage		not to exceed 20%		
Water & Sewer Debt (000)	\$ 678,052			
Operating Revenue (000)		\$ 84,418		
Operating Expenses (net of depreciation) (000)		(48,645)		
Net Operating Revenues (000)		\$ 35,773		
Interest Income (000)		594		
Net Revenues Available for Debt Service (000)		\$ 36,367		
Capital Expansion Fees (000)		17,816		
Net Revenues and Expansion Fees Available for Debt Service (000)		\$ 54,183		
<u>Test 1</u>				
Net Revenues Available for Debt Service (000)		\$ 36,367		
Annual Debt Service (Senior Lien) (000)		\$ 25,050		
Calculated Coverage Factor		1.45		
Required Coverage		1.00		
<u>Test 2</u>				
Net Revenues & Expansion Fees (000)		\$ 54,183		
Annual Debt Service (Senior Lien) (000)		\$ 25,050		
Calculated Coverage Factor		2.16		
Required Coverage		1.00		
<u>Test 3</u>				
Net Revenues after Senior Lien Debt Service (000)		\$ 29,133		
Annual Debt Service (Subordinate) (000)		\$ 1,152		
Calculated Coverage Factor		25.29		

14. Intergovernmental Revenue

Intergovernmental revenue as of September 30, 2018 is as follows:

Governmental activities:

	General Fund	Transportation Capital Improvements	Other Governmental Funds	Total
Operating Grants and State Shared Revenues				
Parks and Recreation	\$ 111,881	\$ -	\$ 574,089	\$ 685,970
Community Development	38,605	-	-	38,605
Public Safety: Police	331,562	-	-	331,562
Public Safety: Fire	107,109	-	-	107,109
Public Works	127,012	-	760,441	887,453
Local shared revenue	391,733	-	-	391,733
State shared revenue	2,887,279	-	-	2,887,279
Capital Grants				
Community Development	-	-	1,579,214	1,579,214
Public Works	-	215,687	-	215,687
Total	<u>\$ 3,995,181</u>	<u>\$ 215,687</u>	<u>\$ 2,913,744</u>	<u>\$ 7,124,612</u>

15. Interest Income

Interest income as of September 30, 2018 is as follows:

	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
Investment income	\$ 1,340,825	\$ 1,145,023	\$ 108,237	\$ 2,594,085
Interest on advances	-	132,539	-	132,539
Interest billed on assessment, contribution in aid of construction, impact fee, CFEC and UCEF loans	-	4,071,591	-	4,071,591
Interest received from tax collector	57,620	20,918	-	78,538
Total	<u>\$ 1,398,445</u>	<u>\$ 5,370,071</u>	<u>\$ 108,237</u>	<u>\$ 6,876,753</u>

16. Other Revenue

	General Fund	Transportation Capital Improvements	Community Redevelopment Agency	Other Governmental Funds	Total
NSP Program Income	\$ -	\$ -	\$ -	\$ 617,634	\$ 617,634
State Housing Program Income (SHIP)	-	-	-	143,118	143,118
CDBG Program Income	-	-	-	331,781	331,781
RCMP Program Income	-	-	-	16,240	16,240
Blue Cross Blue Shield Wellness Payment	75,000	-	-	-	75,000
School impact administrative fee	109,083	-	-	-	109,083
Lee County Electric Coop equity refund	91,875	-	-	7,629	99,504
Lee County Tax Collector Refund of Estimated Fee	82,594	-	-	27,687	110,281
Sales of surplus material	10,607	-	-	-	10,607
Purchase card rebate	95,201	-	-	8,113	103,314
Police confiscation	-	-	-	30,326	30,326
Insurance recovery	141,326	-	-	-	141,326
Reimbursable charges	71,503	21,489	86	-	93,078
Lamar annual and licensing fees	94,200	-	-	-	94,200
Staff uniforms	-	-	-	8,294	8,294
Other	7,259	-	-	83,279	90,538
	<u>\$ 778,648</u>	<u>\$ 21,489</u>	<u>\$ 86</u>	<u>\$ 1,274,101</u>	<u>\$ 2,074,324</u>

17. Building and Vehicle Leases

Building Leases

The City of Cape Coral has entered into a master lease agreement with the Cape Coral Charter School Authority for the operation of two elementary, one middle school, and one high school. The current lease expiration is June 30, 2021. The lease may continue to renew for additional five-year terms unless terminated by the parties not less than 180 days prior to the expiration of the then current term. The lease amount of all four leases shall be equal to the debt service and the cost of commercial general liability insurance on the building. For fiscal year 2018, the lease payments totaled \$3,310,192 which included \$3,190,113 for debt service and \$120,079 for insurance. The insurance cost for fiscal year 2019 is estimated to be \$121,064. 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
2019	\$ 3,190,613
2020	3,192,288
2021	3,194,813
	<u>\$ 9,577,714</u>

The construction cost of the charter school buildings was \$50,463,997, accumulated depreciation as of September 30, 2018 was \$14,950,650 for a net carrying amount of \$35,513,347.

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 \$89,652. The agreement shall automatically renew on a yearly basis although either party may, upon written notice, terminate this agreement. The cost of these buildings was \$15,716,786, accumulated depreciation as of September 30, 2018 was \$4,261,360 for a net carrying amount of \$11,455,426.

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 2018, the lease payments totaled \$252,186. The current lease expiration is September 30, 2021.

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
2019	\$ 252,415
2020	159,694
2021	66,830
	<u>\$ 478,939</u>

18. Change in Accounting Principle and Adjustment to Beginning Net Position

During the fiscal year ended September 30, 2018, the City implemented GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This pronouncement required the restatement of the September 30, 2017 net position of the governmental activities, business-type activities and proprietary funds as follows:

	Statement of Net Position	
	Governmental Activities	Business-Type Activities
Net Position - Beginning of Year	\$ 151,262,543	\$ 465,322,328
Cumulative effect of GASB 75	(92,176,928)	(29,537,444)
Net Position as Restated	<u>\$ 59,085,615</u>	<u>\$ 435,784,884</u>

	Fund Statements				
	Workers' Compensation Insurance	Property and Casualty Insurance	Facilities Management	Fleet Management	Self-funded Health Insurance
Net Position - Beginning of Year	\$ 2,411,020	\$ 2,638,017	\$ (5,878,507)	\$ (1,474,534)	\$ 3,058,512
Cumulative effect of GASB 75	(232,419)	(176,449)	(3,194,681)	(1,418,058)	(125,747)
Net Position as Restated	<u>\$ 2,178,601</u>	<u>\$ 2,461,568</u>	<u>\$ (9,073,188)</u>	<u>\$ (2,892,592)</u>	<u>\$ 2,932,765</u>

	Fund Statements		
	Water and Sewer	Stormwater	Other Enterprise
Net Position - Beginning of Year	\$ 432,738,891	\$ 30,277,106	\$ 946,383
Cumulative effect of GASB 75	(21,154,843)	(7,232,659)	(1,149,942)
Net Position as Restated	<u>\$ 411,584,048</u>	<u>\$ 23,044,447</u>	<u>\$ (203,559)</u>

	Fund Statements	
	Yacht Basin	Golf Course
Net Position - Beginning of Year	\$ 1,149,617	\$ (203,234)
Cumulative effect of GASB 75	(77,878)	(1,072,064)
Net Position as Restated	<u>\$ 1,071,739</u>	<u>\$ (1,275,298)</u>

Combining Statement: Other Enterprise

NOTE V. OTHER INFORMATION

1. Risk Management

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

The workers compensation internal service fund allocates the cost of providing claims servicing and claims payment by charging a premium to each applicable fund based on the State of Florida mandated per \$100

rate of salary by employee classification. The property and casualty insurance fund charges a premium to the applicable funds based on the value of capital assets in each fund.

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

The claims liabilities reported in the worker's compensation fund, property and casualty insurance fund, and self-funded health insurance fund at September 30, 2018 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 2016, 2017 and 2018 were:

	Beginning-of- Fiscal-Year Claims Liability	Current-Year Claims and Changes in Estimates	Claims Payments	End-of-Fiscal- Year Claims Liability
Workers Compensation				
2017 - 2018	\$ 6,226,000	\$ 1,879,577	\$ (1,794,067)	\$ 6,311,510
2016 - 2017	5,438,000	2,803,332	(2,015,332)	6,226,000
Property and Casualty				
2017 - 2018	\$ 1,457,000	\$ 751,145	\$ (669,527)	\$ 1,538,618
2016 - 2017	1,133,000	1,080,442	(756,442)	1,457,000
Self-funded Health Insurance				
2017 - 2018	\$ 1,078,196	\$ 18,028,857	\$ (17,403,913)	\$ 1,703,140
2016 - 2017	497,694	17,399,728	(16,819,226)	1,078,196

2. Chiquita Boat Lock-South Spreader Waterway

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

The City has received \$87,907 to date as of September 30, 2018. The monies in the account are held by the state on a first come, first served basis. In the future, the City may define a project that would be eligible for reimbursement from these funds. However, the funds held by the state may be depleted at that time.

The City operates and maintains the Chiquita Boat Lock on the South Spreader Waterway. The Chiquita Boat Lock separates the southern half of the City's canal system from the open waters of the State at the Caloosahatchee River. The Chiquita Lock provides navigational access to canal front residents. The lock

and canal system were constructed as part of a 1977 DEP 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.

The aggregate amount of net pension liability, related deferred outflows of resources and deferred inflows of resources and pension expense for the City's defined benefit pension plans are summarized below:

	Municipal General Employees'	Municipal Police Officers'	Municipal Firefighters'	Total
Net pension liability	\$67,222,611	\$ 23,474,827	\$32,826,803	\$ 123,524,241
Deferred outflows of resources related to pensions	17,007,514	8,600,056	6,555,922	32,163,492
Deferred inflows of resources related to pensions	1,087,161	2,445,137	4,514,393	8,046,691
Pension expense	17,761,604	8,141,051	8,031,885	33,934,540

City of Cape Coral, Florida

COMBINING STATEMENT OF NET POSITION
FIDUCIARY FUNDS
 September 30, 2018

	Pension Trust Funds			Total Pension Trust Funds
	Municipal General Employees'	Municipal Police Officers'	Municipal Firefighters'	
ASSETS				
Cash and cash equivalents	\$ 6,935,744	\$ 3,217,182	\$ 5,022,669	\$ 15,175,595
Receivables:				
Due from brokers	1,822,395	1,018,721	196,467	3,037,583
Investment receivable	53,470	230,453	261,026	544,949
Total receivables	1,875,865	1,249,174	457,493	3,582,532
Investments, at fair value:				
US Government Obligations and Federal Agency Guaranteed Securities	-	14,766,055	15,905,181	30,671,236
Mortgage Backed Securities	-	3,024,366	3,289,774	6,314,140
Collateralized Mortgage Obligations	-	2,372,009	2,518,424	4,890,433
Corporate Bonds	-	12,330,883	14,288,488	26,619,371
Municipal obligations	-	112,533	135,040	247,573
Stocks	60,964,848	64,777,167	53,037,660	178,779,675
Unit Investment Trusts	1,225,143	-	-	1,225,143
Mutual and ETF funds				
Equity	27,402,280	22,878,050	23,837,499	74,117,829
Balanced	-	16,648,572	17,603,078	34,251,650
Pooled/common/commingled funds				
Equity	158,157,415	17,753,101	30,198,517	206,109,033
Real Estate	-	18,225,596	18,225,596	36,451,192
Partnerships	34,794,696	-	-	34,794,696
Total investments	282,544,382	172,888,332	179,039,257	634,471,971
Prepaid expenses	-	-	5,856	5,856
Total assets	291,355,991	177,354,688	184,525,275	653,235,954
LIABILITIES				
Accounts payable	195,637	145,351	135,648	476,636
Due to broker for securities purchased	1,854,733	1,029,645	242,688	3,127,066
Prepaid contributions	-	8,071	-	8,071
Total liabilities	2,050,370	1,183,067	378,336	3,611,773
NET POSITION RESTRICTED FOR PENSIONS	\$ 289,305,621	\$ 176,171,621	\$ 184,146,939	\$ 649,624,181

City of Cape Coral, Florida

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
 For the Year Ended September 30, 2018

	Pension Trust Funds			Total Pension Trust Funds
	Municipal General Employees'	Municipal Police Officers'	Municipal Firefighters'	
ADDITIONS				
Contributions:				
Employer	\$ 20,676,783	\$ 7,917,299	\$ 10,095,728	\$ 38,689,810
Plan members	4,819,265	1,722,594	1,523,514	8,065,373
Member buybacks	52,107	-	83,609	135,716
State of Florida	-	1,429,657	1,456,689	2,886,346
Total contributions	25,548,155	11,069,550	13,159,540	49,777,245
Investment income (expense):				
Investment income	3,090,314	4,719,350	4,607,958	12,417,622
Net appreciation (depreciation) in fair value of investments	15,853,893	7,455,360	8,234,988	31,544,241
Less: investment expenses	(1,138,638)	(639,336)	(510,558)	(2,288,532)
Net Investment Income (Loss)	17,805,569	11,535,374	12,332,388	41,673,331
Total additions	43,353,724	22,604,924	25,491,928	91,450,576
DEDUCTIONS				
Benefits and refunds	15,636,445	7,682,451	10,200,707	33,519,603
Administrative expenses	279,364	112,421	145,017	536,802
Total deductions	15,915,809	7,794,872	10,345,724	34,056,405
Net increase in net position	27,437,915	14,810,052	15,146,204	57,394,171
Net position - beginning	261,867,706	161,361,569	169,000,735	592,230,010
Net position - ending	\$ 289,305,621	\$ 176,171,621	\$ 184,146,939	\$ 649,624,181

(A) Defined Benefit Plans

(1) Municipal General Employees' Pension Plan

At October 1, 2017, the Plan's membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	707
Inactive plan members entitled to but not yet receiving benefits	149
Active plan members	805
Total	<u>1,661</u>

Plan Description – General Employees' Pension Plan

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

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

Benefits Provided - General Employees' Pension Plan

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

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

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

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

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

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

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

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

Benefits:

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

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

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

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

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

Deferred Retirement Option Program: The plan provides a Deferred Retirement Option Plan (DROP) for member having satisfied the normal retirement requirements (earlier of age 60, or the completion of 25 years of credited service, regardless of age). When the DROP period ends, not to exceed 60 months, employment must be terminated. The member must make an election of 1) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited for each fiscal quarter, or 2) 6.5% per annum compounded monthly. Members may elect to change form of return 2 times during each 12-month period of DROP participation. The DROP balance at September 30, 2018 is \$17,412,713.

Investments – General Employees’ Pension Plan

Rate of Return: For the year ended September 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.72%.

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

Contributions - General Employees’ Pension Plan

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

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

The City's net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension was determined by an actuarial valuation as of that date.

	<u>9/30/2018</u>
Total pension liability	\$ 356,540,023
Plan fiduciary net position	<u>(289,317,412)</u>
City's net pension liability	<u>\$ 67,222,611</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81.15%</u>

Actuarial Assumptions - General Employees' Pension Plan

The total pension liability was determined by an actuarial valuation as of October 1, 2017 updated to September 30, 2018 using the following actuarial assumptions applied to all measurement periods.

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

Mortality rates were based on the following:

Mortality Rate Healthy Inactive Lives:

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

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

Mortality Rate Healthy Active Lives:

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

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

Mortality Rate Disabled Lives:

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

Male: 100% RP2000 Disabled Male set back four years

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

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

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
US Equity	6.15%
Developed Non US Equity	7.11%
Emerging Market Equity	9.41%
US Core Fixed Income	1.68%
Hedge Fund of Funds	3.94%
Real Estate	4.90%
Private Equity	10.28%
Farmland	6.63%

Discount Rate - General Employees' Pension Plan

The discount rate used to measure the total pension liability was 7.65 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current

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

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

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

	1% Decrease 6.65%	Current Discount Rate 7.65%	1% Increase 8.65%
Net pension liability	<u>\$ 110,265,269</u>	<u>\$ 67,222,611</u>	<u>\$ 31,618,036</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, 2017	\$ 331,935,748	\$ 261,867,706	\$ 70,068,042
Changes for the year:			
Service cost	8,645,641	-	8,645,641
Interest	25,456,382	-	25,456,382
Differences between expected and actual experience	6,086,590	-	6,086,590
Changes of Assumptions	-	-	-
Contributions - Employer	-	20,688,397	(20,688,397)
Contributions - State	-	-	-
Contributions - Employee	-	4,819,442	(4,819,442)
Contributions - Buy Back	52,107	52,107	-
Net Investment Income	-	17,805,569	(17,805,569)
Benefit payments, including refunds of employee contributions	(15,636,445)	(15,636,445)	-
Administrative Expenses	-	(279,364)	279,364
Net changes	<u>24,604,275</u>	<u>27,449,706</u>	<u>(2,845,431)</u>
Balances at September 30, 2018	<u>\$ 356,540,023</u>	<u>\$ 289,317,412</u>	<u>\$ 67,222,611</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, 2018, the City recognized pension expense of \$17,761,604. At September 30, 2018, 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	\$ 8,331,366	\$ 173,458
Changes in Assumptions	8,676,148	-
Net difference between projected and actual earnings on investments	-	913,703
Total	<u>\$ 17,007,514</u>	<u>\$ 1,087,161</u>

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

Year ended September 30,		
2019	\$	9,379,144
2020		5,952,296
2021		69,673
2022		519,240
	\$	<u>15,920,353</u>

(2) Municipal Police Officers' Pension Plan

At September 30, 2018 the Plan's membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	133
Inactive plan members entitled to but not yet receiving benefits	28
Active plan members	<u>213</u>
Total	<u><u>374</u></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' single-employer Pension Plan (Police Officers' Plan). The Police Officers' Plan provides retirement, termination, disability, and death benefits to plan members and beneficiaries. This plan and any amendments were adopted through a City Ordinance by the City Council of the City of Cape Coral. A Board of Trustees administers the Police Officers' Plan. All costs of administering the Police Officers' Plan are paid from plan assets.

Benefits Provided - Police Officers' Pension Plan

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

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

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

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

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

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

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

Benefits:

Less than 5 years: refund of member contributions.

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

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

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

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

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

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

Deferred Retirement Option Program: The plan provides a Deferred Retirement Option Plan (DROP) for member having satisfied the normal retirement requirements. When the DROP period ends, not to exceed 60 months, employment must be terminated. The member must make an election of 1) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited for each fiscal quarter, or 2) 6.5% per annum compounded monthly. Members may elect to change form of return 2 times during each 12-month period of DROP participation. The DROP balance at September 30, 2018 is \$10,246,217.

Investments – Police Officers’ Pension Plan

Rate of Return: For the year ended September 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.10 percent.

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

Contributions - Police Officers’ Pension Plan

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

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

The City's net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension was determined by an actuarial valuation as of that date.

	<u>9/30/2018</u>
Total pension liability	\$ 199,653,112
Plan fiduciary net position	<u>(176,178,285)</u>
City's net pension liability	<u>\$ 23,474,827</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>88.24%</u>

Actuarial Assumptions – Police Officers' Pension Plan

The total pension liability was determined by an actuarial valuation as of October 1, 2017 updated to September 30, 2018 using the following actuarial assumptions applied to all measurement periods.

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

Mortality Rate Healthy Active Lives:

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

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

Mortality Rate Healthy Inactive Lives:

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

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

Mortality Rate 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, 2017 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
US Large Cap Stocks	7.65%
US Small / Mid Cap Stocks	8.21%
International Equity	5.16%
U.S. Direct Real Estate	5.72%
Absolute Return	4.53%
US Aggregate Bond	2.97%

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>\$ 49,751,261</u>	<u>\$ 23,474,827</u>	<u>\$ 2,107,186</u>

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

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at September 30, 2017	\$ 183,622,802	\$ 161,409,809	\$ 22,212,993
Changes for the year:			
Service cost	4,936,597	-	4,936,597
Interest	14,366,974	-	14,366,974
Change in Excess State Money	-	-	-
Share Plan Allocation	187,505	-	187,505
Changes in Benefit Terms	680,569	-	680,569
Differences between expected and actual experience	3,478,195	-	3,478,195
Contributions - Employer	-	7,917,299	(7,917,299)
Contributions - State	-	1,429,657	(1,429,657)
Contributions - Employee	-	1,622,967	(1,622,967)
Contributions - Buy Back	99,776	99,776	-
Net Investment Income	-	11,534,774	(11,534,774)
Benefit payments, including refunds of employee contributions	(7,719,306)	(7,719,306)	-
Administrative Expenses	-	(116,691)	116,691
Net changes	<u>16,030,310</u>	<u>14,768,476</u>	<u>1,261,834</u>
Balances at September 30, 2018	<u>\$ 199,653,112</u>	<u>\$ 176,178,285</u>	<u>\$ 23,474,827</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, 2018, the City recognized pension expense of \$8,141,051. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,245,462	\$ 835,958
Changes in Assumptions	3,354,594	-
Net difference between Projected and Actual Earnings on Pension Plan Investments	-	1,609,179
Total	<u>\$ 8,600,056</u>	<u>\$ 2,445,137</u>

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

Year ended September 30,	
2019	\$ 2,554,881
2020	649,607
2021	1,236,547
2022	1,134,185
2023	579,699
	<u>\$ 6,154,919</u>

(3) Municipal Firefighters' Pension Plan

At October 1, 2017 the Plan's membership consisted of the following:

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

Plan Description – Firefighters' Pension Plan

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

Benefits Provided - Firefighters' Pension Plan

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

Normal Retirement:

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

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

Early Retirement:

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

Benefits: Determined as for Normal Retirement and actuarially reduced.

Termination of Employment Vesting Schedule:

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

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

Benefit:

Less than 5 years: refund of member contributions.

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

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

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

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

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

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

Deferred Retirement Option Program: The plan provides a Deferred Retirement Option Plan (DROP) for member having satisfied the normal retirement requirements. When the DROP period ends, not to exceed 60 months, employment must be terminated. The member must make an election of 1) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited for each fiscal quarter, or 2) 6.5% per annum. Members may elect to change form of return 2 times during each 12-month period of DROP participation. The DROP balance at September 30, 2018 is \$18,928,758.

