

Village of Estero, Florida
Annual Comprehensive Financial Report

For the Fiscal Year Ended September 30, 2023



Prepared by the Finance Staff



Village of Estero, Florida

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Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2023

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Introductory Section



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May 25, 2024

Joanne Ribble
Vice Mayor
District One

Honorable Mayor, Members of Village Council and Citizens of the Village of Estero
Village of Estero
Estero, Florida

Larry Fiesel
District Two

Jon McLain
Mayor
District Three

Dear Mayor, Members of Village Council, and Citizens of the Village of Estero:

Lori Fayhee
District Four

We are pleased to present to you the Annual Comprehensive Financial Report (ACFR) of the Village of Estero, Florida (Village) for the fiscal year ended September 30, 2023. Chapter 218.39 Florida Statutes requires that a complete set of financial statements be published within nine months of the fiscal year end. This report is published to fulfill that requirement.

Rafael Lopez
District Five

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

Jim Ward
District Six

In addition, the Village maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual budget approved by Village Council.

George Zalucki
District Seven

Steve Sarkozy
Village Manager

In compliance with the laws of the State of Florida, the Village's financial statements have been independently audited by Tuscan & Company, PA, a firm of licensed certified public accountants. The independent auditor has issued an unmodified ("clean") opinion on the Village's financial statements for the fiscal year ended September 30, 2023. The independent auditor's report is presented as the first component of the financial section of this report.

Robert M.
Eschenfelder, Esq.
Village Attorney

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's 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 Government

The Village, incorporated on December 31, 2014, is located in the southwest part of the State in Lee County. The Village currently occupies a land area of 30 square miles and serves a population of 42,943. The Village is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by State Statute to extend its corporate limits by annexation, which may occur periodically when deemed appropriate by the governing council.

The Village operates under the Village Council-Manager form of government. Policy-making and legislative authority are vested in a governing Council consisting of the mayor, vice-mayor and five Council members, all elected on a non-partisan basis. For the initial elections, the four Council members that received the highest number of votes served four-year terms and the other three Council members served a two-year term. Thereafter, Council members serve four-year staggered terms, with three or four Council members elected every two years. The mayor, vice-mayor and five Council members are elected-at-large from seven districts. The mayor and vice-mayor are elected by a majority vote of the Council members and serve for a two-year term. The governing Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the Village Manager and Attorney. The Village Manager is responsible for carrying out the policies and ordinances of the governing Council, for overseeing the day-to-day operations of the Village, and for appointing the heads of the various departments.

The Village provides the following services: streets and roads, parks and recreation, community development, code enforcement, and general and administrative services. The Village uses the “government lite” concept of outsourcing Village services to minimize expenditures and provide exemplary services to the community.

Relevant Financial Policies

Budgetary control is established by Section 8 of the Village Charter which requires the adoption of an annual budget and supplemental amendments to increase, decrease or transfer funds within the annual budget framework. Budgetary control throughout the fiscal year is maintained through monitoring estimated purchase amounts. Budgeted amount for goods or services not received by fiscal year- end lapse and must be re-budgeted in the following year.

The Council is required to adopt a final budget by no later than the close of the fiscal year. The annual budget serves as the foundation for the Village’s financial planning and control. The budget is prepared by fund, function (e.g., public safety) and department (e.g., community development).

The Village has an investment policy in place which places a priority on the safety of principal and liquidity.

The Village does not issue debt (long or short term) to finance operational costs. The Village does not have a maximum debt limit. Debt terms are matched with the life of the asset being financed. All debt service requirements are fully funded and paid each year.

Economic condition and outlook

The continued construction of residential, multi-family and commercial property resulted in a 9.1% increase in taxable property values over the prior year. The median home value is projected to increase 10% over the next five years (Lee County Economic Development-Community Profile). The Village has benefitted by the construction of a new 150,000 square foot medical clinic developed by the Lee Health Medical System. In addition, Estero is the epicenter of new residential development with over 15,000 single family homes recently permitted and in various stages of construction on our outskirts. The entirety of this new construction views Estero as their home community. These new facilities are anticipated to provide significant employment opportunities as well as economic support for existing residential, commercial and retail properties. As a result, the Village’s taxable property values are predicted to increase for the next few fiscal years; however, growth may slow as the Village nears build-out of vacant land.

The Village received approximately \$16.9 million from the Coronavirus State and Local Fiscal Recovery Funds, a part of the American Rescue Plan Act (ARPA) during fiscal year 2022. These funds are to be

utilized for infrastructure, water quality and capital improvement initiatives within the Village. Funds must be obligated by December 31, 2024, and spent by December 31, 2026.

The national and state economics are key factors in assessing the Village's financial future. Changes in the national, state and local economies can affect both revenues and expenditures due to the impact of tax receipts and the costs of providing Village services. While economic changes at the state and national level can often translate into comparable changes locally, it is important to note that the Village of Estero and the Southwest Florida region often behave differently, showing economic trends and reflecting experience that may lag or precede noticed changes elsewhere.

Long-term financial planning

As a new community, we have had the luxury of establishing a standard protocol for how major spending initiatives are to proceed. In doing so, our protocols or procedures to identify needed community projects are standardized to avoid wide fluctuations in spending and chaotic decision-making.

Specifically, the Village has established a structured approach to identify capital projects. In each of the areas where the Village has functional responsibility for local services a community-wide master planning effort has been conducted to evaluate the current condition of the service being provided, the need for additional public investment and the relative priority of the need. Master Plans have been completed in the following areas:

- Storm Water Master Plan,
- Transportation Master Plan,
- Bike and Pedestrian Master Plan, and
- Parks and Open Space Master Plan.

While each Plan has its own framework and methodology, each was developed with the same general parameters. Each was conducted by an outside consulting firm specializing in the functional area of review. Each included a significant public outreach and specific stakeholder involvement. Each process was entirely transparent with routine postings to our webpage, emails of project updates with current information distributed to various interested parties with postings of all public meetings regarding the project.

Each of the above Master Plans has been completed. As a package, they provide the basis for public policy decision-making. The process is standardized and is embedded as part of the annual budget process.

Based on these studies, the Village has adopted a 5-year Capital Improvement Plan (CIP). The entire plan was first adopted in 2019 and has been reviewed and updated each year as part of the budget process. This five-year capital budget will provide data as to when major cash infusions will be necessary. These infusions may come from the issuance of debt, grants, new revenue sources, impact fees and/or a build-up of fund balance.

In addition, each capital expenditure is accompanied by an appropriate allocation for the annual maintenance of the project being built. The policy direction is to maintain all of our capital investments at the highest level to reflect the quality of our community.

Awards and Acknowledgements

The Government Financial Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Estero for fiscal year ended September 30, 2022. The Village has achieved this prestigious award each fiscal year since inception. In order to be awarded a Certificate of Achievement, the Village must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report will meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for this certificate.

The preparation of this Annual Comprehensive Financial Report would not have been possible without the efficient and dedicated service of the Finance staff. Their continuing effort toward improving the accounting and financial reporting systems advances the quality of information reported to the Village Council, State and Federal Agencies and the citizens of the Village of Estero. Also, special thanks should be expressed to the Village Clerk/Executive Assistant for her support. We sincerely appreciate and commend them for their contributions.

Appreciation is also extended to our external auditors, Tuscan & Company, PA, for their assistance and to the Mayor and Village Council members for their unfailing support for maintaining the highest standards of professionalism in the management of the Village of Estero finances.

Respectfully submitted,



Steven R. Sarkozy
Village Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Village of Estero
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO

Village of Estero, Florida

VILLAGE OFFICIALS

As of September 30, 2023



Mayor Jon McLain, District 3

Vice-Mayor Joanne Ribble, District 1

Village Council

Larry Fiesel, District 2

Jim Ward, District 6

Lori Fayhee, District 4

George Zalucki, District 7

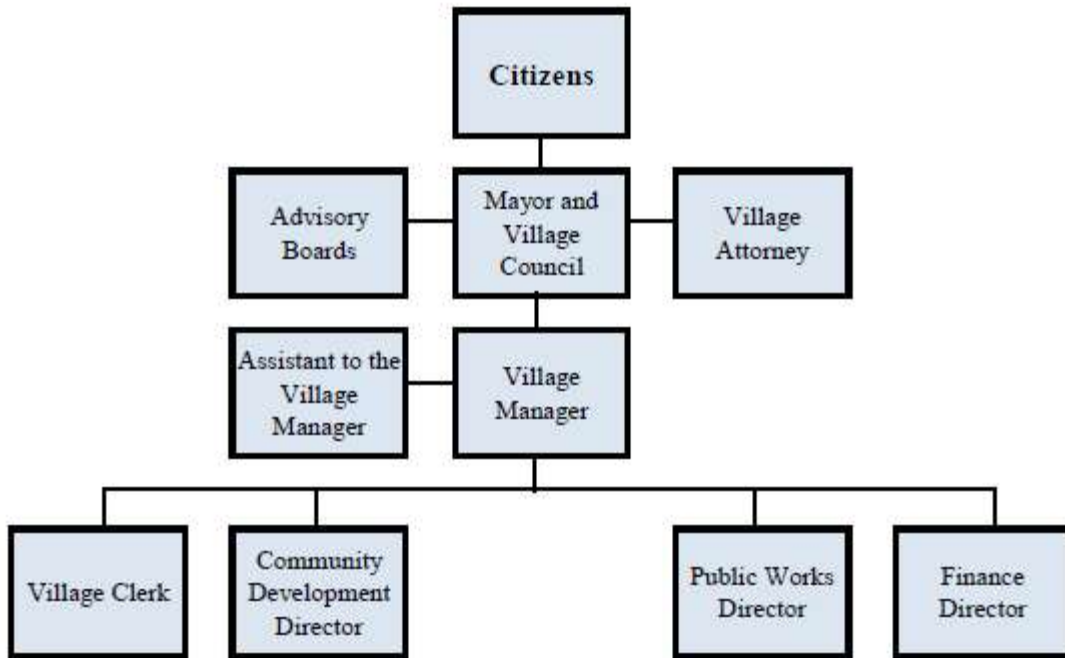
Rafael Lopez, District 5

Village Administration

Steven R. Sarkozy, Village Manager
Robert Eschenfelder, Village Attorney
Carol Sacco, Village Clerk

