

Michael Ilczyszyn
City Manager
City of Cape Coral
1015 Cultural Park Boulevard
Cape Coral, Florida 33990

September 30, 20223

Dear Mr. Ilczyszyn:

We have been engaged by the Cape Coral Construction Industry Association (CCCIA) to review the City of Cape Coral's compliance with Florida Statute 553.80. As the City is aware Florida Statute allows a local government to provide a schedule of fees for building permits, however such fees shall be used solely for carrying out the local Government's responsibilities in enforcing the Florida Building Code.

We did a similar engagement for the CCCIA and the City of Cape Coral back in 2008. At the time the City made certain changes in the City's accounting records including the establishment of a special revenue fund (the Building Code fund) dedicated to tracking the uses of building permit fees. At the conclusion of the engagement the CCCIA felt like the City had done all the necessary accounting changes to document compliance with the Statute, and overall, they did not have any real concerns about the use of the fees collected from that time until 2014.

Starting in 2014, they started noticing some significant changes in the amounts posted to the fund, the most significant change being the increase in fund balance in the Building fund from \$152,634 on October 1, 2013 to over \$9,607,000 on September 30, 2018. In 2019 the City made some major changes to the methodologies used to account for their expenses used to enforce the building code. In 2019 they increased the transfer to the General fund from \$1,022,000 to over \$3,363,000. These transfers had historically been used to cover the general fund's overhead related to the Building fund.

In 2020 the city changed the methodology once again to more of an allocation of direct expenses and no longer a transfer to general fund. This change resulted in direct expenses increasing from \$5,622,000 to over \$7,839,000 an increase of almost 40% in one year.

By 2022 direct expenses were over \$9,334,000, and with the fund balance at over \$14,050,000 the City transferred out \$10,000,000 with no explanation how that money was used to enforce the building code. With all the changes that have occurred since 2019, the CCCIA Board would like to get a better understanding of the City's uses of the building permit fees that they are paying and determine if the city can still document compliance with FS 553.80. They have some specific issues they would like to get a better understanding of.

We would appreciate the opportunity schedule an informal introductory type meeting with you and your staff to discuss the issues in person. Please let us know if this is an option.

We and the members of the CCCIA thank you for your consideration of this matter.

Sincerely

Chris Moran CPA
Moran & Smith LLP
Tallahassee FL