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, 2018, and the total pension liability used to calculate the net pension was determined by an actuarial valuation as of that date.

	<u>9/30/2018</u>
Total pension liability	\$ 216,973,741
Plan fiduciary net position	<u>(184,146,938)</u>
City's net pension liability	<u>\$ 32,826,803</u>
 Plan fiduciary net position as a percentage of the total pension liability	 <u>84.87%</u>

Actuarial Assumptions – Firefighters' Pension Plan

The total pension liability was determined by an actuarial valuation as of October 1, 2017 updated to September 30, 2018 using the following actuarial assumptions applied to all measurement periods.

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

Mortality Rate Healthy Inactive Lives:

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

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

Mortality Rate Healthy Active Lives:

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

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

Mortality Rate Disabled Lives:

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

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

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

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

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Large Cap Stocks	35%	7.65%
US Small / Mid Cap Stocks	10%	8.21%
International Equity	15%	5.16%
U.S. Direct Real Estate	10%	5.72%
Absolute Return	10%	4.53%
US Aggregate Bond	20%	2.97%
Total	100%	

Discount Rate - Firefighters' Pension Plan

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

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

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

	1% Decrease 6.70%	Current Discount Rate 7.70%	1% Increase 8.70%
Net pension liability	<u>\$ 60,619,445</u>	<u>\$ 32,826,803</u>	<u>\$ 10,269,719</u>

Changes in the Net Pension Liability – Firefighters' Pension Plan

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at September 30, 2017	\$ 206,388,489	\$ 169,000,735	\$ 37,387,754
Changes for the year:			
Service cost	4,578,362	-	4,578,362
Interest	15,851,720	-	15,851,720
Change in Excess State Money	70,874	-	70,874
Differences between expected and actual experience	201,394	-	201,394
Contributions - Employer	-	10,095,728	(10,095,728)
Contributions - State	-	1,456,689	(1,456,689)
Contributions - Employee	-	1,523,514	(1,523,514)
Contributions - Buy Back	83,609	83,609	-
Net Investment Income	-	12,332,387	(12,332,387)
Benefit payments, including refunds of employees contributions	(10,200,707)	(10,200,707)	-
Administrative Expenses	-	(145,017)	145,017
Net changes	<u>10,585,252</u>	<u>15,146,203</u>	<u>(4,560,951)</u>
Balances at September 30, 2018	<u>\$ 216,973,741</u>	<u>\$ 184,146,938</u>	<u>\$ 32,826,803</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, 2018, the City recognized pension expense of \$8,031,885. At September 30, 2018, 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	\$ 1,764,899	\$ 130,500
Changes in Assumptions	4,791,023	2,502,055
Net difference between projected and actual earnings on investments	-	1,881,838
Total	6,555,922	4,514,393

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

Year ended September 30,	
2019	\$ 2,389,185
2020	(181,771)
2021	145,746
2022	(91,301)
2023	(249,101)
Thereafter	28,771
	\$ 2,041,529

(B) Defined Contribution Plan

(1) General Employees Defined Contribution Pension Plan

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

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

Normal retirement is age 55 (not to exceed age 65). The adoption agreement has the following provisions: immediate 100% vesting, requires contributions equal to 8% of earnings from the employee and contributions of 12% of earnings from the employer. During FY2018, the City contributed \$127,957 and the employees contributed \$191,936.

4. Other Postemployment Benefits (OPEB)

Plan Description – City of Cape Coral OPEB Plan

Certain OPEB benefits are available to all employees eligible for disability, early or normal retirement after terminating employment with the City. The OPEB benefits include lifetime coverage for the retiree and dependents (for the life of the retiree) in the medical and prescription plans as well as participation in the dental and vision group plans sponsored by the City for employees. Retiring employees are eligible to continue the City-paid life insurance plan.

The City does not issue a separate financial report for the single-employer OPEB plan. The City's OPEB plan is currently being funded on a pay as you go basis, therefore, no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan is administered by the City of Cape Coral benefits department. None of the benefits, rates of pay, or compensation provided to employees or retirees herein may be changed except by ordinance of the City Council.

Health-Related Benefits

All retiring employees of the City may continue their participation in the group health insurance plan sponsored by the City and may choose among the same medical plan options available for active employees of the City, as required by State law, but may be subject to a premium payment depending on their date of employment with the City. Dependents of retirees may be covered at the retirees' option the same as dependents of active employees, subject to premium payment. Prescription Drug coverage is automatically included in all the medical plan options. Covered retirees and their dependents are subject to all the same medical and prescription benefits and rules for coverage as are active employees. Retirees who are Medicare eligible must enroll for Parts A and B under Medicare to remain covered under the program. All medical coverage is secondary to Medicare for retirees and dependents who are Medicare eligible and enrolled. In addition, all current and future retirees hired before the applicable "Break Date" who are or become eligible for Medicare benefits and who remain on the City's medical and prescription program will receive a cash stipend equal to the Medicare Part B premium. The City does not pay a Medicare Part B subsidy for any employees hired after September 30, 2003.

Survivorship Benefits

Eligibility for coverage for the designated dependent(s) ceases upon the death of the retiree. No benefit (other than COBRA coverage) is offered to the surviving beneficiary(s) of the active employee or retiree.

Life Insurance Benefits

Retirees hired before October 1, 2003 may continue their participation in the group term life insurance policy into retirement with the face value equal to twice the amount of the annual base salary at retirement. There is no cost to the employee. Retiring employees hired on or after October 1, 2003 have an option of converting their coverage to individual policies. A converted policy is not considered as other post-employment benefits for the purposes of GASB Statement No. 75.

Retiree Contributions for Medical and Prescription Benefits

Retired employees of the City are required to pay the health insurance premiums to maintain their coverage. An exception is made for employees hired before their respective "Break Date" and who have accrued at least 5 years of service with the City. These retirees are eligible upon retirement to continue coverage in the City's medical and prescription program at no cost to the retiree. Employees hired after their respective "Break Date", who retire having accrued at least 10 years of continuous service with the City at retirement, are entitled to a service-based subsidy toward the total premium contribution required for continued coverage in the City's program. Amount of this subsidy may change from time to time as the costs of insurance change.

Participant Data

At October 1, 2017 the following employees were covered by the benefit terms:

Retirees (Medical and/or Life Insurance)	708
Inactive employees entitled to, but not yet receiving benefits	-
Active plan members	<u>1,338</u>
Total	<u><u>2,046</u></u>

Total OPEB Liability

	Total OPEB Liability
Balance as of September 30, 2017	\$ 291,857,058
Changes:	
Service cost	8,600,831
Interest	8,916,244
Changes in assumptions	(18,105,757)
Benefit payments	<u>(8,472,549)</u>
Net Changes	<u>(9,061,231)</u>
Balance as of September 30, 2018	<u><u>\$ 282,795,827</u></u>

Sensitivity of the total OPEB Liability to Changes in the Discount Rate

The following table presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate.

	1% Decrease	Current	1% Increase
	2.50%	Discount Rate 3.50%	4.50%
Total OPEB Liability	<u>\$ 328,754,391</u>	<u>\$ 282,795,827</u>	<u>\$ 245,973,894</u>

Sensitivity of the total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost	1% Increase
	2.90%	Trend Rate 3.90%	4.90%
Total OPEB Liability	<u>\$ 250,001,474</u>	<u>\$ 282,795,827</u>	<u>\$ 323,965,139</u>

Deferred Inflows/Outflows of Resources Related to OPEB

For the year ended September 30, 2018, the City recognized OPEB expense of \$14,499,449. In addition, the City has deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in Assumptions	\$ -	\$ 15,088,131
Benefit payments subsequent to measurement date	<u>9,489,254</u>	<u>-</u>
Total	<u>\$ 9,489,254</u>	<u>\$ 15,088,131</u>

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

Year ended September 30,	
2019	\$ (3,017,626)
2020	(3,017,626)
2021	(3,017,626)
2022	(3,017,626)
2023	<u>(3,017,627)</u>
Total	<u>\$ (15,088,131)</u>

Actuarial Methods and Assumptions

Cost Method	Entry Age Normal
Salary Increases	2.40%
Discount Rate*	3.50% (20-year municipal GO AA index)
Healthcare Cost Trend Rate	3.90%

*Prior year discount rate was 3.10%

The total OPEB liability at September 30, 2018 was based on October 1, 2017 valuation data using the following actuarial assumptions:

Medical Trend Assumptions	
Rate of inflation	2.4%
Rate of growth in real income/GDP per capita	1.5%
Extra Trend due to Technology and other factors	1.2%
Health Share of GDP Resistance Point	25.0%
Year for Limiting Cost Growth to GDP Growth	2075

Trends used in projecting Part B premiums through year 2025 are based on current law forecasts represented in the 2016 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds dated June 22, 2016. After 2025 the assumed Part B premium trend rates are the same as rates used for medical costs and contributions inflation.

Mortality Rate Healthy Active Lives:

Regular, male: RP2000 Generational, 50% White Collar / 50%, Blue Collar, Scale BB; fully generational with Scale BB

Regular, female: RP2000 Generational, 100% White Collar; fully generational with Scale BB

Special Risk, male: RP2000 10% White Collar, 90% Blue Collar; fully generational with Scale BB

Special Risk, female: RP2000 Generational, 100% White Collar; fully generational with Scale BB

Mortality Rate Healthy Inactive Lives:

Regular, male: RP2000 Generational, 50% White Collar / 50%, Blue Collar, Scale BB; fully generational with Scale BB

Regular, female: RP2000 Generational, 100% White Collar; fully generational with Scale BB

Special Risk, male: RP2000 10% White Collar, 90% Blue Collar; fully generational with Scale BB

Special Risk, female: RP2000 Generational, 100% White Collar; fully generational with Scale BB

Mortality Rate Disabled Lives:

Regular male: RP2000 100% disabled male rates setback 4 years, no projection scale

Regular female: RP2000 100% disabled female rates setback 2 years, no projection scale

Special Risk male: 60% RP2000 100% disabled male rates setback 4 years/ 40% Annuitant White Collar with no setback, no projection scale

Special Risk female: 60% RP2000 100% disabled female rates set forward 2 years/ 40% Annuitant White Collar with no setback, no projection scale

5. Contingencies

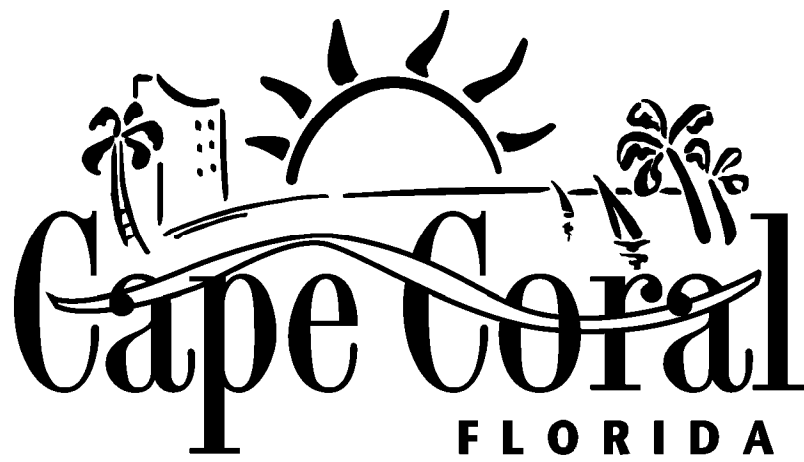
The City is currently receiving, and has received in the past, grants which are subject to special compliance audits by the grantor agency and which may result in disallowed expense amounts. These amounts, if any, constitute a contingent liability of the City. The City does not believe any contingent 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 November 2018, the City ordered and called for a Bond Referendum. The electors residing in the City approved the issuance of General Obligation Bonds in the amount not exceeding \$60,000,000 to finance costs related to the acquisition, construction and equipping of various parks, natural areas, recreational and athletic facilities; trails, boating, fishing and swimming facilities, and wildlife habitat and shoreline protection improvements. In March 2019, the City will be issuing the first \$10,200,000 General Obligation Bond. The principal is paid annually, and the interest is paid semiannually for a 15-year term. Bonds will be secured by ad valorem taxes.



Required
Supplementary
Information

City of Cape Coral, Florida

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For the Year Ended September 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget Positive (Negative)</u>
REVENUES				
Taxes:				
Property	\$ 86,698,873	\$ 86,698,873	\$ 87,094,669	\$ 395,796
Utility	7,312,775	7,312,775	7,135,139	(177,636)
Sales	18,904,594	18,904,594	20,194,344	1,289,750
Fuel	1,496,929	1,496,929	1,595,928	98,999
Alcohol and beverage	68,881	68,881	71,954	3,073
Franchise	6,619,204	6,619,204	6,534,366	(84,838)
Communication	5,080,211	5,080,211	4,626,232	(453,979)
Special assessments	24,052,434	24,052,434	22,799,378	(1,253,056)
Licenses and permits	1,029,404	1,029,404	803,988	(225,416)
Intergovernmental	3,113,852	3,883,031	3,995,181	112,150
Charges for services	7,491,919	8,031,569	8,840,811	809,242
Fines and forfeitures	663,514	663,514	744,904	81,390
Rent and royalties	480,824	480,824	428,546	(52,278)
Interest income	400,259	400,259	733,538	333,279
Contributions and donations	-	7,250	7,625	375
Other revenue	334,947	389,147	1,257,025	867,878
Cash balances brought forward	39,780,200	50,510,657	-	(50,510,657)
Total revenues	<u>203,528,820</u>	<u>215,629,556</u>	<u>166,863,628</u>	<u>(48,765,928)</u>
EXPENDITURES				
Current:				
General government	53,920,347	71,361,577	66,420,164	4,941,413
Public Safety:				
Police	35,843,024	36,880,711	36,645,128	235,583
Fire	29,892,540	31,235,163	30,582,029	653,134
Public works	11,972,240	12,271,896	10,651,971	1,619,925
Parks and recreation	7,286,351	7,056,573	6,403,220	653,353
Community development	4,861,930	4,891,930	4,599,000	292,930
Capital outlay	3,977,375	9,582,519	6,988,656	2,593,863
Total expenditures	<u>147,753,807</u>	<u>173,280,369</u>	<u>162,290,168</u>	<u>10,990,201</u>
Excess (deficiency) of revenues over (under) expenditures	<u>55,775,013</u>	<u>42,349,187</u>	<u>4,573,460</u>	<u>(37,775,727)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,268,427	5,791,517	10,811,327	5,019,810
Transfers out	(22,408,810)	(25,134,106)	(27,739,241)	(2,605,135)
Reserves	(38,634,630)	(23,006,598)	-	23,006,598
Total other financing sources (uses)	<u>(55,775,013)</u>	<u>(42,349,187)</u>	<u>(16,927,914)</u>	<u>25,421,273</u>
Net change in fund balance	-	-	(12,354,454)	(12,354,454)
Budgetary fund balance - beginning	<u>50,510,657</u>	<u>50,510,657</u>	<u>50,510,657</u>	<u>-</u>
Budgetary fund balance - ending	<u>\$ 50,510,657</u>	<u>\$ 50,510,657</u>	<u>\$ 38,156,203</u>	<u>\$ (12,354,454)</u>

City of Cape Coral, Florida

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For the Year Ended September 30, 2018

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)	\$ 166,863,628
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>(478,377)</u>
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u><u>\$ 166,385,251</u></u>
Actual other financing sources (uses) (budgetary basis)	\$ (16,927,914)
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>478,377</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u><u>\$ (16,449,537)</u></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, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 790,548	\$ 822,594	\$ 822,594	\$ -
Interest income	5,700	5,700	17,602	11,902
Other revenue	-	-	86	86
Prior year cash balance	2,443,223	156,634	-	(156,634)
Total revenues	<u>3,239,471</u>	<u>984,928</u>	<u>840,282</u>	<u>(144,646)</u>
EXPENDITURES				
Community development	444,076	449,491	198,970	250,521
Capital outlay	3,695,932	-	-	-
Total expenditures	<u>4,140,008</u>	<u>449,491</u>	<u>198,970</u>	<u>250,521</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(900,537)</u>	<u>535,437</u>	<u>641,312</u>	<u>105,875</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,013,317	1,370,788	1,370,788	-
Transfers out	(4,112,780)	(1,852,822)	(2,039,928)	(187,106)
Reserves	-	(53,403)	-	53,403
Total other financing sources (uses)	<u>900,537</u>	<u>(535,437)</u>	<u>(669,140)</u>	<u>(133,703)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(27,828)</u>	<u>\$ (27,828)</u>
Fund balances - beginning			<u>156,635</u>	
Fund balances - ending			<u>\$ 128,807</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, 2018

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 111-112 of the required supplementary information. The budget to actual comparison for the community redevelopment agency (CRA) is presented on page 113 of the required supplementary information and other governmental funds are presented on pages 136-160 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, 2018.
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 the 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.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
MUNICIPAL GENERAL EMPLOYEES
 Last 6 Fiscal Years

	2018	2017	2016	2015	2014	2013
Total Pension Liability						
Service Cost	\$ 8,645,641	\$ 7,581,291	\$ 6,787,332	\$ 6,345,174	\$ 6,326,371	\$ 5,871,342
Interest	25,456,382	23,613,678	21,003,661	19,926,291	18,821,859	17,724,278
Differences Between Expected and Actual Experience	6,086,590	4,417,837	3,893,760	(867,289)	-	-
Changes of Assumptions ²	-	5,853,087	14,374,009	-	-	-
Contributions - Buy Back	52,107	116,662	73,024	248,187	-	-
Benefit Payments, Including Refunds of Employee Contributions	(15,636,445)	(13,516,268)	(12,979,936)	(11,406,026)	(10,426,554)	(9,350,092)
Net Change in Total Pension Liability	24,604,275	28,066,287	33,151,850	14,246,337	14,721,676	14,245,528
Total Pension Liability - Beginning	331,935,748	303,869,461	270,717,611	256,471,274	241,749,598	227,504,070
Total Pension Liability - Ending (a)	<u>\$ 356,540,023</u>	<u>\$ 331,935,748</u>	<u>\$ 303,869,461</u>	<u>\$ 270,717,611</u>	<u>\$ 256,471,274</u>	<u>\$ 241,749,598</u>
Plan Fiduciary Net Position						
Contributions - Employer	\$ 20,688,397	\$ 18,745,018	\$ 16,703,284	\$ 15,896,933	\$ 14,847,599	\$ 11,946,344
Contributions - Employee	4,819,442	4,575,819	4,110,347	3,900,545	3,740,529	3,377,905
Contributions - Buy Back	52,107	116,662	73,024	248,187	-	-
Net Investment Income	17,805,569	27,633,022	17,442,740	(2,670,840)	17,248,123	18,720,913
Benefit Payments, Including Refunds of Employee Contributions	(15,636,445)	(13,516,268)	(12,979,936)	(11,406,026)	(10,426,554)	(9,350,092)
Administrative Expenses	(279,364)	(211,781)	(178,584)	(219,890)	(209,604)	(145,987)
Net Change in Plan Fiduciary Net Position	27,449,706	37,342,472	25,170,875	5,748,909	25,200,093	24,549,083
Plan Fiduciary Net Position - Beginning	261,867,706	224,525,234	199,354,359	193,605,450	168,405,357	143,856,274
Plan Fiduciary Net Position - Ending (b)	289,317,412	261,867,706	224,525,234	199,354,359	193,605,450	168,405,357
Net Pension Liability - Ending (a) - (b)	<u>\$ 67,222,611</u>	<u>\$ 70,068,042</u>	<u>\$ 79,344,227</u>	<u>\$ 71,363,252</u>	<u>\$ 62,865,824</u>	<u>\$ 73,344,241</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.15%	78.89%	73.89%	73.64%	75.49%	69.66%
Covered Payroll ¹	\$ 45,670,445	\$ 43,023,377	\$ 38,839,907	\$ 43,059,029	\$ 36,210,403	\$ 33,074,042
Net Pension Liability as a Percentage of Covered Payroll	147.19%	162.86%	204.29%	165.73%	173.61%	221.76%

Notes to Schedule:

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

² *Changes of Assumptions:*

For measurement date 9/30/2017:

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

For measurement date 9/30/2016:

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

Other items:

This information is required for 10 years. However, only 6 years of information is available.

City of Cape Coral, Florida

**SCHEDULE OF CONTRIBUTIONS
MUNICIPAL GENERAL EMPLOYEES**
Last 6 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll ¹	Contributions as a Percentage of Covered Payroll
2018	\$ 20,676,783	\$ 20,688,397	\$ (11,614)	\$ 45,670,445	45.30%
2017	18,745,018	18,745,018	-	43,023,377	43.57%
2016	16,709,229	16,703,284	5,945	38,839,907	43.01%
2015	15,890,988	15,896,933	(5,945)	43,059,029	36.92%
2014	14,847,599	14,847,599	-	36,210,403	41.00%
2013	11,946,344	11,946,344	-	33,074,042	36.12%

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

Notes to Schedule:

Valuation Date: 10/01/16

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

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method.

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

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

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

Amortization Method: Level Percentage of Pay, Closed.

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

Inflation: 2.00% per year.

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

Termination Rates:

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

Disability Rates:

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

Retirement Age:

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

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

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

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

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

Payroll Increase: 2.08% per year.