Village of Estero, Florida

Organizational Chart



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Financial Section



TUSCAN
 & Company, PA

Certified Public Accountants & Consultants

Affiliations

Florida Institute of Certified Public Accountants
 American Institute of Certified Public Accountants
 Private Companies Practice Section
 Tax Division

INDEPENDENT AUDITOR'S REPORT

Village Council
 Village of Estero
 9401 Corkscrew Palms Circle
 Estero , Florida 33928

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the non-major fund of Village of Estero (the "Village") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
General Fund	Unmodified
Building Fee Fund	Unmodified
Capital Projects Fund	Unmodified
Driving Range Fund*	Unmodified

*non-major special revenue fund

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the non-major fund of Village of Estero as of September 30, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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.

Village Council
Village of Estero

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) on pages 6-15, budgetary comparison for the general fund and building fee fund on pages 44-45, notes to required supplementary information on page 46, and schedule of changes in the net OPEB liability and related ratios GASB 75 and notes to the schedule on page 47, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which 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 - management's discussion and analysis (MD&A) on pages 6-15, budgetary

Village Council
Village of Estero

comparison for the general fund and building fee fund on pages 44-45, notes to required supplementary information on page 46, and schedule of changes in the net OPEB liability and related ratios GASB 75 and related notes to the schedule on page 47, as listed in the table of contents, 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 required supplementary information - management's discussion and analysis (MD&A) on pages 6-15, budgetary comparison for the general fund and building fee fund on pages 44-45, notes to required supplementary information on page 46, and schedule of changes in the net OPEB liability and related ratios GASB 75 and related notes to the schedule on page 47, as listed in the table of contents, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Required Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of Village of Estero that collectively comprise the Village's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards - year ended September 30, 2023 and related notes thereto as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Schedule of Expenditures of Federal Awards and related notes thereto for the year ended September 30, 2023 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The introductory section, individual fund financial schedules and statistical section as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial schedules 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 individual fund financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections 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.

Village Council
Village of Estero

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village's basic financial statements. The Management's Response to Independent Auditor's Report to Management on pages 87-88 is not a required part of the basic financial statements but is required by Government Auditing Standards. Such information has 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 Section 218.415, Florida Statutes

In accordance with Section 218.415, Florida Statutes, we have also issued a report dated May 25, 2024, on our consideration of the Village of Estero's compliance with provisions of Section 218.415, Florida Statutes. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and to provide an opinion on compliance with the aforementioned Statute. That report is an integral part of an audit performed in accordance with Sections 218.39 and 218.415, Florida Statutes in considering the Village of Estero's compliance with Section 218.415, Florida Statutes.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 25, 2024, on our consideration of the Village of Estero's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Village of Estero's internal control over financial reporting and compliance.


TUSCAN & COMPANY, P.A.
Fort Myers, Florida
May 25, 2024

Management's Discussion and Analysis

As management of the Village of Estero, Florida (the Village), we offer readers of the financial statements this narrative overview and analysis of the Village's financial activities for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which precedes the Management's Discussion and Analysis.

Financial Highlights

- At the close of fiscal year ended September 30, 2023, the Village's assets exceeded its liabilities, resulting in net position of \$124,529,426, all of which is related to governmental activities. Of this amount, \$40,253,989 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net position of the Village's governmental activities increased \$13,976,639, or 13%.
- Total general and program revenues were \$31,130,182 and decreased by \$5,329,972.
- Total expenses were \$17,153,543 and increased by \$8,085,573.
- The fund balance of the governmental funds increased by \$11,557,840.
- The governmental funds reported total ending fund balance of \$44,905,400 as of September 30, 2023 of which \$17,062,050 was restricted, \$30,325 was non-spendable, \$4,505,700 was committed, \$145,517 was assigned and \$23,161,808 was unassigned.
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was 213% of total General Fund expenditures and 114% of total General Fund revenue.
- The Village's total long-term debt had a net decrease of \$179,721.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the Village's basic financial statements. The basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The report also includes supplementary information intended to provide further additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private sector business.

The *Statement of Net Position* presents information that includes all of the Village's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. Evaluation of the overall economic health of the Village would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of the Village's infrastructure in addition to the financial information provided in this report.

The *Statement of Activities* presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, physical environment, transportation and human services. The Village does not currently have any business-type activities.

The government-wide financial statements can be found on pages 17-18 of this report.

Fund Financial Statements. A fund is a group of related accounts that are used to maintain control over resources segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. All of the funds of the Village are governmental funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

The Village has four (4) governmental funds, the General Fund, Building Fee Fund (Special Revenue), Driving Range Fund (Special Revenue), and the Capital Projects Fund. All of which are classified as major funds, except for the Driving Range Fund.

The basic governmental fund financial statements can be found on pages 19-22 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

Government-wide Overall Financial Analysis

As noted earlier, overtime net position may serve as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$124,529,426 at the close as of September 30, 2023.

Village of Estero, Florida **Summary of Net Position**

	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
<i>Assets:</i>		
Current and other assets	\$ 58,992,744	\$ 48,077,981
Noncurrent assets	<u>67,290,705</u>	<u>65,121,554</u>
Total assets	126,283,449	113,199,535
<i>Liabilities:</i>		
Other liabilities	1,743,872	2,382,417
Long-term liabilities	<u>7,151</u>	<u>264,331</u>
Total liabilities	1,751,023	2,646,748
<i>Deferred inflows</i>	3,000	-
<i>Net position:</i>		
Investment in capital assets	67,213,387	64,858,901
Restricted	17,062,050	13,236,213
Unrestricted	<u>40,253,989</u>	<u>32,457,673</u>
Total net position	<u>\$ 124,529,426</u>	<u>\$ 110,552,787</u>

The largest portion of net position \$67,213,387 (54%) reflects investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, furniture, and infrastructure), less any related debt to acquire those assets that are still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The restricted net position amount of \$17,062,050 (14% of total net position) represents assets that are subject to external restrictions on how they are used. The remaining balance of unrestricted net position (\$40,253,989; 32% of total net position), may be used to meet the government's ongoing obligations to citizens and creditors.

At fiscal year ended September 2023, the Village is able to report positive balances in all three categories of net position. The same situation held true for the prior fiscal year.

Governmental Activities. The governmental activities increased the Village’s total assets by \$13,083,914 decreased the Village’s total liabilities by \$895,725 and increased the total net position by \$13,976,639. The increase in net position resulting from governmental activities is 13% in comparison to the prior fiscal year. The increase in the governmental activities’ net investment in capital assets is \$2,354,486, or 4%, in comparison to the prior fiscal year. The increase in net position is primarily the result of revenues exceeding operating expenses. Also, we experienced lower than expected capital projects expenses as the timeline for several capital projects was extended due to a longer than expected planning and design phase.

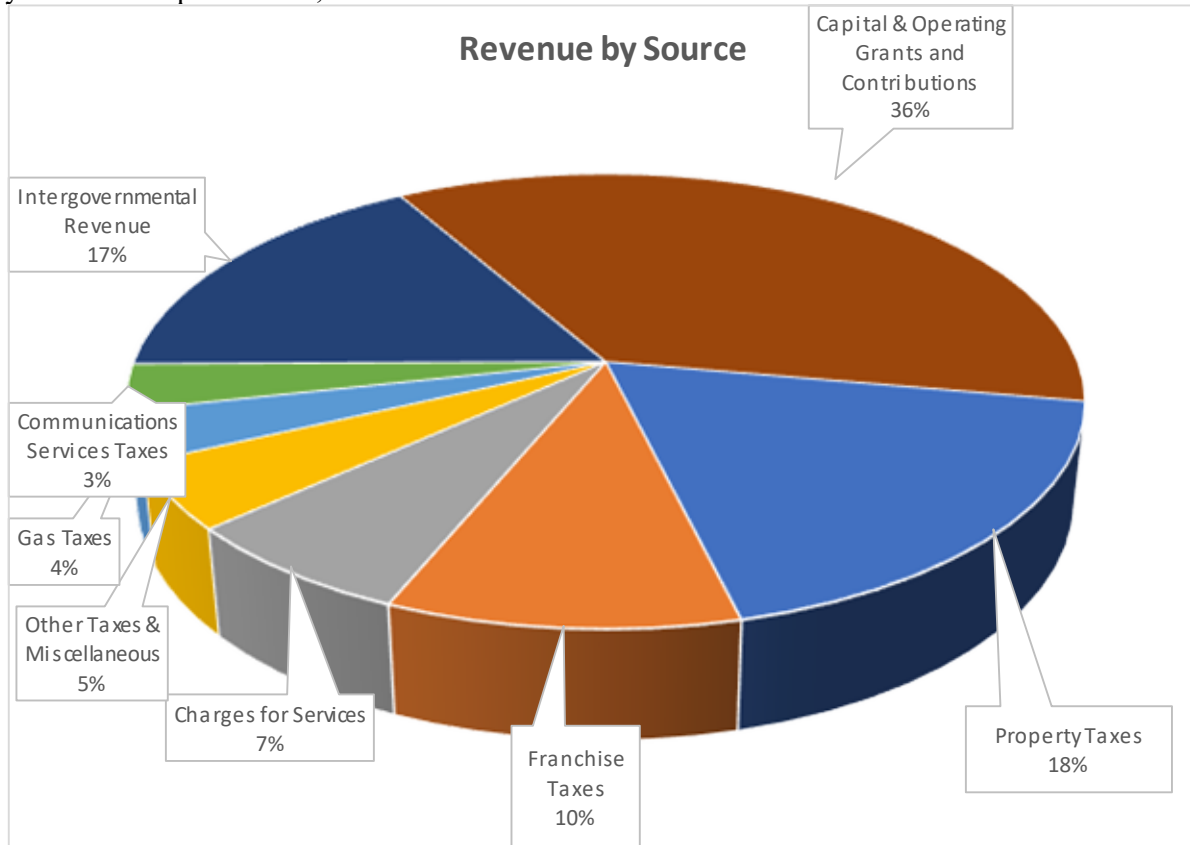
The following schedule compares the key elements of the changes in net position for the primary government for the fiscal years ended September 30, 2023 and 2022:

Village of Estero, Florida
Changes in Net Position

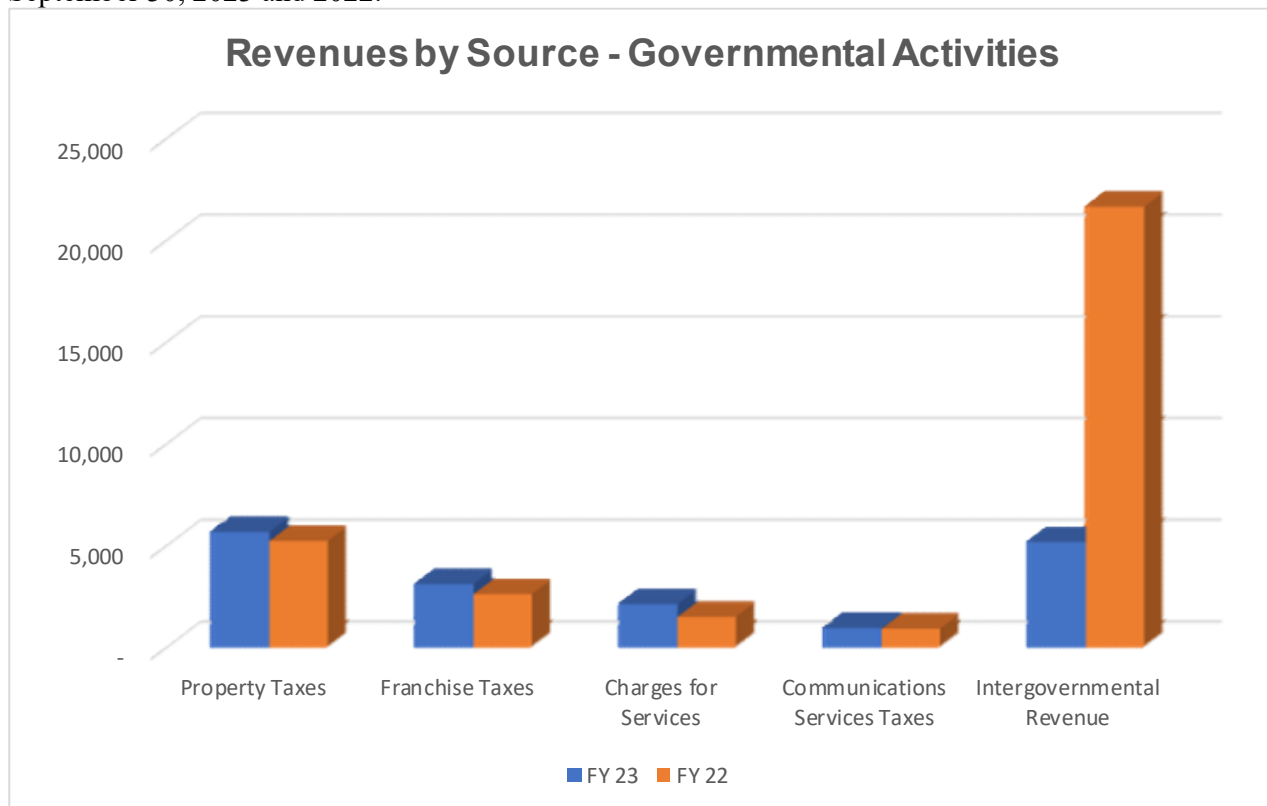
	Governmental Activities	
	2023	2022*
<i>Revenues:</i>		
<i>Program Revenues:</i>		
Charges for services	\$ 2,177,413	\$ 1,555,179
Operating grants and contributions	7,129,720	155,768
Capital grants and contributions	4,114,318	2,175,135
<i>General Revenues:</i>		
Property taxes, levied for general purposes	5,723,923	5,280,762
Gas taxes	1,105,622	982,493
Franchise taxes	3,159,064	2,670,762
Communications services taxes	1,012,911	972,497
Other taxes	32,508	20,997
Intergovernmental revenue	5,232,920	21,696,901
Investment earnings	1,291,986	69,708
Miscellaneous	149,797	879,952
Total revenues	31,130,182	36,460,154
<i>Expenses:</i>		
General government	10,528,425	3,198,109
Public safety	1,469,973	1,324,224
Physical environment	227,947	363,253
Transportation	4,300,921	3,513,673
Human services	11,348	41,972
Culture and recreation	606,970	147,500
Interest and fiscal charges	7,959	479,239
Total expenses	17,153,543	9,067,970
Increase in net position	13,976,639	27,392,184
Net position - beginning, as restated	110,552,787	83,160,603
Net position - ending	\$ 124,529,426	\$ 110,552,787

*Fiscal year 2022 beginning net posititon is restated due to the implementation of GASB Statement No. 87.

The following is a chart of revenues by source for governmental activities with percent of total revenues for fiscal year ended September 30, 2023:



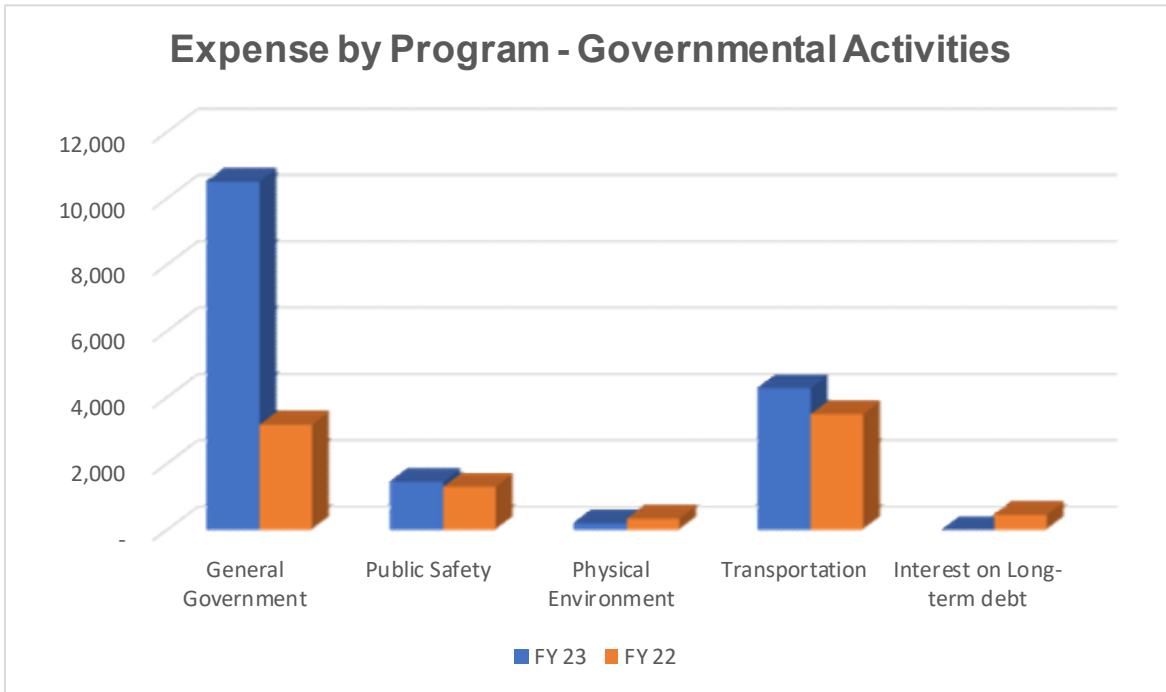
The following chart shows the significant revenues by source for governmental activities for fiscal year ended September 30, 2023 and 2022.



Revenues:

- *Property Taxes* increased in the current fiscal year due to a rise in the assessed valuation of real property within the Village.
- *Intergovernmental revenues* were down significantly in the current year as the Village received Coronavirus SLFRF (State and Local Fiscal Recovery Funds) funding, a part of the American Rescue Plan Act in the prior year.

The following is a chart of significant expenses by program for governmental activities for fiscal year ended September 30, 2023 and 2022.