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

SCHEDULE OF INVESTMENT RETURNS
MUNICIPAL GENERAL EMPLOYEES
Last 6 Fiscal Years

Fiscal Year Ended	Actuarially Determined Contribution
2018	6.72%
2017	12.13%
2016	8.66%
2015	-1.36%
2014	10.04%
2013	12.71%

Other items:

This information is required for 10 years. However, only 6 years of information is available.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
MUNICIPAL POLICE OFFICERS'
 Last 6 Fiscal Years

	2018	2017	2016	2015	2014	2013
Total Pension Liability						
Service Cost	\$ 4,936,597	\$ 4,788,378	\$ 4,597,357	\$ 4,181,795	\$ 4,249,385	\$ 3,943,745
Interest	14,366,974	13,168,259	11,714,484	11,186,338	10,547,735	9,908,025
Change in Excess State Money	-	(1,653,314)	379,832	256,415	209,437	-
Share Plan Allocation	187,505	1,735,860	-	-	-	-
Changes of Benefit Terms	680,569	-	-	-	-	-
Differences Between Expected and Actual						
Experience	3,478,195	2,007,169	2,017,708	(2,507,874)	-	-
Contributions - Buy Back	99,776	190,028	105,656	-	-	-
Changes of Assumptions ²	-	-	6,709,188	-	-	-
Benefit Payments, Including Refunds of						
Employee Contributions	(7,719,306)	(6,783,071)	(6,370,968)	(6,551,123)	(6,427,849)	(5,378,316)
Net Change in Total Pension Liability	16,030,310	13,453,309	19,153,257	6,565,551	8,578,708	8,473,454
Total Pension Liability - Beginning	183,622,802	170,169,493	151,016,236	144,450,685	135,871,977	127,398,523
Total Pension Liability - Ending (a)	\$ 199,653,112	\$ 183,622,802	\$ 170,169,493	\$ 151,016,236	\$ 144,450,685	\$ 135,871,977
Plan Fiduciary Net Position						
Contributions - Employer	\$ 7,917,299	\$ 7,111,509	\$ 6,875,656	\$ 6,995,863	\$ 6,660,536	\$ 6,260,750
Contributions - State	1,429,657	1,323,470	1,256,354	1,132,937	1,085,959	1,002,434
Contributions - Employee	1,622,967	1,701,463	1,553,768	1,454,685	1,326,883	1,414,151
Contributions - Buy Back	99,776	190,028	105,656	-	-	-
Net Investment Income	11,534,774	17,760,238	10,749,925	128,262	10,828,135	13,788,213
Benefit Payments, Including Refunds of						
Employee Contributions	(7,719,306)	(6,783,071)	(6,370,968)	(6,551,123)	(6,427,849)	(5,378,316)
Administrative Expenses	(116,691)	(105,797)	(112,350)	(132,861)	(112,882)	(92,544)
Net Change in Plan Fiduciary Net Position	14,768,476	21,197,840	14,058,041	3,027,763	13,360,782	16,994,688
Plan Fiduciary Net Position - Beginning	161,409,809	140,211,969	126,153,928	123,126,165	109,765,383	92,770,695
Plan Fiduciary Net Position - Ending (b)	\$ 176,178,285	\$ 161,409,809	\$ 140,211,969	\$ 126,153,928	\$ 123,126,165	\$ 109,765,383
Net Pension Liability - Ending (a) - (b)	\$ 23,474,827	\$ 22,212,993	\$ 29,957,524	\$ 24,862,308	\$ 21,324,520	\$ 26,106,594
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.24%	87.90%	82.40%	83.54%	85.24%	80.79%
Covered Payroll ¹	\$ 16,230,230	\$ 17,014,603	\$ 15,813,229	\$ 18,006,886	\$ 12,835,801	\$ 13,471,634
Net Pension Liability as a Percentage of Covered Payroll	144.64%	130.55%	189.45%	138.07%	166.13%	193.79%

Notes to Schedule:

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

² *Changes of Assumptions:*

For measurement date 9/30/2017:

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

For measurement date 9/30/2016:

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

Other items:

This information is required for 10 years. However, only 6 years of information is available.

City of Cape Coral, Florida

**SCHEDULE OF CONTRIBUTIONS
MUNICIPAL POLICE EMPLOYEES
Last 6 Fiscal Years**

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll ¹	Contributions as a Percentage of Covered Payroll
2018	\$ 8,656,859	\$ 9,159,451	\$ (502,592)	\$ 16,230,230	56.43%
2017	7,582,575	8,352,433	(769,858)	17,014,603	49.09%
2016	7,433,901	7,752,178	(318,277)	15,813,229	49.02%
2015	7,613,340	7,872,385	(259,045)	18,006,896	43.72%
2014	7,537,058	1,537,058	6,000,000	12,835,801	11.97%
2013	7,137,272	7,137,272	-	13,471,634	52.98%

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

Notes to Schedule:

Valuation Date: 10/01/16

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

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method.

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

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

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

Amortization Method: Level Percentage of Pay, Closed.

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

Inflation: 2.25% per year.

Mortality:

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

Normal Retirement:

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

Early Retirement:

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

Disability Rates:

Age	Rates
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 de minimis bias that is above or below the Market Value of Assets.

Termination Rates:

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

Salary Increases:

Credited Service	Assumption
less than 5 years	10.0%
5-15 years	7.0%
more than 15 years	6.0%

Final Year Salary Load:

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

Interest Rate:

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

Payroll Growth Assumption:

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

**SCHEDULE OF INVESTMENT RETURNS
MUNICIPAL POLICE EMPLOYEES
Last 10 Fiscal Years**

Fiscal Year Ended	Actuarially Determined Contribution
2018	7.10%
2017	12.59%
2016	8.47%
2015	10.00%
2014	9.77%
2013	14.48%

Other items:

This information is required for 10 years. However, only 6 years of information is available.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
MUNICIPAL FIREFIGHTERS'
 Last 6 Fiscal Years

	2018	2017	2016	2015	2014	2013
Total Pension Liability						
Service Cost	\$ 4,578,362	\$ 4,266,311	\$ 4,009,132	\$ 4,102,490	\$ 3,832,937	\$ 3,552,305
Interest	15,851,720	15,178,381	13,798,633	12,898,695	12,184,828	11,567,933
Change in Excess State Money ²	70,874	-	-	-	(1,825,958)	-
Differences Between Expected and Actual Experience	201,394	1,557,771	(260,997)	1,438,736	-	-
Changes of Assumptions ³	-	(3,502,874)	8,638,016	-	2,832,093	-
Contributions - Buy Back	83,609	-	179,583	33,685	-	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(10,200,707)</u>	<u>(7,933,230)</u>	<u>(7,159,967)</u>	<u>(6,376,309)</u>	<u>(7,469,627)</u>	<u>(7,714,523)</u>
Net Change in Total Pension Liability	10,585,252	9,566,359	19,204,400	12,097,297	9,554,273	7,405,715
Total Pension Liability - Beginning	<u>206,388,489</u>	<u>196,822,130</u>	<u>177,617,730</u>	<u>165,520,433</u>	<u>155,966,160</u>	<u>148,560,445</u>
Total Pension Liability - Ending (a)	<u>216,973,741</u>	<u>206,388,489</u>	<u>196,822,130</u>	<u>177,617,730</u>	<u>165,520,433</u>	<u>155,966,160</u>
Plan Fiduciary Net Position						
Contributions - Employer	\$ 10,095,728	\$ 8,759,719	\$ 8,424,472	\$ 7,706,894	\$ 6,047,404	\$ 7,365,990
Contributions - State	1,456,689	1,445,431	1,449,699	1,306,968	1,521,432	1,529,756
Contributions - Employee	1,523,514	1,450,606	1,292,651	1,338,752	1,315,620	1,241,892
Contributions - Buy Back	83,609	-	179,583	33,685	-	-
Net Investment Income	12,332,387	17,336,661	13,139,913	(460,924)	10,951,006	14,442,471
Benefit Payments, Including Refunds of Employee Contributions	<u>(10,200,707)</u>	<u>(7,933,230)</u>	<u>(7,159,967)</u>	<u>(6,376,309)</u>	<u>(7,469,627)</u>	<u>(7,714,523)</u>
Administrative Expenses	<u>(145,017)</u>	<u>(161,973)</u>	<u>(152,949)</u>	<u>(164,111)</u>	<u>(103,859)</u>	<u>(84,490)</u>
Net Change in Plan Fiduciary Net Position	15,146,203	20,897,214	17,173,402	3,384,955	12,261,976	16,781,096
Plan Fiduciary Net Position - Beginning	<u>169,000,735</u>	<u>148,103,521</u>	<u>130,930,119</u>	<u>127,545,164</u>	<u>115,283,188</u>	<u>98,502,092</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 184,146,938</u>	<u>\$ 169,000,735</u>	<u>\$ 148,103,521</u>	<u>\$ 130,930,119</u>	<u>\$ 127,545,164</u>	<u>\$ 115,283,188</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 32,826,803</u>	<u>\$ 37,387,754</u>	<u>\$ 48,718,609</u>	<u>\$ 46,687,611</u>	<u>\$ 37,975,269</u>	<u>\$ 40,682,972</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.87%	81.88%	75.25%	73.71%	77.06%	73.92%
Covered Payroll ¹	\$ 15,235,145	\$ 14,509,395	\$ 13,056,409	\$ 14,588,691	\$ 12,722,509	\$ 12,097,174
Net Pension Liability as a Percentage of Covered Payroll	215.47%	257.68%	373.14%	320.03%	298.49%	336.30%

Notes to Schedule:

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

² *Changes in Excess State Money:*

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

³ *Changes of Assumptions:*

For measurement date 9/30/2017:

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

For measurement date 9/30/2016:

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

Other items:

This information is required for 10 years. However, only 6 years of information is available.

**SCHEDULE OF CONTRIBUTIONS
MUNICIPAL FIRE EMPLOYEES
Last 6 Fiscal Years**

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll ¹	Contributions as a Percentage of Covered Payroll
2018	\$ 11,496,375	\$ 11,481,544	\$ 14,831	\$ 15,235,145	75.36%
2017	10,015,294	10,139,905	(124,611)	14,509,395	69.89%
2016	9,655,384	9,806,793	(151,409)	13,056,409	75.11%
2015	9,013,862	9,013,862	-	14,588,691	61.79%
2014	9,104,319	9,188,304	(83,985)	12,722,509	72.22%
2013	8,680,932	8,680,932	-	12,097,174	71.76%

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

Notes to Schedule:

Valuation Date: 10/01/16

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

Methods and assumptions used to determine contribution rates:

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

Years of Credited Service as of February 7, 2012	Assumption
0	No load
Less than 10 years	5%
10 or more years	10%
- Payroll Growth: 2.46% per year (prior year 4.41%).
- Termination and Disability Rate Table:

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

**SCHEDULE OF INVESTMENT RETURNS
MUNICIPAL FIRE EMPLOYEES
Last 10 Fiscal Years**

Fiscal Year Ended	Actuarially Determined Contribution
2018	7.28%
2017	11.64%
2016	9.99%
2015	-36.00%
2014	9.48%
2013	14.48%

Other items:

This information is required for 10 years. However, only 6 years of information is available.

City of Cape Coral, Florida

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
Fiscal Year 2018

	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 8,600,831
Interest	8,916,244
Changes in benefit terms	-
Changes in assumptions	(18,105,757)
Benefit payments	(8,472,549)
Net Changes	<u>(9,061,231)</u>
Total OPEB Liability, beginning	291,857,058
Total OPEB Liability, ending	<u><u>\$ 282,795,827</u></u>
Covered employee payroll	\$ 89,470,659
Total OPEB liability as a percentage of covered employee payroll	316.08%

Other items:

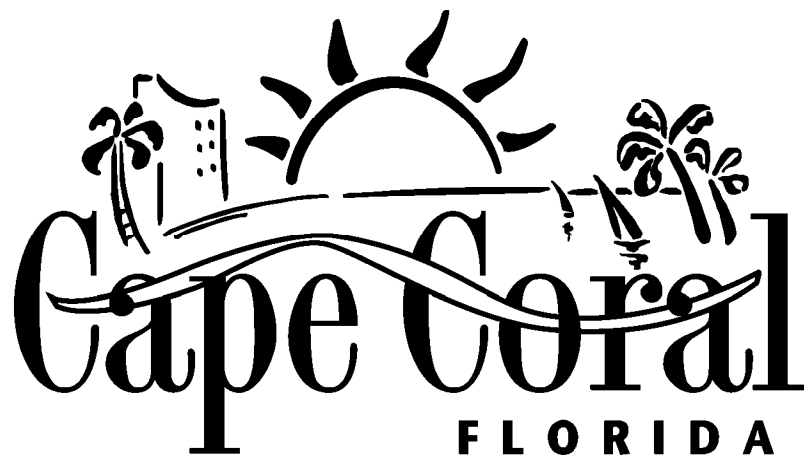
This information is required for 10 years, however, only 1 year of information is available as this policy was implemented beginning in Fiscal Year 2018.

Notes to Schedule:

Benefit changes: None

Changes of assumptions: The discount rate was changed as follows:

Discount Rate:
9/30/2017 3.10%
9/30/2018 3.50%



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.

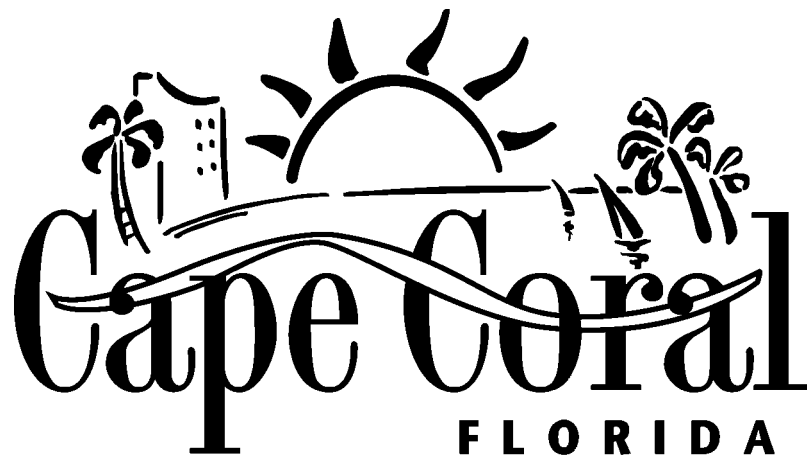
- Gas Tax Fund – used to account for the Local Option (6¢) and New Local Option (5¢) Taxes which are used for construction of new roads, reconstruction or resurfacing of existing paved roads, and related items.
- Road Impact Fee Fund – used to account for the impact fees that are used to provide new 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 Fund – this program is sponsored by the Police Department and rewards the youth population in the community for “doing the right thing”. This fund was established to account for the program donations that are used to offset the operating expenses of the program to include prizes and rewards for the program recipients.
- Police Confiscation-Federal Fund – used to account for monies received from federal confiscation cases and used to purchase equipment for the Police Department.
- Police Confiscation-State Fund – used to account for monies received from the sale of confiscated items in nonfederal cases and used to purchase equipment for the Police Department. This also includes the Police Evidence Fund.
- Criminal Justice Education Fund – used to account for monies received from the assessment of mandatory court costs and used for criminal justice education and training.
- Seawalls Fund – used to account for the collection of special assessments after the construction of seawalls.
- Park Recreational Facilities Impact Fee Fund – used to account for impact fees which are used to provide recreational park facilities.
- City Centrum Business Park Fund – is used to account for monies collected from agencies that occupy the facilities.
- All Hazards Fund – used to account for monies collected by Lee County in the All Hazards Protection District for the funding of shelters, emergency preparedness, and hazardous material response programs.
- Alarm Fee Fund – is used to account for fees and fines collected by the City in connection with initial installation and false alarms thereafter.
- Del Prado Mall Parking Lot Fund – is used to account for collection of special assessments for the Del Prado Mall parking lot.
- Lot Mowing Fund – is used to account for the mowing of vacant unimproved property.
- Parks and Recreation Fund – is used to account for the recreational programs for individuals of various ages, skill levels, interests, social needs, and economic capabilities, that collectively enhance the overall quality of life within the City.
- Waterpark Fund – used to account for the operations of the City's Sun Splash Family Water Park and Aquatic Facility.

- Building Fund – used to account for the activities of the building and permitting services of the Department of Community Development as related to the construction of buildings and related structures within the City of Cape Coral.
- Community Development Block Grant (CDBG) Fund – used to account for monies received from the U.S. Department of Housing and Urban Development for community development.
- HUD Neighborhood Stabilization Fund – used to account for monies received from the U.S. Department of Housing and Urban Development to provide targeted emergency assistance to the City to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within the community.
- State Housing Initiative Partnership (S.H.I.P.) Fund – used to account for monies received from the State Housing Initiatives Partnership Program to provide assistance to low and moderate income families for the purpose of obtaining affordable housing in the City.
- Residential Construction Mitigation Program Fund – used to account for monies received from the Florida Division of Emergency Management Residential Construction Mitigation Program (RCMP) to improve the wind resistance of residences.

CAPITAL PROJECTS FUNDS

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

- Hurricane Charley Disaster Improvement Fund – used to account for the clean-up from Hurricane Charley.
- Parks Capital Improvements Fund - used to account for the improvements at various parks.
- Other Capital Improvements Fund - used to account for the following projects:
 - Fire Station Construction – used to account for the design and construction of fire stations.
 - CRA Streetscape – used to account for an improved streetscape on S.E. 47th Terrace.
 - Public Works Capital Improvements Fund – used to account for the various capital improvements including the sign/stripping building replacement, project planning, and enhancements to the Chiquita boat lock and Ceitus boat lift.
 - Academic Village – used to account for the improvement of the academic village.
 - Computer System – used to account for enhancements and upgrades to various computer systems.



**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2018**

	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	\$ 26,302,681	\$ 5,983,422	\$ 7,705,592	\$ 19,143	\$ 425,995	\$ 480,240
Interest receivable	58,935	9,761	21,871	55	1,210	1,363
Accounts receivable, net	-	67	-	108	47	2,818
Assessments receivable, net	-	-	-	-	-	-
Intergovernmental receivable	1,458,977	-	-	-	-	4,500
Inventories	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	<u>27,820,593</u>	<u>5,993,250</u>	<u>7,727,463</u>	<u>19,306</u>	<u>427,252</u>	<u>488,921</u>
LIABILITIES						
Accounts payable and other accrued liabilities	-	45	-	1,946	-	35,899
Accrued retainage	-	-	-	-	-	-
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Intergovernmental payables	-	-	-	-	-	31,613
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>45</u>	<u>-</u>	<u>1,946</u>	<u>-</u>	<u>67,512</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	27,820,593	5,993,205	7,727,463	17,360	427,252	421,409
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficit)	<u>27,820,593</u>	<u>5,993,205</u>	<u>7,727,463</u>	<u>17,360</u>	<u>427,252</u>	<u>421,409</u>
Total liabilities and fund balances	<u>\$ 27,820,593</u>	<u>\$ 5,993,250</u>	<u>\$ 7,727,463</u>	<u>\$ 19,306</u>	<u>\$ 427,252</u>	<u>\$ 488,921</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
\$ 31,960	\$ 245,224	\$ 1,604,937	\$ 1,513	\$ 1,277,120	\$ -	\$ 122,038	\$ 1,093,521
90	696	4,555	2	3,625	-	347	14,145
15	-	-	-	-	20,025	-	581
-	-	-	-	-	-	-	898
1,722	-	-	-	81,321	-	33	29,233
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>33,787</u>	<u>245,920</u>	<u>1,609,492</u>	<u>1,515</u>	<u>1,362,066</u>	<u>20,025</u>	<u>122,418</u>	<u>1,138,378</u>
-	-	-	1,465	36,083	152	5,098	118,844
-	-	-	-	-	-	-	17,144
-	-	-	-	7,109	3,720	-	13,100
-	-	-	-	-	8,749	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,068,211
-	-	-	<u>1,465</u>	<u>43,192</u>	<u>12,621</u>	<u>5,098</u>	<u>1,217,299</u>
-	-	-	-	-	-	-	-
33,787	245,920	1,609,492	-	1,318,874	-	-	-
-	-	-	50	-	7,404	117,320	-
-	-	-	-	-	-	-	(78,921)
<u>33,787</u>	<u>245,920</u>	<u>1,609,492</u>	<u>50</u>	<u>1,318,874</u>	<u>7,404</u>	<u>117,320</u>	<u>(78,921)</u>
<u>\$ 33,787</u>	<u>\$ 245,920</u>	<u>\$ 1,609,492</u>	<u>\$ 1,515</u>	<u>\$ 1,362,066</u>	<u>\$ 20,025</u>	<u>\$ 122,418</u>	<u>\$ 1,138,378</u>

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (continued)**
September 30, 2018

	Special Revenue					
	Parks and Recreation	Waterpark	Building	Community Development Block Grant	HUD Neighborhood Stabilization	State Housing Initiative Partnership
ASSETS						
Cash and investments	\$ 495,708	\$ 80,919	\$ 11,553,723	\$ -	\$ 321,357	\$ 2,101,066
Interest receivable	1,068	221	32,794	-	-	-
Accounts receivable, net	5,796	1,390	8,188	-	-	-
Assessments receivable, net	-	-	-	-	-	-
Intergovernmental receivable	100,225	-	-	479,829	-	-
Inventories	66,467	22,587	-	-	-	-
Prepaid items	12,122	-	-	-	-	-
Total assets	<u>681,386</u>	<u>105,117</u>	<u>11,594,705</u>	<u>479,829</u>	<u>321,357</u>	<u>2,101,066</u>
LIABILITIES						
Accounts payable and other accrued liabilities	74,596	49,910	21,714	103,196	-	87,816
Accrued retainage	-	-	-	-	-	-
Accrued payroll	139,991	28,708	113,294	10,938	-	-
Due to other funds	-	245,000	-	360,422	-	-
Deposits	90,203	1,035	522,267	-	-	-
Intergovernmental payables	34,103	-	50,363	-	-	-
Unearned revenue	74,294	-	1,279,652	-	-	-
Total liabilities	<u>413,187</u>	<u>324,653</u>	<u>1,987,290</u>	<u>474,556</u>	<u>-</u>	<u>87,816</u>
FUND BALANCES						
Nonspendable	78,589	22,587	-	-	-	-
Restricted	-	-	9,607,415	5,273	321,357	2,013,250
Committed	189,610	-	-	-	-	-
Unassigned	-	(242,123)	-	-	-	-
Total fund balances (deficit)	<u>268,199</u>	<u>(219,536)</u>	<u>9,607,415</u>	<u>5,273</u>	<u>321,357</u>	<u>2,013,250</u>
Total liabilities and fund balances	<u>\$ 681,386</u>	<u>\$ 105,117</u>	<u>\$ 11,594,705</u>	<u>\$ 479,829</u>	<u>\$ 321,357</u>	<u>\$ 2,101,066</u>

Residential Construction Mitigation Program	Capital Projects			Total Nonmajor Governmental Funds
	Hurricane Charley Disaster Improvement	Parks Capital Improvements	Other Capital Improvements	
\$ -	\$ 114,028	\$ 2,164,871	\$ 13,474,144	\$ 75,599,202
-	323	6,381	38,185	195,627
-	-	-	-	39,035
-	-	-	-	898
-	-	-	-	2,155,840
-	-	-	-	89,054
-	-	-	-	12,122
-	114,351	2,171,252	13,512,329	78,091,778
-	-	-	3,333,313	3,870,077
-	-	-	998,413	1,015,557
-	-	-	-	316,860
576	-	-	-	614,747
-	-	-	-	613,505
-	-	-	-	116,079
-	-	-	-	2,422,157
576	-	-	4,331,726	8,968,982
-	-	-	-	101,176
-	-	1,472,477	-	59,035,127
-	114,351	698,775	9,300,070	10,427,580
(576)	-	-	(119,467)	(441,087)
(576)	114,351	2,171,252	9,180,603	69,122,796
\$ -	\$ 114,351	\$ 2,171,252	\$ 13,512,329	\$ 78,091,778

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2018

	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	9,142,802	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	760,441	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	133,869
Impact fees	-	8,700,676	3,117,216	-	-	-
Rent and royalties	-	7,309	-	-	-	-
Interest income	90,141	4,090	28,685	140	3,683	2,432
Contributions and donations	-	-	-	11,683	-	-
Other revenue	-	-	-	108	30,371	18
Total revenues	<u>9,232,943</u>	<u>9,472,516</u>	<u>3,145,901</u>	<u>11,931</u>	<u>34,054</u>	<u>136,319</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety:						
Police	-	-	11,530	12,141	72,693	38,479
Fire	-	-	11,863	-	-	-
Building	-	-	-	-	-	-
Public works	-	61,637	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay	-	-	167,426	-	-	-
Total expenditures	<u>-</u>	<u>61,637</u>	<u>190,819</u>	<u>12,141</u>	<u>72,693</u>	<u>38,479</u>
Excess revenues over (under) expenditures	<u>9,232,943</u>	<u>9,410,879</u>	<u>2,955,082</u>	<u>(210)</u>	<u>(38,639)</u>	<u>97,840</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	7,946,967	2,544,699	-	-	-	-
Transfers out	(6,922,255)	(7,009,292)	(338,101)	-	(82,150)	(17,430)
Proceeds on sale of capital assets	-	-	-	-	-	20,160
Total other financing sources (uses)	<u>1,024,712</u>	<u>(4,464,593)</u>	<u>(338,101)</u>	<u>-</u>	<u>(82,150)</u>	<u>2,730</u>
Net change in fund balances	<u>10,257,655</u>	<u>4,946,286</u>	<u>2,616,981</u>	<u>(210)</u>	<u>(120,789)</u>	<u>100,570</u>
Fund balances (deficit) - beginning	<u>17,562,938</u>	<u>1,046,919</u>	<u>5,110,482</u>	<u>17,570</u>	<u>548,041</u>	<u>320,839</u>
Fund balances (deficit) - ending	<u>\$ 27,820,593</u>	<u>\$ 5,993,205</u>	<u>\$ 7,727,463</u>	<u>\$ 17,360</u>	<u>\$ 427,252</u>	<u>\$ 421,409</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
\$ -	\$ -	\$ -	\$ -	\$ 809,429	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	18,417	-	-	-	-	39,813	-
-	-	-	-	-	-	-	-
-	-	-	-	-	90,565	-	3,334,608
23,546	-	-	-	-	-	17	37,279
-	-	2,737,325	-	-	-	-	-
-	-	-	-	-	-	-	-
70	1,431	13,060	(2)	7,091	45	756	32,582
-	-	-	-	-	-	-	-
16	-	-	468	-	123	325	27,702
<u>23,632</u>	<u>19,848</u>	<u>2,750,385</u>	<u>466</u>	<u>816,520</u>	<u>90,733</u>	<u>40,911</u>	<u>3,432,171</u>
-	3,336	-	103,012	-	-	-	-
10,447	-	-	-	-	103,539	-	-
-	-	-	-	594,842	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	21,619	4,657,172
-	-	21,502	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	41,213	-	-	119,722
<u>10,447</u>	<u>3,336</u>	<u>21,502</u>	<u>103,012</u>	<u>636,055</u>	<u>103,539</u>	<u>21,619</u>	<u>4,776,894</u>
13,185	16,512	2,728,883	(102,546)	180,465	(12,806)	19,292	(1,344,723)
-	-	-	102,800	-	-	-	-
-	-	(2,718,097)	-	(93,600)	(7,500)	-	-
-	-	-	-	-	-	-	12,588
-	-	<u>(2,718,097)</u>	<u>102,800</u>	<u>(93,600)</u>	<u>(7,500)</u>	<u>-</u>	<u>12,588</u>
13,185	16,512	10,786	254	86,865	(20,306)	19,292	(1,332,135)
20,602	229,408	1,598,706	(204)	1,232,009	27,710	98,028	1,253,214
<u>\$ 33,787</u>	<u>\$ 245,920</u>	<u>\$ 1,609,492</u>	<u>\$ 50</u>	<u>\$ 1,318,874</u>	<u>\$ 7,404</u>	<u>\$ 117,320</u>	<u>\$ (78,921)</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (continued)
For the Year Ended September 30, 2018

	Special Revenue					State Housing Initiative Partnership
	Parks and Recreation	Waterpark	Building	Community Development Block Grant	HUD Neighborhood Stabilization	
REVENUES						
Taxes						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fuel	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	9,086,588	-	-	-
Intergovernmental	574,089	-	-	785,195	-	794,019
Charges for services	3,292,827	2,101,463	-	-	-	-
Fines and forfeitures	9,494	-	19,499	-	-	-
Impact fees	-	-	-	-	-	-
Rent and royalties	-	-	-	-	-	-
Interest income	(2,294)	(501)	48,152	101	2,152	12,509
Contributions and donations	117,099	-	-	-	-	-
Other revenue	8,830	12,943	(1,844)	331,781	617,634	143,118
Total revenues	<u>4,000,045</u>	<u>2,113,905</u>	<u>9,152,395</u>	<u>1,117,077</u>	<u>619,786</u>	<u>949,646</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety:						
Police	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Building	-	-	5,108,187	-	-	-
Public works	-	-	-	-	-	-
Parks and recreation	8,813,604	2,256,564	-	-	-	-
Community development	-	-	-	1,013,830	835,914	663,950
Capital outlay	488,727	252,965	287,390	97,626	-	-
Total expenditures	<u>9,302,331</u>	<u>2,509,529</u>	<u>5,395,577</u>	<u>1,111,456</u>	<u>835,914</u>	<u>663,950</u>
Excess revenues over (under) expenditures	<u>(5,302,286)</u>	<u>(395,624)</u>	<u>3,756,818</u>	<u>5,621</u>	<u>(216,128)</u>	<u>285,696</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	5,360,000	874,158	-	-	-	-
Transfers out	(4,000)	(530,205)	(1,044,655)	(17,295)	(34,589)	(17,295)
Proceeds on sale of capital assets	11,300	-	31,205	-	-	-
Total other financing sources (uses)	<u>5,367,300</u>	<u>343,953</u>	<u>(1,013,450)</u>	<u>(17,295)</u>	<u>(34,589)</u>	<u>(17,295)</u>
Net change in fund balances	65,014	(51,671)	2,743,368	(11,674)	(250,717)	268,401
Fund balances (deficit) - beginning	203,185	(167,865)	6,864,047	16,947	572,074	1,744,849
Fund balances (deficit) - ending	<u>\$ 268,199</u>	<u>\$ (219,536)</u>	<u>\$ 9,607,415</u>	<u>\$ 5,273</u>	<u>\$ 321,357</u>	<u>\$ 2,013,250</u>

Residential Construction Mitigation Program	Capital Projects			Total Nonmajor Governmental Funds
	Hurricane Charley Disaster Improvement	Parks Capital Improvements	Other Capital Improvements	
\$ -	\$ -	\$ -	\$ -	\$ 809,429
-	-	-	-	9,142,802
-	-	-	-	58,230
-	-	-	-	9,086,588
-	-	-	-	2,913,744
-	-	-	-	8,819,463
-	-	-	-	223,704
-	-	-	-	14,555,217
-	-	-	-	7,309
33	683	10,316	52,511	307,866
-	-	-	-	128,782
16,240	-	86,268	-	1,274,101
<u>16,273</u>	<u>683</u>	<u>96,584</u>	<u>52,511</u>	<u>47,327,235</u>
-	-	-	74,788	181,136
-	-	-	-	248,829
-	-	-	-	606,705
-	-	-	-	5,108,187
-	-	-	630	4,741,058
-	-	94,489	-	11,186,159
28,824	-	-	-	2,542,518
-	-	433,283	12,035,837	13,924,189
<u>28,824</u>	<u>-</u>	<u>527,772</u>	<u>12,111,255</u>	<u>38,538,781</u>
(12,551)	683	(431,188)	(12,058,744)	8,788,454
-	-	622,297	8,849,122	26,300,043
-	-	-	-	(18,836,464)
-	-	-	-	75,253
-	-	622,297	8,849,122	7,538,832
(12,551)	683	191,109	(3,209,622)	16,327,286
11,975	113,668	1,980,143	12,390,225	52,795,510
<u>\$ (576)</u>	<u>\$ 114,351</u>	<u>\$ 2,171,252</u>	<u>\$ 9,180,603</u>	<u>\$ 69,122,796</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, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Fuel taxes	\$ 8,185,671	\$ 8,185,671	\$ 9,142,802	\$ 957,131
Interest income	-	-	90,141	90,141
Prior year cash balance	16,061,948	17,562,936	-	(17,562,936)
Total revenues	<u>24,247,619</u>	<u>25,748,607</u>	<u>9,232,943</u>	<u>(16,515,664)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	7,946,967	7,946,967
Transfers out	(4,946,200)	(4,514,262)	(6,922,255)	(2,407,993)
Reserves	(19,301,419)	(21,234,345)	-	21,234,345
Total other financing sources (uses)	<u>(24,247,619)</u>	<u>(25,748,607)</u>	<u>1,024,712</u>	<u>26,773,319</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	10,257,655	<u>\$ 10,257,655</u>
Fund balances - beginning			<u>17,562,938</u>	
Fund balances - ending			<u>\$ 27,820,593</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
ROAD IMPACT FEE SPECIAL REVENUE FUND
For the Year Ended September 30, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 743,343	\$ 743,343	\$ 760,441	\$ 17,098
Impact fees	5,141,492	5,901,940	8,700,676	2,798,736
Rent and royalties	7,062	7,062	7,309	247
Interest income	-	-	4,090	4,090
Prior year cash balance	636,812	1,046,920	-	(1,046,920)
Total revenues	<u>6,528,709</u>	<u>7,699,265</u>	<u>9,472,516</u>	<u>1,773,251</u>
EXPENDITURES				
Public works	-	70,000	61,637	8,363
Excess deficiency) of revenues over (under) expenditures	<u>6,528,709</u>	<u>7,629,265</u>	<u>9,410,879</u>	<u>1,781,614</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,544,699	2,544,699
Transfers out	(6,478,709)	(7,169,157)	(7,009,292)	159,865
Reserves	(50,000)	(460,108)	-	460,108
Total other financing sources (uses)	<u>(6,528,709)</u>	<u>(7,629,265)</u>	<u>(4,464,593)</u>	<u>3,164,672</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	4,946,286	<u>\$ 4,946,286</u>
Fund balances - beginning			<u>1,046,919</u>	
Fund balances - ending			<u>\$ 5,993,205</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Impact fees	\$ 2,010,162	\$ 2,010,162	\$ 3,117,216	\$ 1,107,054
Interest income	10,310	10,310	28,685	18,375
Prior year cash balance	3,590,118	5,097,930	-	(5,097,930)
Total revenues	<u>5,610,590</u>	<u>7,118,402</u>	<u>3,145,901</u>	<u>(3,972,501)</u>
EXPENDITURES				
Public safety:				
Police	19,875	19,875	11,530	8,345
Fire	20,328	31,752	11,863	19,889
Capital outlay	-	182,433	167,426	15,007
Total expenditures	<u>40,203</u>	<u>234,060</u>	<u>190,819</u>	<u>43,241</u>
Excess deficiency) of revenues over (under) expenditures	<u>5,570,387</u>	<u>6,884,342</u>	<u>2,955,082</u>	<u>(3,929,260)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(339,867)	(339,867)	(338,101)	1,766
Reserves	<u>(5,230,520)</u>	<u>(6,544,475)</u>	-	6,544,475
Total other financing sources	<u>(5,570,387)</u>	<u>(6,884,342)</u>	<u>(338,101)</u>	<u>6,546,241</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	2,616,981	<u>\$ 2,616,981</u>
Fund balances - beginning			<u>5,110,482</u>	
Fund balances - ending			<u>\$ 7,727,463</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
DO THE RIGHT THING SPECIAL REVENUE FUND
For the Year Ended September 30, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest income	\$ -	\$ -	\$ 140	\$ 140
Contributions and donations	8,000	8,000	11,683	3,683
Other revenue	-	-	108	108
Prior year cash balance	-	17,569	-	(17,569)
Total revenues	<u>8,000</u>	<u>25,569</u>	<u>11,931</u>	<u>(13,638)</u>
EXPENDITURES				
Public safety: police	<u>8,000</u>	<u>10,500</u>	<u>12,141</u>	<u>(1,641)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>15,069</u>	<u>(210)</u>	<u>(15,279)</u>
OTHER FINANCING SOURCES (USES)				
Reserves	<u>-</u>	<u>(15,069)</u>	<u>-</u>	<u>15,069</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(210)</u>	<u>\$ (210)</u>
Fund balances - beginning			<u>17,570</u>	
Fund balances - ending			<u>\$ 17,360</u>	

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

City of Cape Coral, Florida

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
POLICE CONFISCATION - FEDERAL SPECIAL REVENUE FUND**
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest income	\$ 300	\$ 300	\$ 3,683	\$ 3,383
Other revenue	-	-	30,371	30,371
Prior year cash balance	464,427	548,040	-	(548,040)
Total revenues	<u>464,727</u>	<u>548,340</u>	<u>34,054</u>	<u>(514,286)</u>
EXPENDITURES				
Public safety: police	89,053	89,053	72,693	16,360
Excess (deficiency) of revenues over (under) expenditures	<u>375,674</u>	<u>459,287</u>	<u>(38,639)</u>	<u>(497,926)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(82,150)	(82,150)	-
Reserves	<u>(375,674)</u>	<u>(377,137)</u>	<u>-</u>	<u>377,137</u>
Total other financing sources (uses)	<u>(375,674)</u>	<u>(459,287)</u>	<u>(82,150)</u>	<u>377,137</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(120,789)</u>	<u>\$ (120,789)</u>
Fund balances - beginning			<u>548,041</u>	
Fund balances - ending			<u>\$ 427,252</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, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 133,869	\$ 133,869
Interest income	100	100	2,432	2,332
Other revenue	-	-	20,178	20,178
Prior year cash balance	189,314	327,728	-	(327,728)
Total revenues	<u>189,414</u>	<u>327,828</u>	<u>156,479</u>	<u>(171,349)</u>
EXPENDITURES				
Public safety: police	19,575	38,675	38,479	196
Excess (deficiency) of revenues over (under) expenditures	<u>169,839</u>	<u>289,153</u>	<u>118,000</u>	<u>(171,153)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(17,430)	(17,430)	-
Reserves	(169,839)	(271,723)	-	271,723
Total other financing sources (uses)	<u>(169,839)</u>	<u>(289,153)</u>	<u>(17,430)</u>	<u>271,723</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	100,570	<u>\$ 100,570</u>
Fund balances - beginning			<u>320,839</u>	
Fund balances - ending			<u>\$ 421,409</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)	\$ 156,479
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>(20,160)</u>
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 136,319</u>
Actual other financing sources (uses) (budgetary basis)	\$ (17,430)
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>20,160</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 2,730</u>

City of Cape Coral, Florida

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
CRIMINAL JUSTICE EDUCATION SPECIAL REVENUE FUND
For the Year Ended September 30, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 18,000	\$ 18,000	\$ 23,546	\$ 5,546
Interest income	-	-	70	70
Other revenue	-	-	16	16
Prior year cash balance	5,000	20,601	-	(20,601)
Total revenues	<u>23,000</u>	<u>38,601</u>	<u>23,632</u>	<u>(14,969)</u>
EXPENDITURES				
Public safety: police	<u>23,000</u>	<u>38,601</u>	<u>10,447</u>	<u>28,154</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	13,185	<u>\$ 13,185</u>
Fund balances - beginning			<u>20,602</u>	
Fund balances - ending			<u>\$ 33,787</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
SEAWALLS SPECIAL REVENUE FUND
For the Year Ended September 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Special assessments	\$ -	\$ -	\$ 18,417	\$ 18,417
Interest income	-	3,345	1,431	(1,914)
Total revenues	-	3,345	19,848	16,503
EXPENDITURES				
General government	-	3,345	3,336	9
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	16,512	<u>\$ 16,512</u>
Fund balances - beginning			229,408	
Fund balances - ending			<u>\$ 245,920</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Impact fees	\$ 1,828,600	\$ 2,708,600	\$ 2,737,325	\$ 28,725
Interest income	-	-	13,060	13,060
Prior year cash balance	10,000	1,598,705	-	(1,598,705)
Total revenues	<u>1,838,600</u>	<u>4,307,305</u>	<u>2,750,385</u>	<u>(1,556,920)</u>
EXPENDITURES				
Parks and recreation	<u>27,430</u>	<u>27,430</u>	<u>21,502</u>	<u>5,928</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,811,170</u>	<u>4,279,875</u>	<u>2,728,883</u>	<u>(1,550,992)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,801,170)	(2,727,585)	(2,718,097)	9,488
Reserves	(10,000)	(1,552,290)	-	1,552,290
Total other financing sources (uses)	<u>(1,811,170)</u>	<u>(4,279,875)</u>	<u>(2,718,097)</u>	<u>1,561,778</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	10,786	<u>\$ 10,786</u>
Fund balances - beginning			<u>1,598,706</u>	
Fund balances - ending			<u>\$ 1,609,492</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest income	\$ -	\$ -	\$ (2)	\$ (2)
Other revenue	-	-	468	468
Total revenues	-	-	466	466
EXPENDITURES				
General government	93,274	119,874	103,012	16,862
Excess (deficiency) of revenues over (under) expenditures	(93,274)	(119,874)	(102,546)	17,328
OTHER FINANCING SOURCES (USES)				
Transfers in	93,274	119,874	102,800	(17,074)
Net change in fund balances	\$ -	\$ -	254	\$ 254
Fund balances - beginning			(204)	
Fund balances - ending			\$ 50	