Expenses:

- *General government* expenses increased \$7,330,316, 229%, primarily related to Hurricane Ian disaster recovery expenditures.
- *Physical environment* expenses decreased \$135,306, 37%, as a result of decreased storm water maintenance.
- *Transportation* increased \$787,248, 22%, as a result of landscaping expenses related to roadway projects that were completed in the prior fiscal years and increased roadway expenses.

Financial Analysis of the Village’s Governmental Funds

Governmental Funds. The focus of the Village’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village’s financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Village itself, or a group or individual that has been delegated authority to assign resources for use for particular purchase by the Village.

Financial Analysis of the Village's Governmental Funds (continued)

Governmental funds reported an ending fund balance of \$44,905,400. \$23,161,808 is unassigned fund balance which is available for spending at the Village's discretion, \$17,062,050 is legally restricted as to use, \$30,325 in non-spendable deposits, \$4,505,700 was committed and \$145,517 was assigned.

The total ending fund balance of governmental funds reflects an increase of \$11,557,840. This increase is due to expenditures for disaster recovery efforts from Hurricane Ian damages.

Major Governmental Funds

General Fund-The fund balance of the general fund had a net increase of \$7,693,947. Revenues of \$24,368,279 exceeded expenditures of \$13,054,302 which resulted in an excess of revenues over expenditures of \$7,693,947. Additionally, \$3,620,030 was transferred to the Capital Projects Fund.

Building Fee Fund-The fund balance of the building fee activity had a net decrease of \$75,467 as expenditures of \$1,549,197 exceeded the revenues of \$1,473,730. In the current fiscal year, permit activity and related revenue for new construction was higher when compared to the prior year. The fund balance will be carried forward to provide funding for future inspections and investment in new software. The building fee funds are restricted for use on building code compliance.

Capital Projects Fund-The fund balance of the capital projects had a net increase of \$3,917,104 as revenues of \$4,957,673 and the transfers in from the general fund of \$3,620,030 were greater than the sum of the expenditures of \$4,660,599.

General Fund Budgetary Highlights

Final budget compared to Actual Results. The most significant differences between final budget and actual revenues are as follows:

<u>Revenue source</u>	<u>Final budget</u>	<u>Actual revenues</u>	<u>Difference</u>
Intergovernmental revenues	\$ 4,617,900	\$ 12,362,640	\$ 7,744,740
Franchise taxes	2,313,300	3,159,064	845,764
Investment earnings	5,600	893,941	888,341

- *Intergovernmental Revenues* in the current fiscal year were more than budget primarily as a result of Federal Emergency Management Agency (FEMA) Public Assistance reimbursements for Hurricane Ian disaster costs.
- *Franchise taxes* were more than budgeted due to the current fiscal year being the first year of collection for gas franchise taxes. Without historical data, these revenues were budgeted using the best available data.
- *Investment earnings* increased significantly due to a change in investment strategy and an elevated interest rate environment.

The most significant differences between final budget and actual expenditures are as follows:

<u>Expenditures</u>	<u>Final budget</u>	<u>Actual expenditures</u>	<u>Difference</u>
General government	\$ 4,382,500	\$ 10,366,015	\$ 5,983,515

- *General government* services in the current fiscal year were more than budget primarily as a result of Hurricane Ian disaster recovery expenditures.

Original Budget Compared to Final Budget

The most significant difference from the original budget as compared to the final budget was a budget amendment to appropriate the available fund balance in all funds.

Capital Assets and Debt Administration

Capital Assets. Non-depreciable capital assets can include land, artwork, and construction in progress. Depreciable assets can include buildings, improvements other than buildings, machinery and equipment, and infrastructure. The following is a schedule of the Village's capital assets as of September 30, 2023 and 2022:

Village of Estero, Florida

Capital Assets

	Governmental Activities	
	2023	2022
Land	\$ 33,063,072	\$ 33,063,072
Buildings and building improvements	1,521,436	1,521,436
Machinery and equipment	158,285	158,285
Infrastructure	37,137,938	37,137,938
Intangible right to use	951,818	951,818
Construction in progress	<u>8,181,233</u>	<u>3,654,646</u>
Total capital assets	81,013,782	76,487,195
Accumulated depreciation	<u>(13,723,077)</u>	<u>(11,365,641)</u>
Total capital assets, net	<u>\$ 67,290,705</u>	<u>\$ 65,121,554</u>

Additional information on the Village's capital assets can be found in Note 5 on page 34.

Debt Administration

As of September 30, 2023, and 2022, \$77,318 and \$257,039 were outstanding, respectively. Additional information on the Village's long-term debt can be found in Note 6 on page 35.

Village of Estero, Florida

Outstanding Debt

	Governmental Activities	
	2023	2022
Lease payable	<u>\$ 77,318</u>	<u>\$ 257,039</u>
	<u>\$ 77,318</u>	<u>\$ 257,039</u>

Economic Factors and Next Year's Budget Rates

The following were factors considered when next year's budget was prepared:

- The Village had the Parks and Recreation Master Plan completed. The Estero Community Park Expansion will begin next fiscal year.
- The Village has funded a project on Corkscrew Road that will have path, landscaping, and street lighting improvements which will begin next year.
- The Village will improve River Ranch Road. This project includes drainage, roadway and Bike and Pedestrian improvements.
- Bicycle and Pedestrian improvements are scheduled to continue on Williams Road for the Sandy Lane and Broadway in FY2023-24.
- The Village continues the improvements in stormwater and drainage issues which exist around the Village. Current projects include the Villages of Country Creek Bypass Swale, Dry Creek Bed Sediment Removal, Estero River Sediment Removal and Trailside Drainage Improvements.
- The Village is committed to the "government-light" concept and has budgeted to continue using consultants or interlocal agreements for legal representation, permit issuance, planning and development review, law enforcement, physical environment, and transportation expenditures.
- Several utility extension projects are underway to connect residents to central water and sewer to better protect water resources.
- In FY2022-23 The Village received funding from the American Rescue Plan Act of 2021 of \$16.9 million to assist with the recovery and fund future infrastructure projects. Through September 30, 2023, the Village has used approximately \$4.71 million dollars towards land acquisition. The remaining funds are anticipated to be used for land acquisition and capital projects.

Request for Information

This financial report is designed to provide the reader an overview of the Village. Questions regarding any information provided in this report should be directed to: Village of Estero, Finance Department, 9401 Corkscrew Palms Circle, Estero, Florida, 33928, phone (239) 221-5035.

Basic Financial Statements

Village of Estero, Florida
Statement of Net Position
September 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 42,612,967
Restricted - cash and cash equivalents	12,447,449
Receivables (net)	308,546
Due from other governments	3,430,103
Prepays	163,354
Deposits	30,325
Noncurrent assets:	
Capital assets:	
Non-depreciable	41,244,305
Depreciable (net)	<u>26,046,400</u>
Total noncurrent assets	<u>67,290,705</u>
Total assets	<u>126,283,449</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	715,038
Accrued liabilities	401,599
Due to other governments	359,904
Customer deposits	190,013
Current portion of long-term obligations	<u>77,318</u>
Total current liabilities	<u>1,743,872</u>
Noncurrent liabilities:	
OPEB Liability	<u>7,151</u>
Total liabilities	<u>1,751,023</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,000</u>
NET POSITION	
Net investment in capital assets	67,213,387
Restricted for:	
Culture and recreation capital improvements	1,472,332
Highways and streets capital improvements	14,999,266
Parks and public land acquisition	147,007
Building code compliance	443,445
Unrestricted	<u>40,253,989</u>
Total net position	<u>\$ 124,529,426</u>

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

Village of Estero, Florida

Statement of Activities

For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense)	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities	
Primary government:					
Governmental activities:					
General government	\$ 10,528,425	\$ 398,437	\$ 6,921,760	\$ -	\$ (3,208,228)
Public safety	1,469,973	1,457,972	-	-	(12,001)
Physical environment	227,947	-	-	-	(227,947)
Transportation	4,300,921	-	207,960	3,611,329	(481,632)
Human services	11,348	-	-	-	(11,348)
Culture and recreation	606,970	321,004	-	502,989	217,023
Interest and fiscal charges	7,959	-	-	-	(7,959)
Total governmental activities	<u>\$ 17,153,543</u>	<u>\$ 2,177,413</u>	<u>\$ 7,129,720</u>	<u>\$ 4,114,318</u>	<u>\$ (3,732,092)</u>
General revenues:					
Taxes:					
Property, levied for general purposes					\$ 5,723,923
Gas					1,105,622
Franchise					3,159,064
Communications services					1,012,911
Local business					32,508
Intergovernmental revenues					5,232,920
Investment earnings					1,291,986
Miscellaneous					149,797
Total general revenues					<u>17,708,731</u>
Change in net position					13,976,639
Net position - beginning					<u>110,552,787</u>
Net position - ending					<u>\$ 124,529,426</u>