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
ALL HAZARDS SPECIAL REVENUE FUND
For the Year Ended September 30, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 851,417	\$ 728,108	\$ 809,429	\$ 81,321
Interest income	-	-	7,091	7,091
Prior year cash balance	1,046,526	1,232,008	-	(1,232,008)
Total revenues	<u>1,897,943</u>	<u>1,960,116</u>	<u>816,520</u>	<u>(1,143,596)</u>
EXPENDITURES				
Public safety: fire	627,615	671,892	594,842	77,050
Capital outlay	15,000	80,381	41,213	39,168
Total expenditures	<u>642,615</u>	<u>752,273</u>	<u>636,055</u>	<u>116,218</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,255,328</u>	<u>1,207,843</u>	<u>180,465</u>	<u>(1,027,378)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(93,600)	(93,600)	(93,600)	-
Reserves	<u>(1,161,728)</u>	<u>(1,114,243)</u>	<u>-</u>	<u>1,114,243</u>
Total other financing sources (uses)	<u>(1,255,328)</u>	<u>(1,207,843)</u>	<u>(93,600)</u>	<u>1,114,243</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>86,865</u>	<u>\$ 86,865</u>
Fund balances - beginning			<u>1,232,009</u>	
Fund balances - ending			<u>\$ 1,318,874</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
ALARM FEE SPECIAL REVENUE FUND
For the Year Ended September 30, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 143,449	\$ 115,949	\$ 90,565	\$ (25,384)
Interest income	200	200	45	(155)
Other revenue	-	-	123	123
Prior year cash balance	19,591	4,691	-	(4,691)
Total revenues	<u>163,240</u>	<u>120,840</u>	<u>90,733</u>	<u>(30,107)</u>
EXPENDITURES				
Public safety: police	<u>102,978</u>	<u>104,512</u>	<u>103,539</u>	<u>973</u>
Excess (deficiency) of revenues over (under) expenditures	<u>60,262</u>	<u>16,328</u>	<u>(12,806)</u>	<u>(29,134)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(7,500)	(7,500)	(7,500)	-
Reserves	<u>(52,762)</u>	<u>(8,828)</u>	<u>-</u>	<u>8,828</u>
Total other financing sources (uses)	<u>(60,262)</u>	<u>(16,328)</u>	<u>(7,500)</u>	<u>8,828</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(20,306)</u>	<u>\$ (20,306)</u>
Fund balances - beginning			<u>27,710</u>	
Fund balances - ending			<u>\$ 7,404</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, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 38,010	\$ 38,010	\$ 39,813	\$ 1,803
Fines and forfeitures	-	-	17	17
Interest income	-	-	756	756
Other revenue	-	-	325	325
Prior year cash balance	-	98,027	-	(98,027)
Total revenues	<u>38,010</u>	<u>136,037</u>	<u>40,911</u>	<u>(95,126)</u>
EXPENDITURES				
Public works	<u>38,010</u>	<u>38,010</u>	<u>21,619</u>	<u>16,391</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>98,027</u>	<u>19,292</u>	<u>(78,735)</u>
OTHER FINANCING SOURCES (USES)				
Reserves	<u>-</u>	<u>(98,027)</u>	<u>-</u>	<u>98,027</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>19,292</u>	<u>\$ 19,292</u>
Fund balances - beginning			<u>98,028</u>	
Fund balances - ending			<u>\$ 117,320</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
LOT MOWING SPECIAL REVENUE FUND
For the Year Ended September 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 3,434,685	\$ 3,417,869	\$ 3,334,608	\$ (83,261)
Fines and forfeitures	51,000	51,000	37,279	(13,721)
Interest income	-	-	32,582	32,582
Other revenue	-	-	40,290	40,290
Prior year cash balance	1,915,562	2,358,214	-	(2,358,214)
Total revenues	<u>5,401,247</u>	<u>5,827,083</u>	<u>3,444,759</u>	<u>(2,382,324)</u>
EXPENDITURES				
Public works	3,821,764	5,362,311	4,657,172	705,139
Capital outlay	30,000	122,320	119,722	2,598
Total expenditures	<u>3,851,764</u>	<u>5,484,631</u>	<u>4,776,894</u>	<u>707,737</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,549,483</u>	<u>342,452</u>	<u>(1,332,135)</u>	<u>(1,674,587)</u>
OTHER FINANCING SOURCES (USES)				
Reserves	<u>(1,549,483)</u>	<u>(342,452)</u>	<u>-</u>	<u>342,452</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(1,332,135)</u>	<u>\$ (1,332,135)</u>
Fund balances - beginning			<u>1,253,214</u>	
Fund balances - ending			<u>\$ (78,921)</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)	\$ 3,444,759
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>(12,588)</u>
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 3,432,171</u>
Actual other financing sources (uses) (budgetary basis)	\$ -
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>12,588</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 12,588</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
PARKS AND RECREATION SPECIAL REVENUE FUND
For the Year Ended September 30, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 567,496	\$ 567,496	\$ 574,089	\$ 6,593
Charges for services	3,732,095	3,832,095	3,292,827	(539,268)
Fines and forfeitures	11,800	11,800	9,494	(2,306)
Interest income	1,500	1,500	(2,294)	(3,794)
Contributions and donations	259,591	284,895	117,099	(167,796)
Other revenue	5,740	5,740	20,130	14,390
Total revenues	4,578,222	4,703,526	4,011,345	(692,181)
EXPENDITURES				
Parks and recreation	9,275,229	9,600,567	8,813,604	786,963
Capital outlay	184,500	592,451	488,727	103,724
Total expenditures	9,459,729	10,193,018	9,302,331	890,687
Excess (deficiency) of revenues over (under) expenditures	<u>(4,881,507)</u>	<u>(5,489,492)</u>	<u>(5,290,986)</u>	<u>198,506</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,881,507	5,489,492	5,360,000	(129,492)
Transfers out	-	-	(4,000)	(4,000)
Total other financing sources (uses)	4,881,507	5,489,492	5,356,000	(133,492)
Net change in fund balances	\$ -	\$ -	65,014	\$ 65,014
Fund balances - beginning			203,185	
Fund balances - ending			<u>\$ 268,199</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)	\$ 4,011,345
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.	(11,300)
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 4,000,045</u>
Actual other financing sources (uses) (budgetary basis)	\$ 5,356,000
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.	11,300
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 5,367,300</u>

City of Cape Coral, Florida

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
WATERPARK SPECIAL REVENUE FUND
For the Year Ended September 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 2,519,286	\$ 2,501,476	\$ 2,101,463	\$ (400,013)
Interest income	-	-	(501)	(501)
Other revenue	10,026	246,761	12,943	(233,818)
Total revenues	<u>2,529,312</u>	<u>2,748,237</u>	<u>2,113,905</u>	<u>(634,332)</u>
EXPENDITURES				
Parks and recreation	2,424,865	2,798,615	2,256,564	542,051
Capital outlay	5,000	292,656	252,965	39,691
Total expenditures	<u>2,429,865</u>	<u>3,091,271</u>	<u>2,509,529</u>	<u>581,742</u>
Excess (deficiency) of revenues over (under) expenditures	<u>99,447</u>	<u>(343,034)</u>	<u>(395,624)</u>	<u>(52,590)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	431,677	874,158	874,158	-
Transfers out	(531,124)	(531,124)	(530,205)	919
Total other financing sources (uses)	<u>(99,447)</u>	<u>343,034</u>	<u>343,953</u>	<u>919</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(51,671)</u>	<u>\$ (51,671)</u>
Fund balances - beginning			<u>(167,865)</u>	
Fund balances - ending			<u>\$ (219,536)</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
BUILDING SPECIAL REVENUE FUND
For the Year Ended September 30, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses and permits	\$ 5,827,137	\$ 5,827,137	\$ 9,086,588	\$ 3,259,451
Fines and forfeitures	39,755	39,755	19,499	(20,256)
Interest income	2,390	2,390	48,152	45,762
Other revenue	100	100	29,361	29,261
Prior year cash balance	7,801,302	8,527,369	-	(8,527,369)
Total revenues	<u>13,670,684</u>	<u>14,396,751</u>	<u>9,183,600</u>	<u>(5,213,151)</u>
EXPENDITURES				
Public safety: building	5,070,695	5,669,714	5,108,187	561,527
Capital outlay	75,302	572,841	287,390	285,451
Total expenditures	<u>5,145,997</u>	<u>6,242,555</u>	<u>5,395,577</u>	<u>846,978</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,524,687</u>	<u>8,154,196</u>	<u>3,788,023</u>	<u>(4,366,173)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,044,696)	(1,044,696)	(1,044,655)	41
Reserves	<u>(7,479,991)</u>	<u>(7,109,500)</u>	-	7,109,500
Total other financing sources (uses)	<u>(8,524,687)</u>	<u>(8,154,196)</u>	<u>(1,044,655)</u>	<u>7,109,541</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	2,743,368	<u>\$ 2,743,368</u>
Fund balances - beginning			<u>6,864,047</u>	
Fund balances - ending			<u>\$ 9,607,415</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)	\$ 9,183,600
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>(31,205)</u>
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 9,152,395</u>
Actual other financing sources (uses) (budgetary basis)	\$ (1,044,655)
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>31,205</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ (1,013,450)</u>

City of Cape Coral, Florida

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
For the Year Ended September 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 940,159	\$ 1,043,100	\$ 785,195	\$ (257,905)
Interest income	-	-	101	101
Other revenue	-	331,780	331,781	1
Total revenue	<u>940,159</u>	<u>1,374,880</u>	<u>1,117,077</u>	<u>(257,803)</u>
EXPENDITURES				
Community development	870,981	1,305,702	1,013,830	291,872
Capital outlay	-	-	97,626	(97,626)
Total expenditures	<u>870,981</u>	<u>1,305,702</u>	<u>1,111,456</u>	<u>194,246</u>
Excess (deficiency) of revenues over (under) expenditures	<u>69,178</u>	<u>69,178</u>	<u>5,621</u>	<u>(63,557)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(69,178)</u>	<u>(69,178)</u>	<u>(17,295)</u>	<u>51,883</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(11,674)</u>	<u>\$ (11,674)</u>
Fund balances - beginning			<u>16,947</u>	
Fund balances - ending			<u>\$ 5,273</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest income	\$ -	\$ -	\$ 2,152	\$ 2,152
Other revenue	-	617,633	617,634	1
Total revenue	-	617,633	619,786	2,153
EXPENDITURES				
Community development	-	617,633	835,914	(218,281)
Excess (deficiency) of revenues over (under) expenditures	-	-	(216,128)	(216,128)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(34,589)	(34,589)
Net change in fund balances	\$ -	\$ -	(250,717)	\$ (250,717)
Fund balances - beginning			572,074	
Fund balances - ending			\$ 321,357	

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
STATE HOUSING INITIATIVE PARTNERSHIP SPECIAL REVENUE FUND
For the Year Ended September 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 794,019	\$ 794,019
Interest income	-	-	12,509	12,509
Other revenue	-	143,118	143,118	-
Total revenues	<u>-</u>	<u>143,118</u>	<u>949,646</u>	<u>806,528</u>
EXPENDITURES				
Community development	-	143,118	663,950	(520,832)
Excess (deficiency) of revenues over (under) expenditures	-	-	285,696	285,696
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(17,295)	(17,295)
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	268,401	<u>\$ 268,401</u>
Fund balances - beginning			<u>1,744,849</u>	
Fund balances - ending			<u>\$ 2,013,250</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
RESIDENTIAL CONSTRUCTION MITIGATION PROGRAM SPECIAL REVENUE FUND
For the Year Ended September 30, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest income	\$ -	\$ -	\$ 33	\$ 33
Other revenue	-	-	16,240	16,240
Total revenues	-	-	16,273	16,273
EXPENDITURES				
Community development	-	-	28,824	(28,824)
Excess (deficiency) of revenues over (under) expenditures	-	-	(12,551)	(12,551)
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	(12,551)	<u>\$ (12,551)</u>
Fund balances - beginning			11,975	
Fund balances (deficit) - ending			<u>\$ (576)</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
DEBT SERVICE FUND**

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Rent and royalties	\$ 4,278,469	\$ 4,278,469	\$ 3,439,497	\$ (838,972)
Interest income	1,000	4,000	108,726	104,726
Prior year cash balance	7,766,851	4,565,307	-	(4,565,307)
Total revenues	<u>12,046,320</u>	<u>8,847,776</u>	<u>3,548,223</u>	<u>(5,299,553)</u>
EXPENDITURES				
General government	1,000	4,000	3,288	712
Debt service:				
Principal	12,193,816	12,193,816	11,942,674	251,142
Interest and fiscal charges	9,336,152	9,378,154	8,593,724	784,430
Bond issuance costs	-	-	39,873	(39,873)
Total expenditures	<u>21,530,968</u>	<u>21,575,970</u>	<u>20,579,559</u>	<u>996,411</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,484,648)</u>	<u>(12,728,194)</u>	<u>(17,031,336)</u>	<u>(4,303,142)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	17,251,499	17,251,499	17,024,618	(226,881)
Transfers out	-	(7,870,703)	(7,026,148)	844,555
Issuance of debt	-	7,912,705	7,912,705	-
Reserves	(7,766,851)	(4,565,307)	-	4,565,307
Total other financing sources (uses)	<u>9,484,648</u>	<u>12,728,194</u>	<u>17,911,175</u>	<u>5,182,981</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	879,839	<u>\$ 879,839</u>
Fund balances - beginning			<u>4,425,888</u>	
Fund balances - ending			<u>\$ 5,305,727</u>	

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

City of Cape Coral, Florida

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

From Inception and For the Year Ended September 30, 2018

	<u>Prior Years Actual</u>	<u>Current Year Actual</u>	<u>Total Actual to Date</u>	<u>Project Authorization</u>
REVENUES				
Intergovernmental	\$ 1,569,669	\$ -	\$ 1,569,669	\$ 2,568,998
Interest income	2,204,038	10,316	2,214,354	90,500
Contributions and donations	30,000	-	30,000	48,625
Other revenue	41,904	86,268	128,172	-
Unassigned balance	-	-	-	3,253,613
Total revenues	<u>3,845,611</u>	<u>96,584</u>	<u>3,942,195</u>	<u>5,961,736</u>
EXPENDITURES				
Parks and recreation	142,731	94,489	237,220	1,016,609
Capital outlay	48,392,147	433,283	48,825,430	60,286,981
Total expenditures	<u>48,534,878</u>	<u>527,772</u>	<u>49,062,650</u>	<u>61,303,590</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(44,689,267)</u>	<u>(431,188)</u>	<u>(45,120,455)</u>	<u>(55,341,854)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	21,658,255	622,297	22,280,552	22,286,592
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	72,187	-	72,187	-
Total other financing sources (uses)	<u>46,669,410</u>	<u>622,297</u>	<u>47,291,707</u>	<u>55,341,854</u>
Net change in fund balances	<u>\$ 1,980,143</u>	191,109	<u>\$ 2,171,252</u>	<u>\$ -</u>
Fund balances - beginning		<u>1,980,143</u>		
Fund balances - ending		<u>\$ 2,171,252</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, 2018

	<u>Prior Years Actual</u>	<u>Current Year Actual</u>	<u>Total Actual to Date</u>	<u>Project Authorization</u>
REVENUES				
Intergovernmental	\$ 8,159,828	\$ -	\$ 8,159,828	\$ 8,351,490
Interest income	1,372,063	52,511	1,424,574	1,192
Other revenue	1,695,936	-	1,695,936	1,182,770
Unassigned balance	-	-	-	1,941,554
Total revenues	<u>11,227,827</u>	<u>52,511</u>	<u>11,280,338</u>	<u>11,477,006</u>
EXPENDITURES				
General government	1,002,424	74,788	1,077,212	2,164,806
Public safety: police	8,021,478	-	8,021,478	5,605,574
Public safety: fire	-	-	-	1,123,800
Public works	-	630	630	310,454
Parks and recreation	557,541	-	557,541	19,375
Transportation	1,826,826	-	1,826,826	5,052,693
Capital outlay	112,072,639	12,035,837	124,108,476	159,043,652
Debt service: interest and fiscal charges	1,585,471	-	1,585,471	628,994
Total expenditures	<u>125,066,379</u>	<u>12,111,255</u>	<u>137,177,634</u>	<u>173,949,348</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(113,838,552)</u>	<u>(12,058,744)</u>	<u>(125,897,296)</u>	<u>(162,472,342)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	37,945,494	8,849,122	46,794,616	80,984,900
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>126,228,777</u>	<u>8,849,122</u>	<u>135,077,899</u>	<u>162,472,342</u>
Net change in fund balances	<u>\$ 12,390,225</u>	<u>(3,209,622)</u>	<u>\$ 9,180,603</u>	<u>\$ -</u>
Fund balances - beginning		<u>12,390,225</u>		
Fund balances - ending		<u>\$ 9,180,603</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, 2018

	<u>Prior Years Actual</u>	<u>Current Year Actual</u>	<u>Total Actual to Date</u>	<u>Project Authorization</u>
REVENUES				
Intergovernmental	\$ 14,215,821	\$ 215,687	\$ 14,431,508	\$ 17,337,317
Rent and royalties	4,367	-	4,367	-
Interest income	8,213,722	230,713	8,444,435	116,231
Contributions and donations	539,977	143,613	683,590	900,000
Other revenue	4,746,912	21,489	4,768,401	4,078,366
Unassigned balance	-	-	-	1,562,535
Total revenues	<u>27,720,799</u>	<u>611,502</u>	<u>28,332,301</u>	<u>23,994,449</u>
EXPENDITURES				
General government	583	-	583	-
Public works	2,568,186	771,396	3,339,582	2,487,375
Capital outlay	206,271,488	11,420,245	217,691,733	335,803,320
Debt Service: interest and fiscal charges	805,049	-	805,049	-
Total expenditures	<u>209,645,306</u>	<u>12,191,641</u>	<u>221,836,947</u>	<u>338,290,695</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(181,924,507)</u>	<u>(11,580,139)</u>	<u>(193,504,646)</u>	<u>(314,296,246)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	125,735,143	14,212,141	139,947,284	145,407,001
Transfers out	(4,165,180)	(15,805,410)	(19,970,590)	(7,139,258)
Issuance of debt	84,987,594	-	84,987,594	175,946,419
Proceeds on sale of capital assets	236,319	21,500	257,819	82,084
Total other financing sources (uses)	<u>206,793,876</u>	<u>(1,571,769)</u>	<u>205,222,107</u>	<u>314,296,246</u>
Net change in fund balances	<u>\$ 24,869,369</u>	<u>(13,151,908)</u>	<u>\$ 11,717,461</u>	<u>\$ -</u>
Fund balances - beginning		<u>24,869,369</u>		
Fund balances - ending		<u>\$ 11,717,461</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 Management – used to account for the costs of operation for the repair and maintenance of city owned/leased buildings and equipment. Such costs are billed to other departments.
- Fleet Management – used to account for the costs of operation for the repair and maintenance of city owned/leased vehicles and equipment. 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, 2018

	<u>Yacht Basin</u>	<u>Golf Course</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and investments	\$ 1,023,474	\$ 42,541	\$ 1,066,015
Interest receivable	3,231	104	3,335
Accounts receivable, net	187	383	570
Inventories	-	28,470	28,470
Total current assets	<u>1,026,892</u>	<u>71,498</u>	<u>1,098,390</u>
Noncurrent assets:			
Capital assets:			
Land	20,555	1,797,171	1,817,726
Buildings	77,988	1,260,462	1,338,450
Building improvements	-	40,729	40,729
Improvements other than buildings	864,337	2,864,946	3,729,283
Equipment	51,296	782,229	833,525
Infrastructure	286,049	-	286,049
Less accumulated depreciation	<u>(826,332)</u>	<u>(3,955,789)</u>	<u>(4,782,121)</u>
Total capital assets, net	<u>473,893</u>	<u>2,789,748</u>	<u>3,263,641</u>
Total noncurrent assets	<u>473,893</u>	<u>2,789,748</u>	<u>3,263,641</u>
Total assets	<u>1,500,785</u>	<u>2,861,246</u>	<u>4,362,031</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	22,110	202,389	224,499
OPEB related	6,848	79,017	85,865
Total deferred outflows of resources	<u>28,958</u>	<u>281,406</u>	<u>310,364</u>
LIABILITIES			
Current liabilities:			
Accounts payable and other accrued liabilities	26,207	82,228	108,435
Accrued payroll	2,548	21,579	24,127
Deposits	20,000	-	20,000
Unearned revenue	-	56,542	56,542
Compensated absences	-	16,275	16,275
Total OPEB liability	6,848	79,017	85,865
Total current liabilities	<u>55,603</u>	<u>255,641</u>	<u>311,244</u>
Noncurrent liabilities:			
Advances from other funds	-	564,909	564,909
Compensated absences	6,344	91,909	98,253
Total OPEB liability	197,239	2,275,832	2,473,071
Net pension liability	87,389	799,949	887,338
Total noncurrent liabilities	<u>290,972</u>	<u>3,732,599</u>	<u>4,023,571</u>
Total liabilities	<u>346,575</u>	<u>3,988,240</u>	<u>4,334,815</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	1,413	12,938	14,351
OPEB related	10,889	125,639	136,528
Total deferred inflows of resources	<u>12,302</u>	<u>138,577</u>	<u>150,879</u>
NET POSITION			
Net investment in capital assets	473,893	2,789,747	3,263,640
Unrestricted	696,973	(3,773,912)	(3,076,939)
Total net position	<u>\$ 1,170,866</u>	<u>\$ (984,165)</u>	<u>\$ 186,701</u>

City of Cape Coral, Florida

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS**

For the Year Ended September 30, 2018

	<u>Yacht Basin</u>	<u>Golf Course</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 686,588	\$ 2,437,626	\$ 3,124,214
Other revenue	478	2,720	3,198
Total operating revenues	<u>687,066</u>	<u>2,440,346</u>	<u>3,127,412</u>
OPERATING EXPENSES			
Salaries, wages and employee benefits	203,486	1,555,975	1,759,461
Contractual services, materials and supplies	238,970	1,387,873	1,626,843
Depreciation	41,448	157,827	199,275
Total operating expenses	<u>483,904</u>	<u>3,101,675</u>	<u>3,585,579</u>
Operating income (loss)	<u>203,162</u>	<u>(661,329)</u>	<u>(458,167)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	5,190	(238)	4,952
Gain (loss) on sale of capital assets	5,775	12,700	18,475
Total nonoperating revenues (expenses)	<u>10,965</u>	<u>12,462</u>	<u>23,427</u>
Income (loss) before contributions and transfers	<u>214,127</u>	<u>(648,867)</u>	<u>(434,740)</u>
Transfers			
Transfers in	-	940,000	940,000
Transfers out	(115,000)	-	(115,000)
Total transfers	<u>(115,000)</u>	<u>940,000</u>	<u>825,000</u>
Change in net position	99,127	291,133	390,260
Total net position - beginning as restated	<u>1,071,739</u>	<u>(1,275,298)</u>	<u>(203,559)</u>
Total net position - ending	<u>\$ 1,170,866</u>	<u>\$ (984,165)</u>	<u>\$ 186,701</u>

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended September 30, 2018

	<u>Yacht Basin</u>	<u>Golf Course</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 687,018	\$ 2,470,997	\$ 3,158,015
Cash payments to suppliers	(187,958)	(1,043,585)	(1,231,543)
Cash payments to employees	(155,658)	(1,536,827)	(1,692,485)
Interfund service payments	(50,519)	(393,115)	(443,634)
Net cash provided (used) by operating activities	<u>292,883</u>	<u>(502,530)</u>	<u>(209,647)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	-	940,000	940,000
Transfers out	(115,000)	-	(115,000)
Due to/from other funds	-	(200,347)	(200,347)
Net cash provided (used) by noncapital financing activities	<u>(115,000)</u>	<u>739,653</u>	<u>624,653</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	-	(212,840)	(212,840)
Proceeds from sale of capital assets	5,775	12,700	18,475
Net cash provided (used) by capital and related financing activities	<u>5,775</u>	<u>(200,140)</u>	<u>(194,365)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment Earnings	4,017	(342)	3,675
Net cash provided (used) by investing activities	<u>4,017</u>	<u>(342)</u>	<u>3,675</u>
Net increase (decrease) in cash	187,675	36,641	224,316
Cash and investments - beginning	835,799	5,900	841,699
Cash and investments - ending	<u>\$ 1,023,474</u>	<u>\$ 42,541</u>	<u>\$ 1,066,015</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET			
Operating income (loss)	\$ 203,162	\$ (661,329)	\$ (458,167)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	41,448	157,827	199,275
(Increase) decrease in assets:			
Accounts receivable, net	(48)	69	21
Prepaid items	568	-	568
Inventories	-	8,558	8,558
(Increase) decrease in deferred outflows:			
Pension related	(1,579)	25,311	23,732
OPEB related	(1,764)	(8,780)	(10,544)
Increase (decrease) in liabilities:			
Accounts payable and other accrued liabilities	(75)	(57,385)	(57,460)
Accrued payroll	477	2,079	2,556
Compensated absences	2,212	15,951	18,163
Total OPEB liability	28,973	(64,646)	(35,673)
Net pension liability	10,314	(54,881)	(44,567)
Unearned revenue	-	30,582	30,582
Increase (decrease) in deferred inflows:			
Pension related	(1,694)	(21,525)	(23,219)
OPEB related	10,889	125,639	136,528
Total adjustments	<u>89,721</u>	<u>158,799</u>	<u>248,520</u>
Net cash provided (used) by operating activities	<u>\$ 292,883</u>	<u>\$ (502,530)</u>	<u>\$ (209,647)</u>

Supplemental disclosure of noncash investing, capital and financing activities:

Yacht Basin decrease in fair value of investments of \$7,883.