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

Village of Estero, Florida

Balance Sheet

Governmental Funds

September 30, 2023

	General	Special Revenue Building Fee	Capital Projects	Nonmajor Governmental Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 25,007,599	\$ 584,982	\$ 16,848,047	\$ 172,339	\$ 42,612,967
Restricted cash and cash equivalents	12,447,449	-	-	-	12,447,449
Receivables (net)	304,561	150	3,798	37	308,546
Due from other governments	3,392,732	-	37,371	-	3,430,103
Deposits	14,525	-	15,800	-	30,325
	<u>41,166,866</u>	<u>585,132</u>	<u>16,905,016</u>	<u>172,376</u>	<u>58,829,390</u>
Total assets	<u>\$ 41,166,866</u>	<u>\$ 585,132</u>	<u>\$ 16,905,016</u>	<u>\$ 172,376</u>	<u>\$ 58,829,390</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Liabilities:					
Accounts payable	\$ 292,240	\$ 125,328	\$ 270,611	\$ 26,859	\$ 715,038
Accrued liabilities	401,599	-	-	-	401,599
Due to other governments	343,545	16,359	-	-	359,904
Customer deposits	190,013	-	-	-	190,013
Total liabilities	<u>1,227,397</u>	<u>141,687</u>	<u>270,611</u>	<u>26,859</u>	<u>1,666,554</u>
Deferred Inflows of Resources:					
Unearned revenues	<u>12,257,436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,257,436</u>
Total deferred inflows of resources	<u>12,257,436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,257,436</u>
Fund balances:					
Nonspendable	14,525	-	15,800	-	30,325
Restricted for:					
Culture and recreation capital improvements	-	-	1,472,332	-	1,472,332
Highways and streets capital improvements	-	-	14,999,266	-	14,999,266
Parks and public land acquisition	-	-	147,007	-	147,007
Building code compliance	-	443,445	-	-	443,445
Committed to reserves	4,505,700	-	-	-	4,505,700
Assigned for driving range	-	-	-	145,517	145,517
Unassigned	<u>23,161,808</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,161,808</u>
Total fund balances	<u>27,682,033</u>	<u>443,445</u>	<u>16,634,405</u>	<u>145,517</u>	<u>44,905,400</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 41,166,866</u>	<u>\$ 585,132</u>	<u>\$ 16,905,016</u>	<u>\$ 172,376</u>	<u>\$ 58,829,390</u>

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

Village of Estero, Florida

**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position**

September 30, 2023

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

Fund balances - total governmental funds		\$	44,905,400
Prepaid expenditures for insurance and similar services extending over more than one accounting period are not allocated between or among accounting periods, but are accounted for as expenditures of the period of acquisition in the governmental funds			163,354
Amounts received from other governments are not earned in the current period as they have not been appropriated to a specific project and are reported as unearned revenues in the funds			12,254,436
Capital assets used in governmental activities are not financial			
Non-depreciable capital assets	41,244,305		
Depreciable capital assets	39,769,477		
Less accumulated depreciation	<u>(13,723,077)</u>		
			67,290,705
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds			
Operating lease liability, due within one year	(77,318)		
Total other postemployment benefit (OPEB) liability	<u>(7,151)</u>		<u>(84,469)</u>
Net position of governmental activities		\$	<u>124,529,426</u>

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

Village of Estero, Florida

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended September 30, 2023

	General	Special Revenue Building Fee	Capital Projects	Nonmajor Governmental Fund	Total Governmental Funds
REVENUES					
Taxes					
Property	\$ 5,723,923	\$ -	\$ -	\$ -	\$ 5,723,923
Gas	639,884	-	465,738	-	1,105,622
Franchise	3,159,064	-	-	-	3,159,064
Communications services	1,012,911	-	-	-	1,012,911
Local business	32,508	-	-	-	32,508
Licenses and permits	200	1,457,555	-	-	1,457,755
Impact fees	-	-	4,094,405	-	4,094,405
Intergovernmental revenues	12,362,640	-	-	-	12,362,640
Charges for services	398,437	-	-	321,004	719,441
Fines and forfeitures	217	-	-	-	217
Investment earnings	893,941	16,175	377,617	4,253	1,291,986
Other income	144,554	-	19,913	5,243	169,710
Total revenues	<u>24,368,279</u>	<u>1,473,730</u>	<u>4,957,673</u>	<u>330,500</u>	<u>31,130,182</u>
EXPENDITURES					
Current:					
General government	10,366,015	-	-	-	10,366,015
Public safety	20,509	1,449,671	-	-	1,470,180
Physical environment	205,127	-	20,189	-	225,316
Transportation	2,140,463	-	33,887	-	2,174,350
Human services	11,348	-	-	-	11,348
Culture and recreation	90,049	-	212,573	308,244	610,866
Capital outlay	65,017	67,620	4,393,950	-	4,526,587
Debt service					
Principal retirement	149,168	30,553	-	-	179,721
Interest	6,606	1,353	-	-	7,959
Total expenditures	<u>13,054,302</u>	<u>1,549,197</u>	<u>4,660,599</u>	<u>308,244</u>	<u>19,572,342</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,313,977</u>	<u>(75,467)</u>	<u>297,074</u>	<u>22,256</u>	<u>11,557,840</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	3,620,030	-	3,620,030
Transfers out	<u>(3,620,030)</u>	-	-	-	<u>(3,620,030)</u>
Total other financing sources (uses)	<u>(3,620,030)</u>	<u>-</u>	<u>3,620,030</u>	<u>-</u>	<u>-</u>
Net change in fund balances	7,693,947	(75,467)	3,917,104	22,256	11,557,840
Fund balances - beginning	<u>19,988,086</u>	<u>518,912</u>	<u>12,717,301</u>	<u>123,261</u>	<u>33,347,560</u>
Fund balances - ending	<u>\$ 27,682,033</u>	<u>\$ 443,445</u>	<u>\$ 16,634,405</u>	<u>\$ 145,517</u>	<u>\$ 44,905,400</u>

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

Village of Estero, Florida

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

September 30, 2023

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

Net change in fund balances - total governmental funds \$ 11,557,840

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

Expenditures for capital assets	4,526,587	
Depreciation	<u>(2,357,436)</u>	2,169,151

The repayment of the principal of long-term debt consumes the current financial resources of the governmental funds but issuing debt increases long-term liabilities in the statement of net position. Repayments on bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal retirement	179,721
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Other postemployment benefit (OPEB) 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 OPEB Liability.

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Expenditures for insurance and similar services extending over more than one accounting period are not allocated between or among accounting periods in the governmental funds, but are accounted for as expenditures of the period of acquisition. This amount represents the increase in prepaids at September 30, 2023 from September 30, 2022.

<u>69,786</u>

Change in net position of governmental activities	<u>\$ 13,976,639</u>
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The notes to the financial statements are an integral part of this statement.

Village of Estero, Florida
Notes to the Financial Statements
September 30, 2023

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Notes to the Financial Statements

September 30, 2023

Note 1 - Summary of Significant Accounting Policies

Introduction

The accounting and reporting framework and the more significant accounting principles and practices of the Village of Estero, Florida (“Village”) are discussed in subsequent sections of this note. The remainder of the notes are organized to provide explanations, including required disclosures, of the Village’s financial activities for the fiscal year ended September 30, 2023.

Reporting Entity

The Village was incorporated on December 31, 2014, pursuant to House Bill 1373 and amended on June 30, 2015 by House Bill 983. The Village operates under a Village Council-Manager form of government and consists of seven districts, each represented by an elected council member with each member elected-at-large. The Village Manager is hired by a majority vote of the Council. As of September 30, 2023, the Village of Estero has provided the following services to the Village residents: public works, streets and roads, building permit services, planning and zoning, parks and recreation, code enforcement and general and administrative services.

The Village of Estero uses the “government lite” concept of outsourcing Village services to minimize expenditures and provide exemplary services to the community.

Governmental Accounting Standards Board (GASB) Statement No. 14, *Financial Reporting Entity* as amended requires the financial statements of the Village (the primary government) to include its component units, if any. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. Blended component units, although legally separate entities are, in substance, part of the government’s operations and so the data from these units are combined with data of the primary government. Based on the criteria established in GASB Statement No. 14 as amended, there are no component units required to be included or included in the Village’s financial statements.

(a) Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Village as a whole. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed, but the statements distinguish governmental activities, generally supported by taxes and Village general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. The Village does not currently have any business-type activities or component units.

Note 1 - Summary of Significant Accounting Policies (Continued)

(a) Government-wide and Fund Financial Statements (continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

Fund financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds, if applicable.

(b) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. This generally includes the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property tax revenues are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales and franchise taxes, intergovernmental revenues, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, if available. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major funds in the governmental fund financial statements:

The *General Fund* is the operating fund of the Village. It accounts for all financial resources, except those required to be accounted for in another fund. Revenue is derived primarily from property taxes and other governmental revenue. The general operating expenditures, fixed charges and capital outlay costs that are not paid through other funds are paid from the General Fund.

The *Building Fee Fund* is considered as a special revenue fund and accounts for the resources collected for building permits fees levied within the Village's limits. This revenue is restricted for use enforcing the Florida Building Code.

Notes to the Financial Statements

September 30, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The *Capital Projects Fund* accounts for resources accumulated to provide for capital projects. The capital projects fund accounts for gas tax and road and park impact fees levied within the Village which are restricted for use on road and park capital improvements.

The Village reports the following non-major funds in the governmental fund financial statements:

The *Driving Range Fund* is considered a special revenue fund and accounts for resources collected for operating the Golf Coast Driving Range located on the Village owned property on 9000 Williams Road, Estero, FL 33928. The Driving Range ceased operations in April 2024.

(c) Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance

Cash and Investments

Cash and cash equivalents consist of amounts in cash on hand and cash on deposit with financial institutions including certificates of deposit.