Golf Course decrease in fair value of investments of \$342.

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2018

	<u>Workers Compensation Insurance</u>	<u>Property and Casualty Insurance</u>	<u>Facilities Management</u>	<u>Fleet Management</u>	<u>Self-funded Health Insurance</u>	<u>Total</u>
ASSETS						
Current assets:						
Cash and investments	\$ 10,359,310	\$ 4,774,633	\$ 770,900	\$ 1,283,838	\$ 7,288,049	\$ 24,476,730
Interest receivable	29,398	13,279	-	-	20,970	63,647
Accounts receivable, net	72	40	11,497	3,742	208,526	223,877
Prepaid items	285	147,405	15,610	150	-	163,450
Total current assets	<u>10,389,065</u>	<u>4,935,357</u>	<u>798,007</u>	<u>1,287,730</u>	<u>7,517,545</u>	<u>24,927,704</u>
Noncurrent assets:						
Capital assets (net of accumulated depreciation)						
Buildings	-	-	159,420	635,087	-	794,507
Building improvements	2,057	2,057	101,968	11,395	-	117,477
Improvements other than buildings	-	-	-	63,796	-	63,796
Equipment	66,727	11,103	853,093	1,042,399	-	1,973,322
Intangible computer software	-	-	-	705,245	-	705,245
Construction in progress	-	-	19,664	-	-	19,664
Less accumulated depreciation	<u>(43,309)</u>	<u>(12,441)</u>	<u>(614,335)</u>	<u>(1,912,583)</u>	<u>-</u>	<u>(2,582,668)</u>
Total capital assets, net	<u>25,475</u>	<u>719</u>	<u>519,810</u>	<u>545,339</u>	<u>-</u>	<u>1,091,343</u>
Total assets	<u>10,414,540</u>	<u>4,936,076</u>	<u>1,317,817</u>	<u>1,833,069</u>	<u>7,517,545</u>	<u>26,019,047</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension related	61,227	44,220	647,986	335,048	-	1,088,481
OPEB related	17,896	11,991	240,215	114,583	8,888	393,573
Total deferred outflows of resources	<u>79,123</u>	<u>56,211</u>	<u>888,201</u>	<u>449,631</u>	<u>8,888</u>	<u>1,482,054</u>
LIABILITIES						
Current liabilities:						
Accounts payable and other accrued liabilities	7,112	566	53,934	316,252	1,527,653	1,905,517
Accrued payroll	3,538	2,667	69,831	22,925	1,574	100,535
Total OPEB liability	17,896	11,991	240,215	114,583	8,888	393,573
Claims liability	1,211,024	396,044	-	-	1,703,140	3,310,208
Compensated absences	-	3,471	41,032	8,623	5,919	59,045
Total current liabilities	<u>1,239,570</u>	<u>414,739</u>	<u>405,012</u>	<u>462,383</u>	<u>3,247,174</u>	<u>5,768,878</u>
Noncurrent liabilities:						
Compensated absences	12,874	14,847	263,906	90,389	15,545	397,561
Total OPEB liability	515,432	345,369	6,918,596	3,300,179	255,977	11,335,553
Claims liability	5,100,486	1,142,574	-	-	-	6,243,060
Net pension liability	242,001	174,779	2,561,181	1,324,285	-	4,302,246
Total noncurrent liabilities	<u>5,870,793</u>	<u>1,677,569</u>	<u>9,743,683</u>	<u>4,714,853</u>	<u>271,522</u>	<u>22,278,420</u>
Total liabilities	<u>7,110,363</u>	<u>2,092,308</u>	<u>10,148,695</u>	<u>5,177,236</u>	<u>3,518,696</u>	<u>28,047,298</u>
DEFERRED INFLOWS OF RESOURCES						
Pension related	3,913	2,827	41,421	21,417	-	69,578
OPEB related	28,455	19,066	381,947	182,189	14,131	625,788
Total deferred inflows of resources	<u>32,368</u>	<u>21,893</u>	<u>423,368</u>	<u>203,606</u>	<u>14,131</u>	<u>695,366</u>
NET POSITION						
Net investment in capital assets	25,475	719	519,810	545,339	-	1,091,343
Unrestricted	3,325,457	2,877,367	(8,885,855)	(3,643,481)	3,993,606	(2,332,906)
Total net position	<u>\$ 3,350,932</u>	<u>\$ 2,878,086</u>	<u>\$ (8,366,045)</u>	<u>\$ (3,098,142)</u>	<u>\$ 3,993,606</u>	<u>\$ (1,241,563)</u>

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2018

	Workers Compensation Insurance	Property and Casualty Insurance	Facilities Management	Fleet Management	Self-funded Health Insurance	Total
OPERATING REVENUES						
Charges for services	\$ 4,092,888	\$ 3,510,184	\$ 5,821,544	\$ 4,111,481	\$ 19,598,198	\$ 37,134,295
Other revenue	212,674	191,109	10,910	4,027	1,042,193	1,460,913
Total operating revenues	<u>4,305,562</u>	<u>3,701,293</u>	<u>5,832,454</u>	<u>4,115,508</u>	<u>20,640,391</u>	<u>38,595,208</u>
OPERATING EXPENSES						
Salaries, wages and employee benefits	300,999	161,284	3,740,629	2,169,855	42,640	6,415,407
Contractual services, materials and supplies	997,454	2,397,471	1,314,030	2,136,753	2,535,859	9,381,567
Claims and claims adjustments	1,879,577	751,145	-	-	18,028,857	20,659,579
Depreciation	10,301	206	115,035	80,534	-	206,076
Total operating expenses	<u>3,188,331</u>	<u>3,310,106</u>	<u>5,169,694</u>	<u>4,387,142</u>	<u>20,607,356</u>	<u>36,662,629</u>
Operating income (loss)	<u>1,117,231</u>	<u>391,187</u>	<u>662,760</u>	<u>(271,634)</u>	<u>33,035</u>	<u>1,932,579</u>
NONOPERATING REVENUES (EXPENSES)						
Interest income	55,100	25,331	-	-	27,806	108,237
Gain (loss) on disposal of capital assets	-	-	23,983	(2,369)	-	21,614
Total nonoperating revenues (expenses)	<u>55,100</u>	<u>25,331</u>	<u>23,983</u>	<u>(2,369)</u>	<u>27,806</u>	<u>129,851</u>
Income (loss) before transfers	<u>1,172,331</u>	<u>416,518</u>	<u>686,743</u>	<u>(274,003)</u>	<u>60,841</u>	<u>2,062,430</u>
Transfers						
Transfers in	-	-	20,400	69,453	1,000,000	1,089,853
Transfers out	-	-	-	(1,000)	-	(1,000)
Total transfers	<u>-</u>	<u>-</u>	<u>20,400</u>	<u>68,453</u>	<u>1,000,000</u>	<u>1,088,853</u>
Change in net position	1,172,331	416,518	707,143	(205,550)	1,060,841	3,151,283
Total net position - beginning as restated	2,178,601	2,461,568	(9,073,188)	(2,892,592)	2,932,765	(4,392,846)
Total net position - ending	<u>\$ 3,350,932</u>	<u>\$ 2,878,086</u>	<u>\$ (8,366,045)</u>	<u>\$ (3,098,142)</u>	<u>\$ 3,993,606</u>	<u>\$ (1,241,563)</u>

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2018

	Workers Compensation Insurance	Property and Casualty Insurance	Facility Management	Fleet Management	Self-funded Health Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$ 4,307,744	\$ 3,703,496	\$ 5,828,923	\$ 4,112,417	\$ 21,067,763	\$ 39,020,343
Cash payments for claims	(1,794,066)	(669,527)	-	-	(17,403,913)	(19,867,506)
Cash payments to suppliers	(1,023,169)	(2,418,990)	(1,468,294)	(2,037,392)	(2,029,987)	(8,977,832)
Cash payments to employees	(254,773)	(195,923)	(3,668,080)	(1,758,281)	(124,146)	(6,001,203)
Net cash provided (used) by operating activities	<u>1,235,736</u>	<u>419,056</u>	<u>692,549</u>	<u>316,744</u>	<u>1,509,717</u>	<u>4,173,802</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers in	-	-	-	-	1,000,000	1,000,000
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING						
Acquisition and construction of capital assets	-	-	(221,148)	(191,179)	-	(412,327)
Transfer out for the acquisition of capital assets	-	-	-	(1,000)	-	(1,000)
Transfer in from the sale of capital assets	-	-	20,400	69,453	-	89,853
Proceeds from sale of capital asset	-	-	23,983	15,163	-	39,146
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(176,765)</u>	<u>(107,563)</u>	<u>-</u>	<u>(284,328)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment Earnings	48,046	22,720	-	-	18,554	89,320
Net cash provided by investing activities	<u>48,046</u>	<u>22,720</u>	<u>-</u>	<u>-</u>	<u>18,554</u>	<u>89,320</u>
Net increase in cash	1,283,782	441,776	515,784	209,181	2,528,271	4,978,794
Cash and investments - beginning	9,075,528	4,332,857	255,116	1,074,657	4,759,778	19,497,936
Cash and investments - ending	<u>\$ 10,359,310</u>	<u>\$ 4,774,633</u>	<u>\$ 770,900</u>	<u>\$ 1,283,838</u>	<u>\$ 7,288,049</u>	<u>\$ 24,476,730</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET						
Operating income (loss)	\$ 1,117,231	\$ 391,187	\$ 662,760	\$ (271,634)	\$ 33,035	\$ 1,932,579
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	10,301	206	115,035	80,534	-	206,076
(Increase) decrease in assets:						
Accounts receivable, net	2,183	2,203	(3,532)	(3,092)	427,372	425,134
Prepaid items	(264)	(21,043)	(15,033)	244	-	(36,096)
(Increase) decrease in deferred outflows:						
Pension related	364	6,172	111,633	2,767	26,129	147,065
OPEB related	(2,730)	(384)	(31,112)	(21,724)	(585)	(56,535)
Increase (decrease) in liabilities:						
Accounts payable and other accrued liabilities	(25,451)	(476)	(139,230)	99,118	505,872	439,833
Accrued payroll	269	178	21,789	380	34	22,650
Compensated absences	3,597	2,018	(3,349)	5,613	1,990	9,869
Total OPEB liability	10,904	(42,484)	(44,221)	216,009	(21,155)	119,053
Net pension liability	10,776	(14,405)	(290,588)	56,053	(98,095)	(336,259)
Claims liability	85,510	81,618	-	-	624,944	792,072
Increase (decrease) in deferred inflows:						
Pension related	(5,409)	(4,800)	(73,550)	(29,713)	(3,955)	(117,427)
OPEB related	28,455	19,066	381,947	182,189	14,131	625,788
Total adjustments	<u>118,505</u>	<u>27,869</u>	<u>29,789</u>	<u>588,378</u>	<u>1,476,682</u>	<u>2,241,223</u>
Net cash provided by operating activities	<u>\$ 1,235,736</u>	<u>\$ 419,056</u>	<u>\$ 692,549</u>	<u>\$ 316,744</u>	<u>\$ 1,509,717</u>	<u>\$ 4,173,802</u>

Supplemental disclosure of noncash investing, capital and financing activities:

Worker's Compensation Insurance decrease in fair value of investments of \$66,844

Property and Casualty Insurance decrease in fair value of investments of \$29,420

Self Insurance Fund decrease in fair value of investments \$53,360

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.

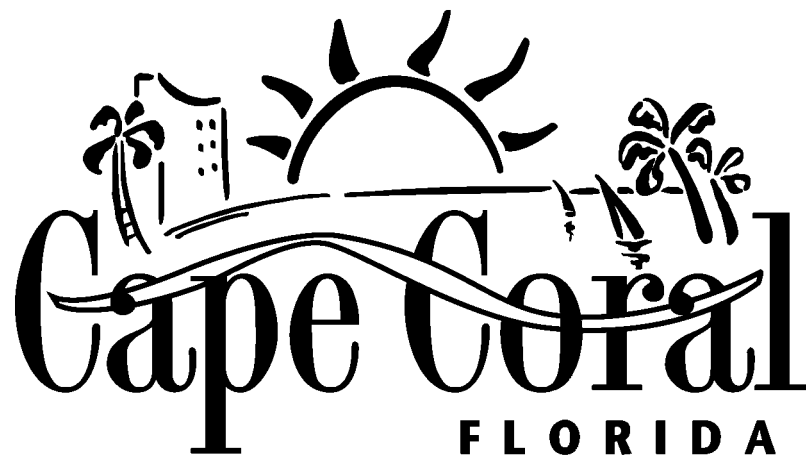
- School Impact Fee Fund – used to account for the City's collection of school impact fees for the Lee County School Board at the time of building permit issuance.
- Solid Waste Fund – used to account for the City's collection of solid waste fees.

City of Cape Coral, Florida

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

For the Year Ended September 30, 2018

	<u>Balance</u> <u>September 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>September 30, 2018</u>
School Impact Fee Fund				
Assets				
Cash and investments	\$ 597,538	\$ 4,746,158	\$ 4,998,621	\$ 345,075
Interest receivable	1,471	979	1,471	979
Total assets	<u>\$ 599,009</u>	<u>\$ 4,747,137</u>	<u>\$ 5,000,092</u>	<u>\$ 346,054</u>
Liabilities				
Due to others	\$ 599,009	\$ 4,736,530	\$ 4,989,485	\$ 346,054
Total liabilities	<u>\$ 599,009</u>	<u>\$ 4,736,530</u>	<u>\$ 4,989,485</u>	<u>\$ 346,054</u>
Solid Waste Fund				
Assets				
Cash and investments	\$ 3,309,293	\$ 13,824,111	\$ 13,711,819	\$ 3,421,585
Interest receivable	8,147	9,715	8,147	9,715
Intergovernmental receivable	39,307	13,856,960	13,851,286	44,981
Total assets	<u>\$ 3,356,747</u>	<u>\$ 27,690,786</u>	<u>\$ 27,571,252</u>	<u>\$ 3,476,281</u>
Liabilities				
Due to others	\$ 3,356,747	\$ 14,060,013	\$ 13,940,479	\$ 3,476,281
Total liabilities	<u>\$ 3,356,747</u>	<u>\$ 14,060,013</u>	<u>\$ 13,940,479</u>	<u>\$ 3,476,281</u>
Total All Agency Funds				
Assets				
Cash and investments	\$ 3,906,831	\$ 18,570,269	\$ 18,710,440	\$ 3,766,660
Interest receivable	9,618	10,694	9,618	10,694
Intergovernmental receivable	39,307	13,856,960	13,851,286	44,981
Total assets	<u>\$ 3,955,756</u>	<u>\$ 32,437,923</u>	<u>\$ 32,571,344</u>	<u>\$ 3,822,335</u>
Liabilities				
Due to others	\$ 3,955,756	\$ 18,796,543	\$ 18,929,964	\$ 3,822,335
Total liabilities	<u>\$ 3,955,756</u>	<u>\$ 18,796,543</u>	<u>\$ 18,929,964</u>	<u>\$ 3,822,335</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	172
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	177
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	182
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	186
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	189
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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 218,770,809	\$ 203,524,150	\$ 210,969,144	\$ 211,308,256	\$ 211,168,912	\$ 211,573,951	\$ 206,045,063	\$ 215,610,383	\$ 226,821,441	\$ 244,770,705
Restricted	39,734,025	63,970,296	37,703,162	38,954,956	33,449,825	33,522,887	39,172,890	49,389,716	53,759,601	71,209,165
Unrestricted	4,107,230	(9,570,983)	(9,190,305)	(31,602,890)	(45,992,918)	(41,654,894)	(129,177,798)	(133,595,277)	(129,318,499)	(238,304,065)
Total governmental activities net position	<u>262,612,064</u>	<u>257,923,463</u>	<u>239,482,001</u>	<u>218,660,322</u>	<u>198,625,819</u>	<u>203,441,944</u>	<u>116,040,155</u>	<u>131,404,822</u>	<u>151,262,543</u>	<u>77,675,805</u>
Business-type activities										
Net investment in capital assets	360,394,183	378,762,735	371,543,292	373,653,297	370,704,547	362,080,880	361,707,442	374,994,099	371,601,686	420,502,966
Restricted	78,467,814	54,357,805	56,239,059	62,417,416	47,174,719	66,696,901	92,631,969	89,937,196	101,978,014	77,224,216
Unrestricted	17,725,385	35,473,769	42,002,781	24,960,060	23,014,260	16,979,433	(26,625,585)	(17,705,952)	(8,257,372)	(31,086,868)
Total business-type activities net position	<u>456,587,382</u>	<u>468,594,309</u>	<u>469,785,132</u>	<u>461,030,773</u>	<u>440,893,526</u>	<u>445,757,214</u>	<u>427,713,826</u>	<u>447,225,343</u>	<u>465,322,328</u>	<u>466,640,314</u>
Primary government										
Net investment in capital assets	579,164,992	582,286,885	582,512,436	584,961,553	581,873,459	573,654,831	567,752,505	590,604,482	598,423,127	665,273,671
Restricted	118,201,839	118,328,101	93,942,221	101,372,372	80,624,544	100,219,788	131,804,859	139,326,912	155,737,615	148,433,381
Unrestricted	21,832,615	25,902,786	32,812,476	(6,642,830)	(22,978,658)	(24,675,461)	(155,803,383)	(151,301,229)	(137,575,871)	(269,390,933)
Total primary government net position	<u>\$ 719,199,446</u>	<u>\$ 726,517,772</u>	<u>\$ 709,267,133</u>	<u>\$ 679,691,095</u>	<u>\$ 639,519,345</u>	<u>\$ 649,199,158</u>	<u>\$ 543,753,981</u>	<u>\$ 578,630,165</u>	<u>\$ 616,584,871</u>	<u>\$ 544,316,119</u>

City of Cape Coral, Florida

CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

Schedule 2

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 31,534,140	\$ 29,986,307	\$ 32,639,906	\$ 31,642,181	\$ 35,750,067	\$ 43,386,715	\$ 52,344,411	\$ 51,588,399	\$ 71,064,097	\$ 71,403,749
Public safety:										
Police	45,501,686	42,473,233	43,046,173	38,563,123	40,883,574	34,265,016	37,755,665	37,862,679	35,940,818	37,171,888
Fire	30,824,609	29,047,066	31,336,823	32,509,360	33,280,113	29,089,119	34,071,631	29,941,799	27,531,173	29,341,496
Building ¹	2,013,917	2,057,602	2,284,267	2,382,927	2,557,567	2,995,300	3,134,523	3,804,593	5,315,723	5,729,880
Public works	25,229,774	22,375,570	19,250,191	16,844,612	14,216,303	16,905,388	18,101,671	18,268,298	18,415,038	21,523,769
Parks and recreation	17,846,602	17,212,764	16,556,468	18,101,675	17,457,679	17,069,459	17,024,031	17,997,257	15,928,133	20,381,690
Community development	8,831,139	11,348,878	9,141,207	10,294,730	7,978,824	6,640,062	5,559,972	6,979,622	8,362,954	7,342,215
Interest on long-term debt	9,245,822	9,643,322	11,431,053	11,532,722	11,169,234	10,953,024	10,223,210	9,641,749	8,628,106	8,578,175
Total governmental activities expenses	171,027,689	164,144,742	165,686,088	161,871,330	163,293,361	161,304,083	178,215,114	176,084,396	191,186,042	201,472,862
Business-type activities:										
Water and sewer	71,389,047	80,300,601	89,819,589	98,718,563	117,610,480	98,202,689	101,071,789	99,123,629	113,611,296	111,524,023
Stormwater	9,489,673	10,659,980	10,488,428	13,694,526	13,744,777	13,572,941	13,270,032	13,029,277	13,912,403	14,312,734
Yacht basin	282,733	295,691	312,368	340,445	372,930	992,058	345,457	372,349	323,196	471,313
Golf course	2,605,889	2,505,114	2,533,787	2,631,840	2,599,938	2,710,132	2,450,043	2,790,829	2,457,563	3,086,272
Total business-type activities expenses	83,767,342	93,761,386	103,154,172	115,385,374	134,328,125	115,477,820	117,137,321	115,316,084	130,304,458	129,394,342
Total primary government expenses	\$ 254,795,031	\$ 257,906,128	\$ 268,840,260	\$ 277,256,704	\$ 297,621,486	\$ 276,781,903	\$ 295,352,435	\$ 291,400,480	\$ 321,490,500	\$ 330,867,204
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 12,421,835	\$ 13,286,099	\$ 11,243,424	\$ 12,700,342	\$ 14,451,088	\$ 9,820,161	\$ 11,911,283	\$ 11,008,789	\$ 10,814,798	\$ 12,887,037
Public safety:										
Police	1,341,052	974,279	726,795	857,660	683,428	831,945	938,606	1,244,054	1,107,582	1,203,878
Fire	242,902	155,235	182,658	178,483	181,491	231,567	312,388	288,432	489,918	407,676
Building ¹	14,316	36,006	140,044	36,891	29,218	4,022,162	4,875,890	6,411,115	7,625,904	9,104,243
Public works	1,843,098	127,755	7,023	1,063,713	2,948,171	4,036,205	6,130,223	3,151,358	3,725,324	3,828,797
Parks and recreation	5,215,121	5,441,211	5,379,904	5,391,333	5,397,502	5,740,866	5,873,336	5,397,864	5,553,828	5,718,774
Community development	762,617	663,254	1,110,747	1,955,527	2,113,420	1,515,921	1,679,724	1,408,377	2,653,407	2,822,241
Operating grants and contributions	4,801,931	4,839,251	5,408,078	5,311,553	4,126,255	16,150,059	16,222,090	29,559,152	30,599,539	30,797,279
Capital grants and contributions	10,563,598	12,591,891	13,778,035	9,750,662	7,108,832	7,306,283	9,505,165	8,416,807	12,353,016	14,398,409
Total governmental activities program revenues	37,206,470	38,114,981	37,976,708	37,246,164	37,039,405	49,655,169	57,448,705	66,885,948	74,923,316	81,168,334
Business-type activities:										
Charges for services:										
Water and sewer	52,886,921	63,953,774	65,052,190	71,111,199	76,690,422	73,603,154	76,614,078	80,067,263	82,880,688	85,104,961
Stormwater	12,540,547	12,602,744	12,435,730	11,356,728	12,352,001	12,329,090	12,317,747	13,123,358	14,589,855	18,558,103
Yacht basin	302,466	271,315	345,013	338,006	394,553	992,314	562,119	588,539	669,484	687,066
Golf course	2,122,609	2,093,960	2,111,811	2,205,965	2,192,097	2,308,820	2,218,021	2,126,888	1,952,198	2,440,346
Operating grants and contributions	13,934,169	10,474,743	7,961,102	7,517,135	6,904,337	6,571,091	9,989,134	1,122,668	278,376	497,240
Capital grants and contributions	25,801,725	19,224,350	15,062,288	12,624,199	15,329,046	29,123,990	22,957,693	27,669,127	45,983,423	46,952,564
Total business-type activities program revenues	107,588,437	108,620,886	102,968,134	105,153,232	113,862,456	124,928,459	124,658,792	124,697,843	146,354,024	154,240,280
Total primary government program revenues	\$ 144,794,907	\$ 146,735,867	\$ 140,944,842	\$ 142,399,396	\$ 150,901,861	\$ 174,583,628	\$ 182,107,497	\$ 191,583,791	\$ 221,277,340	\$ 235,408,614
Net (Expense)/Revenue										
Governmental activities	\$ (133,821,219)	\$ (126,029,761)	\$ (127,709,380)	\$ (124,625,166)	\$ (126,253,956)	\$ (111,648,914)	\$ (120,766,409)	\$ (109,198,448)	\$ (116,262,726)	\$ (120,304,528)
Business-type activities	23,821,095	14,859,500	(186,040)	(10,232,142)	(20,465,669)	9,450,639	7,521,471	9,381,759	16,049,566	24,845,938
Total primary government net expense	\$ (110,000,124)	\$ (111,170,261)	\$ (127,895,420)	\$ (134,857,308)	\$ (146,719,625)	\$ (102,198,275)	\$ (113,244,938)	\$ (99,816,689)	\$ (100,213,160)	\$ (95,458,590)

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

City of Cape Coral, Florida

CHANGES IN NET POSITION (continued)

Last Ten Fiscal Years
(accrual basis of accounting)

Schedule 2

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes, levied for general purpose	\$ 72,633,498	\$ 81,258,406	\$ 68,455,753	\$ 66,300,746	\$ 68,969,220	\$ 71,451,329	\$ 77,445,321	\$ 75,239,444	\$ 79,463,250	\$ 87,094,669
Property taxes, levied for debt service	948,169	-	-	-	-	-	-	-	-	-
Property taxes, other (CRA and All Hazards)	1,777,720	911,537	815,195	685,754	690,036	755,178	900,184	1,094,755	1,344,219	1,632,023
Public service tax	-	-	-	-	-	7,229,414	7,168,083	7,250,872	7,103,228	7,135,139
Sales	13,361,888	13,399,724	14,000,513	14,210,873	15,345,034	16,792,598	18,336,760	18,136,627	18,646,222	20,194,344
Fuel	8,604,266	8,438,785	8,322,095	8,090,870	8,630,419	9,092,366	9,716,679	10,222,671	10,496,714	10,738,730
Alcohol and beverage	73,592	57,086	59,456	72,585	59,659	72,845	69,298	67,005	78,660	71,954
Franchise	6,394,714	6,683,814	6,527,368	6,333,907	6,096,685	6,520,354	6,549,306	6,622,099	6,433,799	6,534,366
Communication	4,424,139	5,426,528	5,927,483	6,017,787	6,280,373	5,773,054	5,489,539	5,168,297	5,319,563	4,626,232
Interest income	3,963,554	2,312,707	2,053,012	2,055,480	142,344	246,807	494,208	1,044,202	1,057,749	1,506,682
Transfers	(750,891)	2,852,573	103,677	35,485	5,683	(4,180)	163,837	(282,857)	6,177,043	(639,421)
Total governmental activities	111,430,649	121,341,160	106,264,552	103,803,487	106,219,453	117,929,765	126,333,215	124,563,115	136,120,447	138,894,718
Business-type activities:										
Interest income	-	-	1,056,065	1,513,268	334,105	-	-	9,846,901	8,224,462	5,370,071
Transfers	750,891	(2,852,573)	(103,677)	(35,485)	(5,683)	4,180	(163,837)	282,857	(6,177,043)	639,421
Total business-type activities	750,891	(2,852,573)	952,388	1,477,783	328,422	4,180	(163,837)	10,129,758	2,047,419	6,009,492
Total primary government	\$ 112,181,540	\$ 118,488,587	\$ 107,216,940	\$ 105,281,270	\$ 106,547,875	\$ 117,933,945	\$ 126,169,378	\$ 134,692,873	\$ 138,167,866	\$ 144,904,210
Change in Net Position										
Governmental activities	\$ (22,390,570)	\$ (4,688,601)	\$ (21,444,828)	\$ (20,821,679)	\$ (20,034,503)	\$ 6,280,851	\$ 5,566,806	\$ 15,364,667	\$ 19,857,721	\$ 18,590,190
Business-type activities	24,571,986	12,006,927	766,348	(8,754,359)	(20,137,247)	9,454,819	7,357,634	19,511,517	18,096,985	30,855,430
Total primary government	\$ 2,181,416	\$ 7,318,326	\$ (20,678,480)	\$ (29,576,038)	\$ (40,171,750)	\$ 15,735,670	\$ 12,924,440	\$ 34,876,184	\$ 37,954,706	\$ 49,445,620

¹ Beginning in FY2009 the Building Division and the Waterpark were reclassified from a business-type activity to a governmental activity.

City of Cape Coral, Florida

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

Schedule 3

	2009	2010	2011	2012 ¹	2013	2014	2015	2016	2017	2018
General Fund										
Nonspendable	\$ 1,958,785	\$ 2,058,949	\$ 120,906	\$ 1,463,946	\$ 1,234,458	\$ 1,165,609	\$ 879,483	\$ 842,608	\$ 1,361,649	\$ 797,831
Restricted	921,181	5,155,447	-	-	-	-	-	-	-	-
Committed	4,400,000	4,400,000	5,400,000	5,644,358	5,504,998	4,502,186	6,169,213	7,946,254	11,446,344	8,615,344
Assigned	-	-	-	1,531,752	712,650	199,927	1,281,341	469,442	1,134,329	2,237,766
Unassigned	18,034,628	23,471,473	29,053,164	21,156,596	18,315,850	30,501,100	46,494,247	41,286,873	36,568,335	26,505,262
Total General Fund	\$ 25,314,594	\$ 35,085,869	\$ 34,574,070	\$ 29,796,652	\$ 25,767,956	\$ 36,368,822	\$ 54,824,284	\$ 50,545,177	\$ 50,510,657	\$ 38,156,203
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ 81,190	\$ 87,732	\$ 92,302	\$ 110,351	\$ 93,869	\$ 88,095	\$ 98,890	\$ 103,595
Reserved	26,923,895	23,962,368	-	-	-	-	-	-	-	-
Restricted	-	-	31,357,530	38,799,815	33,624,557	34,216,824	37,988,089	46,671,710	53,051,681	69,986,603
Committed	-	-	11,188,786	11,278,188	12,190,444	13,312,428	22,320,327	19,074,472	29,299,004	16,625,680
Unreserved, designated										
Special Revenue Funds	12,561,192	29,816,396	-	-	-	-	-	-	-	-
Debt Service Funds	576,494	583,854	-	-	-	-	-	-	-	-
Capital Projects Funds	11,125,014	8,530,201	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special Revenue Funds	(2,982,708)	(1,764,088)	-	-	-	-	-	-	-	-
Unassigned	-	-	(912,669)	(483,219)	(307,694)	(369,155)	(108,446)	(157,390)	(202,173)	(441,087)
Total All Other Governmental Funds	\$ 48,203,887	\$ 61,128,731	\$ 41,714,837	\$ 49,682,516	\$ 45,599,609	\$ 47,270,448	\$ 60,293,839	\$ 65,676,887	\$ 82,247,402	\$ 86,274,791

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

City of Cape Coral, Florida

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

Schedule 4

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 108,217,986	\$ 116,175,880	\$ 104,107,863	\$ 101,712,522	\$ 106,071,431	\$ 117,687,138	\$ 125,657,523	\$ 123,818,579	\$ 128,885,655	\$ 138,027,457
Special assessments	230,013	201,509	118,546	138,165	147,915	10,080,686	13,449,945	20,930,885	22,641,361	22,857,608
Licenses and permits	1,319,617	2,787,048	2,625,516	2,992,430	3,396,297	4,015,563	4,876,346	7,251,734	8,452,874	9,890,576
Intergovernmental	10,933,735	16,037,270	16,052,198	9,429,635	7,559,867	6,452,157	8,455,219	6,967,431	10,083,547	7,124,612
Charges for services	14,097,140	13,135,033	12,256,283	13,423,461	13,310,111	13,988,879	14,773,565	14,020,091	15,173,625	17,660,274
Fines and forfeitures	1,819,901	1,757,962	1,259,226	1,041,971	811,365	746,712	819,205	841,830	1,067,476	968,608
Impact fees	1,391,932	1,202,553	1,616,405	1,664,828	2,668,632	3,981,431	5,553,426	8,510,926	12,403,864	14,555,217
Rent and royalties	509,211	363,438	318,964	276,311	3,287,898	3,763,481	4,079,452	4,110,301	3,512,705	3,875,352
Interest income	2,676,476	1,378,130	888,074	1,042,212	267,079	469,754	1,013,354	960,991	962,872	1,398,445
Contributions and donations	61,126	109,846	270,191	288,975	253,646	264,250	277,742	242,727	338,145	280,020
Other revenue	1,366,684	1,053,240	1,392,160	3,740,640	3,954,928	2,343,858	5,621,385	1,926,213	1,599,434	2,074,324
Total revenues	142,623,821	154,201,909	140,905,426	135,751,150	141,729,169	163,793,909	184,577,162	189,581,708	205,121,558	218,712,493
Expenditures										
General government	22,760,144	21,232,646	25,984,632	22,925,185	28,029,485	36,664,982	40,382,204	45,579,202	53,777,415	66,604,588
Public safety:										
Police	38,160,407	36,639,732	35,940,838	33,576,378	35,511,381	29,742,744	31,974,963	34,745,411	34,921,546	36,893,957
Fire	24,774,802	24,531,497	26,542,275	27,711,702	28,462,946	24,848,816	26,028,314	26,574,399	27,520,189	31,188,734
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	4,238,583	5,108,187
Public works	19,756,841	17,378,616	15,365,368	11,599,377	8,932,540	11,788,826	12,540,223	12,322,752	13,879,757	16,164,425
Parks and recreation	14,281,286	13,608,142	13,642,352	13,753,583	13,560,974	13,756,920	14,603,776	15,281,586	16,587,509	17,589,379
Community development	7,903,124	10,499,730	8,765,773	9,475,576	7,101,799	5,691,090	5,979,224	6,709,083	6,893,028	7,340,488
Capital outlay	68,363,473	29,296,160	27,951,051	11,394,393	6,029,345	6,921,521	10,676,484	19,389,174	16,267,397	32,333,090
Debt service:										
Principal	6,798,151	5,483,753	6,409,810	6,894,790	8,530,114	8,844,063	9,497,601	11,292,837	11,806,372	11,942,674
Interest and fiscal charges	5,472,400	9,861,791	9,930,304	8,880,760	11,178,064	10,813,779	10,342,261	9,722,762	9,311,497	8,593,724
Bond issuance cost	-	-	-	-	-	101,611	483,913	-	440,620	39,873
Total expenditures	210,284,545	170,589,669	172,816,670	148,594,671	149,894,215	151,864,064	165,438,915	185,022,224	195,643,913	233,799,119
Excess of revenues under expenditures	(67,660,724)	(16,387,760)	(31,911,244)	(12,843,521)	(8,165,046)	11,929,845	19,138,247	4,559,484	9,477,645	(15,086,626)
Other Financing Sources (Uses)										
Transfers in	26,423,987	24,621,888	14,451,468	22,957,260	23,960,633	27,265,208	31,887,089	31,052,126	48,438,259	69,718,917
Transfers out	(23,478,193)	(23,770,218)	(14,347,791)	(10,813,421)	(23,954,950)	(27,259,388)	(31,723,252)	(34,657,646)	(43,261,216)	(71,447,191)
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	-	62,595,000	7,912,705
Premium on debt	-	-	-	-	-	-	4,260,306	-	8,041,561	-
Payment to escrow agent to refund bonds	-	-	-	-	-	(5,252,769)	(59,492,199)	-	(70,193,955)	-
Refunds	(324,797)	-	-	-	-	-	-	-	-	-
Insurance damage claims	-	-	-	8,602	21,064	-	-	-	-	-
Proceeds on sale of capital assets	76,356	23,495	156,585	184,650	26,696	226,810	443,662	149,977	1,438,701	575,130
Total other financing sources	37,283,063	39,083,879	11,985,551	16,033,782	53,443	341,860	12,340,606	(3,455,543)	7,058,350	6,759,561
Net change in fund balances	\$ (30,377,661)	\$ 22,696,119	\$ (19,925,693)	\$ 3,190,261	\$ (8,111,603)	\$ 12,271,705	\$ 31,478,853	\$ 1,103,941	\$ 16,535,995	\$ (8,327,065)
Debt service as a percentage of noncapital expenditures	8.65%	10.86%	11.28%	11.50%	13.70%	13.56%	12.82%	12.69%	11.77%	10.19%

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
2009	\$ 112,243	\$ 129,519	\$ 7,677	\$ 165,020	\$ 977,474	\$ 4,171,112	\$ 4,836,555	\$ 497,791
2010	111,908	116,706	6,841	217,425	749,673	1,526,547	2,359,061	296,107
2011	130,077	134,811	7,979	231,920	1,111,618	2,984,685	860,269	245,332
2012	183,159	190,337	11,215	344,535	935,581	531,665	720,771	246,754
2013	268,273	278,123	16,388	489,485	1,616,363	637,875	1,471,406	351,599
2014	366,857	378,990	22,333	642,240	2,571,011	1,859,278	5,736,228	891,280
2015	584,514	601,536	35,446	1,041,410	3,290,520	2,177,497	6,111,600	1,046,984
2016	838,224	868,136	51,154	1,559,473	5,193,939	2,584,665	7,097,253	1,234,697
2017	1,214,515	1,257,401	74,096	2,751,820	7,106,032	4,437,182	8,048,763	2,895,091
2018	1,488,434	1,538,112	90,670	2,737,325	8,700,676	3,667,760	9,301,674	4,846,618

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
2009	\$ 20,413,438,780	\$ 519,489,720	\$ 5,236,286,250	\$ 15,696,642,250	4.83	\$ 20,932,928,500	74.99
2010	13,340,141,030	523,329,090	3,368,593,750	10,494,876,370	7.97	13,863,470,120	75.70
2011	11,309,920,029	548,894,939	2,970,431,592	8,888,383,376	7.97	11,858,814,968	74.95
2012	11,207,273,819	487,302,713	3,127,986,516	8,566,590,016	7.96	11,694,576,532	73.25
2013	11,961,674,078	489,976,001	3,548,255,036	8,903,395,043	7.96	12,451,650,079	71.50
2014	13,290,907,759	475,478,158	4,246,067,858	9,520,318,059	7.71	13,766,385,917	69.16
2015	14,859,472,913	473,544,133	5,002,060,301	10,330,956,745	7.71	15,333,017,046	67.38
2016	16,141,195,874	460,315,173	5,481,003,861	11,120,507,186	6.96	16,601,511,047	66.98
2017	18,033,222,081	458,569,377	6,446,420,411	12,045,371,047	6.75	18,491,791,458	65.14
2018	19,881,805,283	476,068,474	7,163,540,104	13,194,333,653	6.75	20,357,873,757	64.81

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	
2009	4.7698	0.0000	4.7698	3.6506	6.868	1.6935	16.9819
2010	7.9702	0.0000	7.9702	3.6506	7.508	1.6935	20.8223
2011	7.9702	0.0000	7.9702	3.6506	8.015	1.7474	21.3832
2012	7.9570	0.0000	7.9570	3.6506	7.854	1.7980	21.2597
2013	7.9570	0.0000	7.9570	3.6506	7.584	1.7161	20.9078
2014	7.7070	0.0000	7.7070	4.1506	7.598	1.4580	20.9136
2015	7.7070	0.0000	7.7070	4.1506	7.416	1.4144	20.6880
2016	6.9570	0.0000	6.9570	4.1506	7.285	1.4424	19.8350
2017	6.7500	0.0000	6.7500	4.0506	6.989	1.4612	19.2508
2018	6.7500	0.0000	6.7500	4.0506	6.679	1.4872	18.9668

¹ Other consists of Lee County Capital Improvement, Lee County All Hazards, Lee County Library, and Lee County Unincorporated MSTU.

City of Cape Coral, Florida

PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Schedule 8

Taxpayer	2018			2009		
	Taxable Assessed Value ¹	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable City Assessed Value
Corona Property Holdings LLC	\$ 30,698,865	1	0.23 %	-	-	- %
GRE Coralwood LP	26,498,094	2	0.20	-	-	-
International Capital	20,720,392	2	0.16	-	-	-
Freeman + Hasselwander Resort	30,080,381	4	0.23	-	-	-
Coral Walk FL LLC	18,579,450	5	0.14	-	-	-
Progress Residential Borrower	16,606,372	6	0.13	-	-	-
Cryptical Cove LLC	15,626,806	7	0.12	-	-	-
Publix Super Markets Inc	16,425,898	8	0.12	-	-	-
Coral Pointe Investment LLC	14,561,461	9	0.11	-	-	-
Agybe LLC	14,392,258	10	0.11	-	-	-
Tarpon Point Associates LLC	-	-	-	\$ 64,857,370	1	0.41
Thieman Enterprises LLC	-	-	-	29,477,180	2	0.19
GRE Coralwood LP	-	-	-	23,571,630	3	0.15
Federal National Mortgage Assn	-	-	-	19,895,540	4	0.13
Lowes Home Centers Inc.	-	-	-	18,768,010	5	0.12
Larke Eugene A Jr. Trust	-	-	-	14,835,210	6	0.09
GKK Coral Cove Owner LLC	-	-	-	14,520,030	7	0.09
Eagle Gregory W. Trust	-	-	-	14,228,680	8	0.09
Cole MT Cape Coral FL LLC	-	-	-	13,783,580	9	0.09
Target Corporation	-	-	-	13,540,830	10	0.09
Total	\$ 204,189,977		1.55 %	\$ 227,478,060		1.45 %

¹ Source: Lee County Property Appraiser

Total taxable assessed value of Cape Coral for 2018 \$ 13,194,333,653
Total taxable assessed value of Cape Coral for 2008 \$ 15,696,642,250

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
2009	\$ 75,854,023	\$ 72,700,638	95.84	\$ 493,746	\$ 73,194,384	96.49
2010	83,646,270	80,145,761	95.82	257,040	80,402,801	96.12
2011	71,017,898	67,864,550	95.56	324,242	68,188,792	96.02
2012	68,164,357	65,633,185	96.29	129,238	65,762,423	96.48
2013	70,844,314	68,242,587	96.33	(490) ³	68,242,097	96.33
2014	73,373,091	70,741,212	96.41	33,095	70,774,307	96.46
2015	79,620,684	76,697,068	96.33	(18,805) ³	76,678,263	96.30
2016	77,436,922	74,492,236	96.20	43,361	74,535,597	96.25
2017	81,306,255	78,383,386	96.41	66,364	78,449,750	96.49
2018	89,061,752	85,842,852	96.39	-	85,842,852	96.39

¹ Source: City of Cape Coral, Financial Services Department

² Source: Lee County Property Appraiser

Property taxes are levied on November 1st of each year, and are due and payable upon receipt of the notice of the levy. A 4% discount is allowed if the taxes are paid in November, with the discount declining by 1% each month thereafter. Accordingly, taxes collected will not be 100% of tax levy. Taxes become delinquent on April 1st of each year, and tax certificates for the full amount of any unpaid taxes and assessments are sold at public auction prior to June 1st of each year, and the proceeds collected are remitted to the City.

³ Includes refunds and corrections from tax collector.

City of Cape Coral, Florida

RATIOS OF OUTSTANDING DEBT BY TYPE¹
Last Ten Fiscal Years

Schedule 10

Fiscal Year	Governmental Activities						Business-Type Activities				Total Primary Government	Percentage of Personal Income ⁵	Per Capita ⁶
	General Obligation Bonds	Revenue Bonds	Notes Payable	Commercial Paper Obligation	Special Assessment	Capital Lease	Revenue Bonds ²	Notes Payable ³	Special Assessment ⁴	Commercial Paper Obligation			
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
2017	-	191,054,422	10,474,000	-	1,130,000	452,014	437,229,120	67,859,047	98,580,423	-	806,779,026	16.45	1,130
2018	-	180,949,932	16,466,205	-	855,000	273,460	449,733,033	77,847,479	85,175,423	-	811,300,532	15.70	1,083

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
2009 ⁴	\$ -	\$ -	\$ -	\$ -	\$ -
2010 ⁴	-	-	-	-	-
2011 ⁴	-	-	-	-	-
2012 ⁴	-	-	-	-	-
2013 ⁴	-	-	-	-	-
2014 ⁴	-	-	-	-	-
2015 ⁴	-	-	-	-	-
2016 ⁴	-	-	-	-	-
2017 ⁴	-	-	-	-	-
2018	-	-	-	-	-

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, 2018

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	\$ 225,353,000 ¹	27.670% ²	\$ 62,355,175
City direct debt			<u>203,110,436 ³</u>
Total direct and overlapping debt			<u><u>\$ 265,465,611</u></u>

¹ Source: Lee County Clerk of Court, Finance Division.

² Determined by dividing:

Taxable assessed valuation of the City of Cape Coral (see Schedule 6)	\$ 13,194,333,653
by the total taxable valuation of Lee County.	\$ 43,531,705,000

³ Source: City of Cape Coral, Financial Services Department
(see Schedule 10 governmental activities).

City of Cape Coral, Florida

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Schedule 13

Fiscal Year	Water and Sewer Revenue Debt							Stormwater Revenue Debt						
	Operating Revenues ¹	Operating Expenses ²	Revenue for Debt Services	Debt Service Requirements ³		Total	Coverage ⁴	Operating Revenues ⁵	Less: Operating Expenses ²	Net Available Revenue for Debt Service	Debt Service Requirements ⁶		Total	Coverage
				Principal	Interest						Principal	Interest		
2009	\$ 53,030,486	\$ 35,202,653	\$ 17,827,833	\$ 3,810,000	\$ 9,501,847	\$ 13,311,847	1.34	\$ 12,992,483	\$ 8,033,659	\$ 4,958,824	\$ 485,000	\$ 88,506	\$ 573,506	8.65
2010	63,886,074	34,499,895	29,386,179	3,915,000	15,247,558	19,162,558	1.53	12,927,544	9,358,232	3,569,312	505,000	69,106	574,106	6.22
2011	67,236,758	32,982,527	34,254,231	4,035,000	14,211,052	18,246,052	1.88	12,625,482	9,393,954	3,231,528	525,000	48,906	573,906	5.63
2012	71,703,204	34,483,112	37,220,092	5,640,000	22,290,563	27,930,563	1.33	11,544,704	12,243,641	(698,937) ⁷	545,000 ⁸	27,250	572,250	(1.22)
2013	75,862,707	36,213,510	39,649,197	6,755,000	22,379,635	29,134,635	1.36	12,379,372	12,221,417	157,955	-	-	-	-
2014	73,678,329	38,138,225	35,540,104	7,825,000	21,964,200	29,789,200	1.19	12,393,540	12,071,965	321,575	-	-	-	-
2015	77,043,774	40,442,926	36,600,848	8,395,000	21,018,222	29,413,222	1.24	12,404,199	11,744,731	659,468	-	-	-	-
2016	80,312,234	41,931,221	38,381,013	9,580,000	19,264,647	28,844,647	1.33	13,213,160	11,304,048	1,909,112	-	-	-	-
2017	83,094,497	45,152,483	37,942,014	9,960,000	18,888,604	28,848,604	1.32	14,688,168	12,006,814	2,681,354	-	-	-	-
2018	84,148,677	50,029,458	34,119,219	10,215,000	8,902,715	19,117,715	1.78	18,689,276	12,403,435	6,285,841	-	-	-	-

¹ Includes interest income; excludes ad valorem taxes, and proceeds from sale of capital assets.

² Excludes depreciation expense, interest expense, and bond discount amortization.

³ Includes senior debt with a pledge of net revenues and expansion fees of the utility system.

⁴ Bond covenant requires net revenues adequate to pay at least 100% of the annual debt service on all outstanding bonds becoming due in such fiscal year.

⁵ Includes interest income.

⁶ Includes only debt being funded by the net revenues of the system.

⁷ Includes a \$978,611 one-time adjustment to reconcile the receivable to the Lee County Tax Collector outstanding amount.

⁸ 2012 is the final year of debt service payment.

City of Cape Coral, Florida

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years

Schedule 14

Fiscal Year	Population ¹	Personal Income ²	Per Personal Income ¹	Median Age ¹	School Enrollment ³	Unemployment Rate ⁴
2009	167,917	\$ 4,493,123,086	\$ 26,758	43	15,983	13.9
2010	163,095	4,245,525,945	26,031	43	15,658	13.5
2011	154,305	3,848,366,700	24,940	43	15,305	11.3
2012	155,158	3,536,205,978	22,791	43	15,246	10.5
2013	156,486	3,833,281,056	24,496	44	15,399	6.5
2014	160,831	4,020,935,831	25,001	43	15,583	6.0
2015	163,602	4,187,883,996	25,598	44	19,839	5.2
2016	168,425	4,418,461,450	26,234	45	19,414	4.8
2017	179,804	4,904,513,708	27,277	45	19,598	3.6
2018	183,365	5,167,409,065	28,181	45	92,941	3.0

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: Florida Department of Economic Opportunity

City of Cape Coral, Florida

PRINCIPAL EMPLOYERS¹
Current Year and Nine Years Ago

Schedule 15

Employer	2018			2008		
	Employees	Rank	Percentage of Total City Employment ²	Employees	Rank	Percentage of Total City Employment ³
Lee County School District	2,452	1	2.86 %	2,400	1	3.18 %
Lee Memorial Health System	2,235	2	2.61	900	4	1.19
City of Cape Coral	1,369	3	1.60	1,816	2	2.41
Publix Super Market	1,270	4	1.48	1,322	3	1.75
Sam's/Wal-Mart	887	5	1.03	690	5	0.91
Home Depot	570	6	0.67	382	7	0.51
Regional VA Clinic	554	7	0.65	-	-	-
Gulf Coast Village	430	8	0.50	-	-	-
Target	368	9	0.43	328	8	0.43
Cape Coral Charter School	344	10	0.40	-	-	-
Lowes Home Improvement Center	-	-	-	300	9	0.40
Coldwell Banker	-	-	-	605	6	0.80
Whintney Education Group	-	-	-	300	10	0.40

Source: City of Cape Coral, Economic Development Office

¹ The data shows only employees working in the City of Cape Coral and does not include other jobs with the same employer located throughout Lee County.

² The total city employment for 2017 was 82,605.
Source: U.S. Department of Labor - Bureau of Labor Statistics

³ The total city employment for 2008 was 75,442.
Source: U.S. Department of Labor - Bureau of Labor Statistics

City of Cape Coral, Florida

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

Schedule 16

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	124	125	119	185	128	128	138	144	145	142
Public Safety:										
Police	368	359	344	336	336	334	334	339	342	334
Fire	219	216	206	206	205	206	210	212	222	217
Building	26	26	27	28	29	29	36	48	48	51
Public Works ¹	195	154	150	78	132	137	140	145	150	152
Community Development	61	58	59	57	53	54	57	56	57	54
Parks and Recreation	180	187	190	180	193	197	209	209	210	146
Water and Sewer	269	266	260	218	236	266	279	289	300	298
Stormwater	90	114	113	104	96	96	96	96	96	96
Yacht Basin	3	2	2	2	3	3	3	3	3	3
Golf Course	36	35	36	32	32	32	32	32	32	32
Waterpark	50	67	64	60	62	62	62	62	62	62
Total	1,621	1,609	1,570	1,486	1,505	1,544	1,596	1,635	1,667	1,587

¹ Beginning in FY2013 Transportation was reported in Public Works.

City of Cape Coral, Florida

OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Schedule 17

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Number of sworn officers	244	239	216	219	212	226	226	231	234	260
Total calls received ¹	219,785	194,688	192,289	239,686	269,161	261,436	275,478	275,688	285,479	277,286
Number of crime scenes processed by evidence technician	1,019	648	704	635	814	827	950	784	1,356	1,524
Traffic citations issued (all units)	26,117	23,480	18,256	9,797	10,277	10,277	8,806	8,845	11,913	11,752
Vice, intelligence and narcotics arrests	1,490	1,055	893	719	820	906	835	678	755	956
Fire										
Number of firefighters and officers	188	192	192	192	191	191	198	196	205	206
Calls for service	17,458	18,127	18,718	19,372	19,652	19,672	20,321	18,643	20,471	20,401
Inspections	7,000	6,747	5,274	7,978	6,757	5,599	8,092	9,342	8,138	7,261
Public Works										
Tons of debris collected and disposed of	972	13,486	614	112	154	74	160	214	417	850
Lane miles of road surface restored	14	6	42	34	15	59	21	399	134	130
Community Development										
Contacts (counter and telephone)	27,487	24,388	52,715	58,292	48,520	49,758	51,023	53,045	47,882	62,120
Certificates of use	670	661	643	602	610	596	585	590	592	574
Sign permits issued	423	423	260	251	250	259	645	296	272	197
Parks and Recreation										
Programs held at art studio	193	184	366	486	413	390	435	438	250	270
Sessions held for aquatics	46	64	89	114	133	128	127	126	103	98
Senior centers memberships	1,094	941	917	751	758	707	751	804	787	643
Transportation program-total miles driven	75,336	73,418	76,730	94,533	87,197	115,000	85,173	94,519	105,103	107,832
Transportation										
Catch basins	12,587	4,706	3,133	3,745	4,620	4,178	5,695	4,527	4,527	4,527
Centerline miles of roadway striped annually	553	453	705	555	389	493	767	355	355	-
Water and Sewer										
Finished water pumped to system (millions of gallons)	3,161	3,488	3,519	3,542	3,435	3,516	3,644	3,679	4,694	4,505
Dry tons of bio-solids generated	2,291	1,914	6,889	1,906	1,772	1,789	1,763	1,970	1,970	1,970
Stormwater Utility										
Cubic yards dredged from canals	150,646	120,732	90,073	38,325	41,073	28,945	45,605	54,635	16,361	17,726
Swale requests received	742	706	652	711	409	247	346	356	521	514
Swale regraded (Square Feet)	2,163,310	2,360,047	2,060,663	1,311,430	1,516,353	1,541,520	1,326,156	1,121,325	900,370	748,099
Building Division										
Total inspections	31,584	43,750	46,573	33,779	35,877	64,686	83,536	63,071	72,307	85,122
Permits issued	12,217	12,574	12,237	13,603	19,983	19,300	22,019	26,973	27,984	38,937
Yacht Basin										
Average annual slip rentals	63	63	69	69	90	76	69	85	92	84
Golf Course										
Rounds played	62,355	59,888	60,751	62,550	61,974	58,735	57,390	55,808	46,678	55,688
Waterpark										
Admissions	154,099	151,562	131,364	113,267	107,699	113,358	116,293	86,174	87,969	96,220

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

City of Cape Coral, Florida

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Schedule 18

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	11	11	10	10	10	10	11	11	11	11
Public Works										
Paved alleys (miles)	12	12	12	12	12	12	12	12	11	11
Sidewalks (miles)	164	184	190	194	194	202	209	215	220	226
Parks and Recreation										
City owned developed parks	30	30	30	34	34	34	34	34	34	34
Number of developed acres	401	401	401	405	409	409	409	409	409	409
City owned undeveloped parks	20	20	20	24	24	24	24	24	24	24
Number of undeveloped acres	1,071	1,072	1,086	1,094	1,095	1,095	1,098	1,100	1,101	1,101
City owned senior centers	2	2	2	2	2	2	2	2	2	2
City owned boat launches, locks, and lifts ³	8	12	10	11	22	22	22	22	22	22
Transportation										
Paved streets (lane miles) ²	3,111	3,115	3,123	3,157	3,047	3,047	3,047	3,047	3,047	3,047
Water and Sewer										
Number of water connections	53,777	55,468	55,343	55,591	55,790	56,522	58,899	61,522	62,692	64,225
Number of sewer connections	51,962	53,533	54,069	54,193	54,222	54,678	56,215	59,904	61,208	62,842
Miles of water distribution	855	848	849	849	853	856	907	907	907	908
Stormwater										
Stormwater drainage pipes (miles)	518	528	519	510	514	517	519	516	540	540
Swales (miles) ¹	6,732	3,363	3,363	3,363	3,363	3,363	3,363	3,363	3,363	3,363
Catch basins	22,927	22,961	22,994	22,725	22,767	22,894	22,940	22,931	23,733	23,733
Yacht Basin										
Boat slips ⁴	108	112	108	93	112	112	112	107	107	84
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 Cartegraph report excluded bike paths and vacations of roads and included road widening and new roads.

³ Year 2013 included both improved and unimproved boat launches.

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

Single Audit



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cape Coral, Florida (City) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 28, 2019. The financial statements of the discretely presented component unit as of and for the year ended June 30, 2018 were audited by us. We issued a separate report dated September 28, 2018. Therefore, this report does not include reporting on the internal control over financial reporting or compliance and other matters included in that separately issued report. The financial statements of the Municipal General Employees' Pension Plan, the Municipal Police Officers' Pension Plan, and the Municipal Firefighters' Pension Plan were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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


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

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Fort Myers, Florida
February 28, 2019



**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 OF THE STATE OF FLORIDA**

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 the *OMB Compliance Supplement* and the requirements described in the State of 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, 2018. 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 expended \$779,234 in federal awards which is not included in the City's schedule of expenditures of federal awards during the year ended September 30, 2018. 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 projects applicable to its federal 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 Local Governmental Entity Audits. 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, 2018.

Report on Internal Control Over Compliance

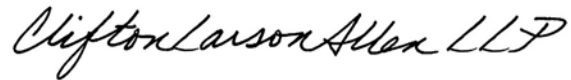
Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Fort Myers, Florida
February 28, 2019

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**
For the Year Ended September 30, 2018

<u>Federal Agency/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal or Pass Through Grant Number</u>	<u>Expenditures</u>	<u>Passed through to Subrecipients</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Community Planning and Development:				
CDBG Entitlement Grant Cluster				
Community Development Block Grants/Entitlements (CDBG)	14.218	B17MC120027	\$ 823,135	\$ 714,387
Community Development Block Grants/Entitlements (CDBG)	14.218	B16MC120027	292,032	202,934
Community Development Block Grants/Entitlements (CDBG)	14.218	B15MC120027	13,585	-
Neighborhood Stabilization Program (NSP-1)	14.218	B08MN120003	720,039	680,479
Neighborhood Stabilization Program (NSP-3)	14.218	B11MN120003	150,464	113,664
			<u>1,999,255</u>	<u>1,711,464</u>
U.S. DEPARTMENT OF JUSTICE:				
Office of Justice Programs (OJP):				
Edward Byrne Justice Assistance Grant (JAG) FY17	16.738	2017-DJ-BX-0197	15,562	
Paul Coverdell Forensic Science Improvement Grant FY16	16.738	2016-DJ-BX-0062	9,173	
			<u>24,735</u>	
Joint Law Enforcement Operations Equitable Sharing	16.922	FL0360200	30,326	
<i>Passed-Through State of Florida, Office of the Attorney General</i>				
Victims of Crime Act (VOCA) 2016-17	16.575	VOCA-2018-CCPD-0219	113,413	
			<u>168,474</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>228,523</u>	
U.S. DEPARTMENT OF HOMELAND SECURITY:				
Federal Emergency Management Agency				
<i>Fire Prevention and Safety</i>				
Assistance to Firefighters	97.044	EMW-2016-FP-00299	35,132	
<i>Passed-Through State of Florida, Division of Emergency Management</i>				
Homeland Security Grant Program Community Emergency Response Team (CERT)	97.042	2017-2018	12,946	
			<u>48,078</u>	
U.S. DEPARTMENT OF TRANSPORTATION				
Federal Highway Administration:				
<i>Passed-Through State of Florida, Department of Transportation:</i>				
Highway Planning and Construction Cluster				
Highway Planning and Construction				
Chiquita Blvd N Sidewalks	20.205	434995-1-58-01	9,402	
SW 20th Ave Sidewalks	20.205	431331-1-58-01	122,712	
SE 8th Street Sidewalks	20.205	431329-1-58-01	245,568	
Skyline Blvd Sidewalks	20.205	433232-1-58-01	2,261	
Pelican Schools Sidewalks	20.205	434994-1-58-01	171,588	
Chiquita Blvd S Sidewalks	20.205	434995-1-58-01	50,190	
Suntrail Non-Motorized Bike Path	20.205	440236-1-34-01	372,793	
Signal Timing Analysis & Implementation	20.205	433237-1-38-01	68,262	
			<u>1,042,776</u>	
National Highway Traffic Safety Administration:				
<i>Passed-Through State of Florida, Department of of Transportation:</i>				
FDOT DRE Call Out 2018	20.616	M5X 18-06-02	1,805	
			<u>1,044,581</u>	
U.S. DEPARTMENT OF COMMERCE				
National Oceanic and Atmospheric Administration:				
<i>Passed-Through State of Florida, Department of Environmental Protection:</i>				
Coastal Zone Management Act	11.419	CM513	9,105	
Florida Coastal Management Program				
Exotic Removal Grant	11.419	CM732	10,000	
			<u>19,105</u>	
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,508,016	\$ 1,711,464

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, 2018

<u>State Agency/Program Title</u>	<u>CSFA Number</u>	<u>State Contract/ Grant Number</u>	<u>State Expenditures</u>	<u>Passed through to Subrecipients</u>
STATE OF FLORIDA, FLORIDA HOUSING FINANCE CORPORATION:				
State Housing Initiatives Partnership Program (S.H.I.P.)	40.901	N/A	\$ 681,245	\$ 645,066
STATE OF FLORIDA, DIVISION OF EMERGENCY MANAGEMENT:				
Residential Construction Mitigation Program (RCMP)	31.066	RCMP2016-009	28,824	28,824
STATE OF FLORIDA, AGENCY FOR PERSONS WITH DISABILITIES:				
Association for the Development of the Exceptional: Transportation Services	67.006	N/A	114,022	
STATE OF FLORIDA, DEPARTMENT OF ECONOMIC OPPORTUNITY				
Division of Community Development				
Technical Assistance Grant	40.024	PO247	29,500	
STATE OF FLORIDA, FLORIDA DEPARTMENT OF LAW ENFORCEMENT				
Public Safety Mobile Command Center Vehicle Project	71.033	2019-SFA-GAA-36-5P-001	6,165	
STATE OF FLORIDA, DEPARTMENT OF ENVIRONMENTAL PROTECTION				
State Revolving Fund Program				
Clean Water State Revolving Fund	37.077	WW360120	25,163,808	
Drinking Water State Revolving Fund	37.076	DW360130	24,638,651	
			49,802,459	
			<u>50,662,215</u>	<u>673,890</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>50,662,215</u>	<u>673,890</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			<u>\$ 54,170,231</u>	<u>\$ 2,385,354</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, 2018

NOTE 1. BASIS OF PRESENTATION

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

The Schedule includes all federal financial assistance programs and state projects administered by the City of Cape Coral and included in the City's Comprehensive Annual Financial Report. It specifically excludes federal financial assistance programs and state projects received by the discretely presented component unit, the Cape Coral Charter School Authority.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has not elected to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

NOTE 3. SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, the City of Cape Coral provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant - Entitlement Grants	14.218	\$ 917,321
Neighborhood Stabilization Program	14.218	794,143
Total		<u>\$ 1,711,464</u>

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
State Housing Initiatives Partnership Program (S.H.I.P.)	40.901	\$ 645,066
Residential Construction Mitigation Program (R.C.M.P.)	31.066	28,824
Total		<u>\$ 673,890</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**
September 30, 2018

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	\$ 275,398
Special Revenue Funds:	
Community Development Block Grant (CDBG)	1,128,752
HUD Neighborhood Stabilization	870,503
Parks and Recreation - Special Populations	228,523
Department of Justice Joint Law Enforcement Operations	30,326
Capital Improvement Funds:	
Transportation - Sidewalk Construction	974,514
	<u>\$ 3,508,016</u>

State financial assistance expenditures are included in the City's basic financial statements as follows:

	<u>Expenditures</u>
General Fund	\$ 35,665
Special Revenue Funds:	
Parks and Recreation - Special Populations & Transportation	114,022
Local Housing Assistance Fund - State Housing Initiatives Partnership Program (S.H.I.P.)	681,245
Residential Construction Mitigation Program	28,824
Capital Improvement Funds:	
Water and Sewer - Utility Extension Project	49,802,459
	<u>\$ 50,662,215</u>

**CITY OF CAPE CORAL, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS PROGRAMS AND STATE PROJECTS
YEAR ENDED SEPTEMBER 30, 2018**

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) None Reported

Noncompliance material to financial statements noted? No

Federal Awards Section

Internal control over compliance:

MATERIAL WEAKNESS IDENTIFIED? No

Were significant deficiency(ies) identified not considered to be a material weakness(es) None Reported

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 Cluster

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 PROJECTS
YEAR ENDED SEPTEMBER 30, 2018**

Part I - Summary of Auditors' Results (Continued)

State Financial Assistance Section

Internal control over compliance:

MATERIAL WEAKNESS(ES) IDENTIFIED? No

Were significant deficiency(ies) identified not considered to be a material weakness(es) None Reported

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

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

Identification of major state projects:

CFDA Number	Name of State Project
37.076	Drinking Water Facility Construction
37.077	Wastewater Treatment Facility Construction

Dollar threshold used to determine Type A State projects \$1,519,866

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

There were no findings required to be reported.

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, 2018**

PRIOR-YEAR FINDINGS and QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS

2017-002

Federal agency: US Department of Transportation

Passed Through Agency: State of Florida, Department of Transportation

Federal program title: Highway Planning and Construction

CFDA Number: 20.205

Type of Finding: Significant Deficiency in Internal Control over Compliance - Allowable Costs and Activities

Condition: During our testing we noted that the City did not have adequate controls designed to ensure payroll costs charged to different projects under these grant awards were properly charged. Three individuals were charged to two separate projects for an entire day of work.

Current status: Corrective action has been taken.

Management Letter



MANAGEMENT LETTER

Honorable Mayor and
Members of the 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, 2018, and have issued our report thereon dated February 28, 2019.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated February 28, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

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

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.

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

Financial Condition and Management

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

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

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

Special District Component Units

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

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the City Council, and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Fort Myers, Florida
February 28, 2019

Independent Accountants Report



CliftonLarsonAllen LLP
CLAconnect.com

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, 2018. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds for the year ended September 30, 2018.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
February 28, 2019