The Village's investment policy allows management to invest any surplus funds in its control in the following as outlined in Florida Statute, Chapter 218.415 (17):

1. The Local Government Surplus Trust Fund (LGSTF), or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in Florida Statute, Chapter 163.01,
2. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency,
3. Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Florida Statutes, Chapter 280.02, and
4. Direct obligations of the United States Treasury.

Investments for the Village are reported at amortized cost which approximates fair value.

Receivables

Receivables as of year-end for the government's general fund are reported net of allowance for uncollectibles. As of September 30, 2023, the allowance for uncollectible receivables was \$0 as management believes all receivables to be fully collectible.

Note 1 - Summary of Significant Accounting Policies (Continued)

(c) Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance
(continued)

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items in the government-wide financial statements. In the fund financial statements, the purchases method is used as such expenditures are reported when payments are completed.

Capital Assets

Capital assets include property, buildings, furniture, equipment, vehicles, software, and infrastructure assets. Capital assets used in governmental fund types of the Village are recorded at cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation. Capital assets are reported in the government-wide financial statements in the applicable governmental column. Interest incurred during construction is not capitalized on general capital assets.

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

The threshold for capitalizing furnishings and equipment is \$5,000 or more and useful lives in excess of one year. The threshold for capitalizing intangible assets is \$25,000 or more and useful lives in excess of one year. The threshold for capitalizing infrastructure and capital improvement projects is \$50,000 or more and useful lives in excess of one year.

Infrastructure assets are defined as public domain capital assets such as roads, bridges, sidewalks, traffic signals, easements and similar items that are immovable and of value only to the governmental unit.

Depreciation and amortization is calculated using the straight-line method over the estimated useful lives of the related assets. The ranges of the useful lives are as follows:

Asset	Years
Buildings and building improvements	5-20
Improvements other than buildings	7-50
Machinery and equipment	3-10
Infrastructure	10-50
Intangible software	3-5

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Village does not have any items that qualify for reporting in this category.

Notes to the Financial Statements

September 30, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

- (c) Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance (continued)

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

Compensated Absences

Employees can accrue paid time off (PTO). Any unused PTO at September 30 is paid out up to certain stated limits, unused PTO is not paid out at termination, therefore, no such amounts are accrued at September 30.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumption

When both restricted and unrestricted resources are available for use, it is the Village’s policy to use restricted resources first, then unrestricted resources as needed. When components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net Position/Fund Balances

Net position in government-wide fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net positions represent constraints on resources that are either a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or b) imposed by law through State Statute.

The Village has adopted a fund balance policy which includes a minimum level of fund balance of three months of general fund operating expenditures. If the unassigned fund balance falls below the minimum level, the Village Manager will prepare and submit a plan for committed and/or assigned fund balance reduction, expenditure reductions and/or revenue increases to the Council. The Council shall take action necessary to restore the unassigned fund balance to acceptable levels within no more than two years. The Village was in compliance with the fund balance policy at September 30, 2023.

Note 1 - Summary of Significant Accounting Policies (Continued)

(c) Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance (continued)

Net Position/Fund Balances (Continued)

The governmental fund financial statements fund balance is reported in five classifications.

Nonspendable	Nonspendable fund balances include amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. Including items that are not expected to be converted to cash, such as inventories and prepaid amounts.
Restricted	Restricted fund balances include amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors, grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Village's restricted fund balances have constraints placed on the uses of resources by State Statute.
Committed	Committed fund balances are classified as such as a result of Village Council taking formal action and adopting an ordinance which can only be modified or rescinded by subsequent formal action. An ordinance is the Village's highest level of decision-making authority. The Village adopted an ordinance establishing reserve accounts which are presented as committed fund balance.
Assigned	Assigned fund balances are constrained by the Village's intent to be used for specific purposes but are neither restricted nor committed. As part of the budget process, the Village has allocated amounts to debt reduction which are presented as assigned fund balance.
Unassigned	Unassigned fund balance is the residual classification for the general fund. This classification represents spendable 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.

(d) Revenues and expenditures/expenses

Program Revenues

Amounts reported as program revenues include: (1) charges for services which report fees, fines and forfeitures and other charges to users of the Village's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions, which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported under general revenue.

Notes to the Financial Statements

September 30, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

(d) Revenues and expenditures/expenses (continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the Village to make estimates and assumptions relating to the reporting of assets and liabilities and the 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.

New Accounting Guidance

In May 2020, the GASB issued Statement No. 96 (*Subscription Based Information Technology Arrangements (SBITAs)*), which defined the SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires the recognition of a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, when the subscription asset is placed into service. The subscription liability should be measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example interest expense) in the subsequent financial reporting periods. The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term. This pronouncement did not require the restatement of the September 30, 2022 net position. The Village, however, had no arrangements that met this Statement's reporting criteria and/or the related arrangement costs were considered immaterial.

In March 2020, the GASB issued Statement No. 94 (*Public-Private and Public-Public Partnerships and Arrangements*) to bring a uniform guidance on how to report public-private and public-public partnerships and arrangements, recognize receivables for installment payments, deferred inflows of resources, and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets, and when applicable, deferred outflows of resources and liabilities for asserts being transferred.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangement in which a government compensates an operator for services such as designing, constructing financing, maintaining, or operating an underlying asset for a period of time in an exchange or exchange-like transaction. The provisions of this Statement are effective for the Village's financial statements for the year ended September 30, 2023. The Village, however, had no arrangements that met this Statement's reporting criteria and/or the related arrangement costs were considered immaterial.

Note 2 - Cash

As of September 30, 2023, the carrying amount of the Village's deposits was \$11,381,504, and the bank balance was \$11,792,515. The Village's deposits consist of demand deposit accounts. These demand deposits are held by a bank that qualifies as a public depository under the Public Depository Security Act of the State of Florida as required by Chapter 280. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof and, therefore, the Village is not exposed to custodial credit risk.

Note 3 - Cash Equivalents

The Village has funds invested in the Florida Cooperative Liquid Assets Securities System (FLCLASS) which the Village considers a cash equivalent. The pool's investments are recorded at amortized cost and total \$43,678,912 and are available for immediate withdrawal.

The Village had restricted cash and cash equivalents of \$12,447,449 that consists of unearned revenue of \$12,257,436 and customer deposits of \$190,013.

(a) General Description

The FLCLASS is an independent local government investment pool administered by an appointed Board of Trustees comprised of eligible Participants of the FLCLASS program.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, FLCLASS currently does not meet all of the necessary criteria to elect to measure all of the investments in FLCLASS at amortized cost, therefore FLCLASS reports at fair value and is exempt from the GASB Statement No. 72, Fair Value Measurement and Application.

(b) Investment Policies

All FLCLASS investment policies can be found at <https://flclass.com/flclass/>.

Village investment in FLCLASS was made in accordance with the provisions of Section 218.415(17), Florida Statutes "Investment of Local Government Surplus Funds".

(c) Credit Quality Disclosure

FLCLASS is rated by Standards and Poor's. The current rating is AAAM.

(d) Interest Rate Risk Disclosure

The dollar weighted average days to maturity (WAM) of FLCLASS at September 30, 2023, is 43 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of FLCLASS at September 30, 2023, is 71 days.

(e) Foreign Currency Risk Disclosure

FLCLASS was not exposed to any foreign currency risk during the period from October 1, 2022, through September 30, 2023.

Notes to the Financial Statements

September 30, 2023

Note 3 - Cash Equivalents (Continued)

(f) Securities Lending Disclosure

FLCLASS did not participate in a securities lending program in the period from October 1, 2022, through September 30, 2023.

(g) Limitations or Restrictions on Withdrawals Disclosure

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

(h) Liquidity

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for FLCLASS 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.

(i) Redemption Fees

As of September 30, 2023, 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.

(j) Financial Statements

FLCLASS provides separate financial statements for FLCLASS for the fiscal year ended December 31, 2022 and are available at <https://flclass.com/flclass/>. FLCLASS will not provide financial statements for FLCLASS for the period ending September 30, 2023.

Note 4 - Receivables, Prepaids, and Accrued Liabilities

(a) Receivables

Receivables as of September 30, 2023 for the governmental funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Building Fee	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<i>Receivables:</i>					
Accounts (gross)	\$ 304,561	\$ 150	\$ 3,798	\$ 37	\$ 308,546
Allowance for uncollectible receivable	-	-	-	-	-
Net total receivables	<u>\$ 304,561</u>	<u>\$ 150</u>	<u>\$ 3,798</u>	<u>\$ 37</u>	<u>\$ 308,546</u>

(b) Prepaids

Prepaid assets for the Village total \$163,354 at September 30, 2023.

(c) Accrued Liabilities

Accrued liabilities as of September 30, 2023 are as follows:

	General
<i>Accrued liabilities:</i>	
Wages, benefits and taxes	\$ 62,292
Construction bond deposit	339,307
Total accrued liabilities	<u>\$ 401,599</u>

(d) Customer Deposits

Customer deposits are received in advance for planning and zoning professional services as required by the Village cost recovery program. Deposits are required prior to commencement of the professional services and any amounts received in excess of professional service costs are refunded at completion of planning and zoning process.

Customer deposits as of September 30, 2023 total \$190,013 and are offset by restricted cash.

Village of Estero, Florida
Notes to the Financial Statements
September 30, 2023

Note 5 - Capital Assets

Capital asset activity for the year ended September 30, 2023 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments/ Transfers/ Reclassifications</u>	<u>Ending Balance</u>
<i>Governmental Activities:</i>					
Capital assets not being depreciated:					
Land	\$ 33,063,072	\$ -	\$ -	\$ -	\$ 33,063,072
Construction in progress	3,654,646	4,526,587	-	-	8,181,233
Total capital assets not being depreciated	36,717,718	4,526,587	-	-	41,244,305
Capital assets being depreciated:					
Buildings and building improvements	1,521,436	-	-	-	1,521,436
Machinery and equipment	158,285	-	-	-	158,285
Infrastructure	37,137,938	-	-	-	37,137,938
Intangible right to use	951,818	-	-	-	951,818
Total capital assets being depreciated	39,769,477	-	-	-	39,769,477
Less accumulated depreciation for:					
Buildings and building improvements	740,357	98,973	-	-	839,330
Machinery and equipment	146,985	11,300	-	-	158,285
Infrastructure	9,698,221	2,125,951	-	-	11,824,172
Intangible right to use	780,078	121,212	-	-	901,290
Total accumulated depreciation	11,365,641	2,357,436	-	-	13,723,077
Total capital assets being depreciated, net	28,403,836	(2,357,436)	-	-	26,046,400
Total governmental activities capital assets, net	<u>\$ 65,121,554</u>	<u>\$ 2,169,151</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,290,705</u>

Depreciation expense was charged to functions/programs of the primary government for the year ended September 30, 2023, as follows:

	<u>General</u>
General government	\$ 224,619
Public safety	197
Physical environment	3,881
Transportation	<u>2,128,739</u>
Total depreciation expense-governmental activities	<u>\$ 2,357,436</u>

Note 6 - Long-term Debt

The annual debt service requirements as of September 30, 2023 are as follows:

Years Ending September 30	Governmental Activities		
	Lease payable		
	Principal	Interest	Total
2024	\$ 77,318	\$ 880	\$ 78,198
	\$ 77,318	\$ 880	\$ 78,198

The changes in long-term debt during fiscal year ended September 30, 2023 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities					
Lease payable	\$ 257,039	\$ -	\$ (179,721)	\$ 77,318	\$ 77,318
Total Governmental Activities	\$ 257,039	\$ -	\$ (179,721)	\$ 77,318	\$ 77,318

The Lease Payable was recalculated upon amendment to the lease on June 1, 2018. The Village used the incremental borrowing rate of 4.54% which was the 30-Year Mortgage rate on June 1, 2018.

Interest expenditures for the year ended September 30, 2023 were \$7,959.

Note 7 - Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan

Plan Description. The Village administers a single-employer defined benefit plan (the “Plan”) that provides the opportunity to obtain health insurance to its retired full-time employees and their dependents upon reaching the normal retirement age of 65 and 8 years if service or 33 years of service. Pursuant to the provisions of section 112.0801, Florida Statutes, former employees and eligible dependents who retire from the Village may continue to participate in the Village’s fully insured health and hospitalization plan for medical and prescription drug coverage. No assets are accumulated in a trust or otherwise that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits provided. The Village does not contribute toward the benefits (insurance premiums) of retired employees and there have been no substantive Plan provision changes since the last full valuation, which was dated October 1, 2020. Therefore, there is no explicit subsidy. An interim valuation was completed for fiscal year ending September 30, 2023.

Notes to the Financial Statements

September 30, 2023

Note 7 - Other Postemployment Benefits (OPEB) (Continued)

Employees covered by benefits terms. The Village has 6 full-time active employees with 5 currently covered by the benefit terms, no inactive employees currently receive benefits, and no inactive employees are entitled to receive benefits.

The Village has elected to use the alternative measurement method and engaged an actuary to determine the liability using the alternative measurement method for postemployment healthcare benefits other than pensions as of September 30, 2023, which was the seventh year healthcare benefits were provided to employees.

Funding Policy. The Village OPEB benefits are unfunded and recorded on the “pay as you go” basis. As of September 30, 2023, there are no retirees receiving this benefit, and with the availability of more cost effective health insurance plans, it is not anticipated that there will be future participation that would be a material cost to the Village. This liability, which is no longer considered a likely cost, is not being funded by the Village. Therefore, the Plan does not issue a publicly available financial report and all required disclosures are presented herein.

As required by 112.0801, Florida Statutes, the Village offers the insurance coverage to the retirees at a premium cost of no more than the premium cost applicable to active employees. This results in a Village subsidy of the premium rates paid by retirees as it allows them to participate in the Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees.

The Village’s total OPEB liability of \$7,151 was measured as of September 30, 2023 and was determined by an actuarial valuation as of that date. The change in the OPEB liability was a decrease of \$141 (OPEB expense), which was recognized during the fiscal year ended September 30, 2023. The General Fund and Building Fee Fund will be used to liquidate the OPEB liability.

Total OPEB Liability

Actuarial Methods and Assumptions. The total OPEB liability as of September 30, 2023, was determined using the following actuarial assumptions and other inputs were applied to all periods included in the measurement:

Valuation Date	October 1, 2022
Measurement Date	September 30, 2023
Inflation	2.4%
Salary increases (payroll growth)	3.25%
Discount rate	4.87% (2023) 4.77% (2022)
Health care trend rates	7.0% for 2023; decreasing 0.5% per year to an ultimate rate of 4.5% for 2029 and later years
Retirees’ share of benefit-related cost	100%
Funding Policy	Pay-as-you-go

The discount rate was based upon a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The prior valuation used a discount rate of 4.77% as of September 30, 2022. The current full valuation uses a discount rate of 4.87% as of September 30, 2023. The impact of this change is a slight decrease in liabilities. The discount rate will be updated annually to reflect market conditions as of the Measurement Date.

Note 7 - Other Postemployment Benefits (OPEB) (Continued)

The actuarial assumptions used in the valuation represent a reasonable long-term expectation of future OPEB outcomes. As national economic and Village experience change over time, the assumptions will be tested for ongoing reasonableness and, if necessary, updated.

The Village subsidizes the premium rates paid by retirees by allowing them to participate at blended premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, retiree claims are expected to result in higher costs to the plan on average than those of active employees.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Per GASB Statement No. 75 paragraph 43(a) since the Village used the alternative measurement method the effects of assumptions are recognized immediately. As such, since the Plan holds no assets their deferred inflows/outflows are zero.

Changes in the total OPEB liability.

	Amounts
Total OPEB liability at beginning of year	\$ 7,292
Changes for the year:	
Service cost	464
Interest	370
Changes in assumptions and other inputs	(30)
Difference between expected and actual experience	(945)
Net change in total OPEB liability (OPEB Credit)	(141)
Total OPEB liability at end of year	\$ 7,151

Changes of assumptions and other inputs reflect a change in the discount rate from 4.77% as of October 1, 2022, and 4.87% as of September 30, 2023. The discount rate was updated from the prior valuation rate and will be updated annually to reflect market conditions as of the Measurement Date.

Sensitivity of the total OPEB liability to change in the discount rate. The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be in it were calculated using a discount rate that is 1-percentage-point lower (3.87%) or 1-percentage-point higher (5.87%) than the current discount rate:

	1% Decrease (3.87%)	Discount Rate (4.87%)	1% Increase (5.78%)
Total OPEB Liability	\$ 7,459	\$ 7,151	\$ 6,858

Notes to the Financial Statements

September 30, 2023

Note 7 - Other Postemployment Benefits (OPEB) (Continued)

Sensitivity of the total OPEB liability to change in the healthcare cost trend rates. The following presents the total OPEB liability of the Village, as well as what the Village’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.0% decreasing to 3.50%) or 1-percentage-point higher (8.00% decreasing to 5.50%) than the current healthcare cost trend rates:

	1% Decrease (6.00% decreasing to 3.50%)	Trend Rates (7.00% decreasing to 4.50%)	1% Increase (8.00% decreasing to 5.50%)
Total OPEB Liability	\$ <u>6,730</u>	\$ <u>7,151</u>	\$ <u>7,610</u>

Note 8 - Retirement Plans

The Village offers a Defined Contribution Retirement 401(a) Plan (the “Plan”) to its full-time employees through the Florida Municipal Pension Trust Fund (FMPTF). The Plan is a 401(a) money purchase plan and the Village is a participating employer in the FMPTF trust agreement. The Plan was established on August 31, 2016 with a Village contribution effective date of October 1, 2016.

The Plan’s assets are administered by FMPTF and the Plan is operated under a trust agreement which may be amended by the Master Trustees of the FMPTF. The Village does not exercise any control over the Plan assets or the trust agreement.

The Village’s Plan provisions and contributions requirements are established and may be amended by the Village Council.

In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings.

The Plan does not have age or service requirements and vesting is immediate for Plan participants. The Plan eligibility provisions require funding percentages applied to the salaries of those participating. The required funding percentages and the Village contribution is determined annually during the budget process by Village Council. Normal retirement age is 70.5.

For fiscal year ended September 30, 2023, the Village’s retirement contribution reported as expenditures were \$104,295 or 9.66% of covered payroll. The employee contribution requirement was 2.5% of applicable compensation.

The Village, also, offers a 457(b) Deferred Compensation Plan to all employees through the Florida Municipal Pension Trust Fund (FMPTF). The Village is a participating employer in the FMPTF trust agreement which allows for salary deferrals with no employer contributions.

Further information regarding the Florida Municipal Pension Trust Fund, including financial statements, is available via request to publicrecordstal@fcities.com or in writing to Florida Municipal Pension Trust Fund, Attn: Office of General Counsel, 301 S. Bronough St., Suite 300, Tallahassee, FL 32301.

Note 9 - Interfund Transfers

Interfund transfers for the year ended September 30, 2023, consisted of the following:

	<i>Transfer In Funds:</i>				
General	Capital Projects Fund	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds	
<i>Transfer Out Funds:</i>					
General	\$ -	\$ 3,620,030	\$ -	\$ -	\$ 3,620,030
	\$ -	\$ 3,620,030	\$ -	\$ -	\$ 3,620,030

Transfers are used to move unrestricted general fund and debt service proceeds to finance various programs that the government must account for in other funds in accordance with budgetary authorization. These could include amounts provided as subsidies or matching funds for various grant programs, capital projects and debt service payments.

Note 10 - Risk Management

The Village 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 Village participates in the public entity risk pool administered by the Florida League of Cities, Inc. for general/professional liability, property, health insurance and workers compensation. The Village pays an annual premium for these insurance programs. Participation in this risk pool is non-assessable. There were no significant reductions in insurance coverage since the inception of the Village nor were there any settlements that exceed insurance coverage amounts for the fiscal year ended September 30, 2023 or the prior three years.

The Florida League of Cities, Inc. published financial report for the year ended September 30, 2023 can be obtained from the Florida League of Cities, Inc., Public Risk Service, 135 East Colonial Drive, Orlando, Florida 32801.

The Village retains the risk of loss up to a deductible amount (ranging from \$0 to \$35,000) with the risk of loss in excess of this amount transferred to the pool with limits of liability of up to \$5,000,000 per occurrence.

Notes to the Financial Statements

September 30, 2023

Note 11 - Operating Leases – Right of Use (ROU) Asset

The Village is currently committed to various operating leases for office space and equipment with terms in excess of one year. The lease for office space meets the recording requirements of GASB Statement No. 87. The future minimum rental payments as of September 30, 2023 were as follows:

<u>Years ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 77,318	\$ 880	\$ 78,198
Total	<u>\$ 77,318</u>	<u>\$ 880</u>	<u>\$ 78,198</u>

Rent expense for the fiscal year ended September 30, 2023 totaled \$325,822.

At September 30, 2023, the net Lease Intangible Right of Use asset of \$171,740 was amortized by \$121,212 during the year ended September 30, 2023. The net Lease Payable of \$257,039 was amortized by \$179,721 during the year ended September 30, 2023.

On May 3, 2017, the Village amended the lease agreement for office space which provides a location for the Village administration and community development offices. The lease amendment expanded the square footage and extended the term of the lease to 8 years which expires February 2024. The Village has the option to renew for three additional terms of five years.

As of September 30, 2023, the monthly rent for office space is \$19,257 plus common area maintenance estimated with annual increases of the greater of 2.5% or consumer price index.

Note 12 - Stewardship, Compliance and Accountability

Property Taxes

The billing and collection of all property taxes is performed for the Village by the Lee County Tax Collector. Property taxes are levied after formal adoption of the Village’s budget and become due and payable on November 1 of each year. Discounts are allowed for payment of property taxes before March 1 of the following year. Taxes are recognized as revenue when levied to the extent that they result in current receivables. On April 1, any unpaid taxes become delinquent. If the taxes are still unpaid in May, tax certificates are then offered for sale to the general public. The proceeds collected are remitted to the Village.

Key dates in the property tax cycle (latest date, where appropriate) are as follows:

- July 1 ♦ Assessment roll validated
- September 30 ♦ Millage resolution approved and taxes levied following certificate of assessment roll
- October 1 ♦ Beginning of fiscal year for which tax is to be levied
- November 1 ♦ Property taxes due and payable (levy date) with various discount provisions through March 31
- April 1 ♦ Taxes become delinquent
- June 1 ♦ Tax certificates sold by Lee County, Florida Tax Collector

Note 12 - Stewardship, Compliance and Accountability (Continued)

Village of Estero, Florida
Notes to the Financial Statements
September 30, 2023

For the year September 30, 2023, the total tax rate was 0.75 mils per \$1,000 of assessed taxable property value. For the fiscal year ended September 30, 2023, the levy is based on taxable property values totaling \$7,929,707,459. Property tax revenue is recognized in the fiscal year for which the taxes are levied.

No accruals for the property tax levy becoming due in November 2023 are included in the accompanying financial statements since taxes are levied for the subsequent fiscal year and are not considered available at September 30, 2023.

At September 30, 2023, delinquent property taxes are not material to the basic financial statements of the Village and, therefore, have not been accrued as taxes receivable.

Note 13 - Commitments and Contingencies

Litigation. The Village is party to a legal challenge of its comprehensive plan. Village officials believe it is too speculative to determine whether some of the legal proceedings will have a material adverse effect in the Village’s financial position. Therefore, no related liability has been recorded at September 30, 2023.

Contracts. The Village has outstanding commitments for professional service contracts for planning, engineering and legal services and are reported in the General Fund and Capital Projects Fund at September 30, 2023. The outstanding commitment at September 30, 2023 is as follows:

	Contract Amount	Incurred to Date	Retainage	Balance to Complete, Including Retainage
General Fund				
General government	\$ 143,164	\$ 50,918	\$ -	\$ 92,246
Physical environment	1,201,883	693,101	-	508,782
Transportation	991,506	819,674	-	171,832
Recreation and culture	332,075	253,354	-	78,721
Building Fund	70,070	49,275	-	20,795
Capital Projects Fund	13,300,193	6,971,010	-	6,329,183
	\$ 16,038,891	\$ 8,837,332	\$ -	\$ 7,201,559

Note 14 - Subscription Liability

The Village entered into multiple subscription-based information technology arrangements for various software. These are currently in the implementation phase therefore the Village has not yet recorded any subscription liability.

Note 15 - Subsequent Events

The Village purchased 69 acres of land which closed on January 30, 2024 for \$15 million.

The Village ceased the driving range operations in April 2024.

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Required Supplementary Information

Village of Estero, Florida

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

General Fund

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes				
Property	\$ 5,686,200	\$ 5,686,200	\$ 5,723,923	\$ 37,723
Gas	582,600	582,600	639,884	57,284
Franchise	2,313,300	2,313,300	3,159,064	845,764
Communications services	958,500	958,500	1,012,911	54,411
Local business	8,400	8,400	32,508	24,108
Licenses and permits	1,500	1,500	200	(1,300)
Intergovernmental revenues	4,617,900	4,617,900	12,362,640	7,744,740
Charges for services	249,600	249,600	398,437	148,837
Fines and forfeitures	200	200	217	17
Investment earnings	5,600	5,600	893,941	888,341
Other income	101,000	101,000	144,554	43,554
Total current year revenues	14,524,800	14,524,800	24,368,279	9,843,479
Prior year carry forward	26,952,809	19,988,086	-	(19,988,086)
Total revenues	41,477,609	34,512,886	24,368,279	(10,144,607)
EXPENDITURES				
Current:				
General government	4,382,500	4,382,500	10,366,015	(5,983,515)
Public safety	231,220	231,220	20,509	210,711
Physical environment	600,000	600,000	205,127	394,873
Transportation	2,136,170	2,136,170	2,140,463	(4,293)
Human services	38,000	38,000	11,348	26,652
Culture and recreation	262,000	262,000	90,049	171,951
Capital outlay	10,000	10,000	65,017	(55,017)
Debt service				
Principal retirement	-	-	149,168	(149,168)
Interest	-	-	6,606	(6,606)
Carry forward (out)	9,000,689	2,035,966	-	2,035,966
Total expenditures	16,660,579	9,695,856	13,054,302	(3,358,446)
Excess of revenues over expenditures	24,817,030	24,817,030	11,313,977	(13,503,053)
OTHER FINANCING USES				
Transfers out	(24,817,030)	(24,817,030)	(3,620,030)	21,197,000
Total other financing uses	(24,817,030)	(24,817,030)	(3,620,030)	21,197,000
Net change in fund balances	\$ -	\$ -	7,693,947	\$ 7,693,947
Fund balances - beginning			19,988,086	
Fund balances - ending			\$ 27,682,033	

The notes to the required supplementary information are an integral part of this schedule.

Village of Estero, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Building Fee Fund
For the Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses and permits	\$ 1,101,900	\$ 1,101,900	\$ 1,457,555	\$ 355,655
Investment earnings	100	100	16,175	16,075
Total current year revenues	<u>1,102,000</u>	<u>1,102,000</u>	<u>1,473,730</u>	<u>371,730</u>
Prior year carry forward	<u>679,735</u>	<u>518,912</u>	-	<u>(518,912)</u>
Total revenues	<u>1,781,735</u>	<u>1,620,912</u>	<u>1,473,730</u>	<u>(147,182)</u>
EXPENDITURES				
Current:				
Public safety	1,037,000	1,037,000	1,449,671	(412,671)
Capital outlay	305,000	305,000	67,620	237,380
Debt service				
Principal retirement	-	-	30,553	(30,553)
Interest	-	-	1,353	(1,353)
Carry forward (out)	<u>439,735</u>	<u>278,912</u>	-	<u>278,912</u>
Total expenditures	<u>1,781,735</u>	<u>1,620,912</u>	<u>1,549,197</u>	<u>71,715</u>
Excess of revenues (under) expenditures	<u>-</u>	<u>-</u>	<u>(75,467)</u>	<u>(218,897)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(75,467)</u>	<u>\$ (75,467)</u>
Fund balances - beginning			<u>518,912</u>	
Fund balances - ending			<u>\$ 443,445</u>	

The notes to the required supplementary information are an integral part of this schedule.

Notes to Required Supplementary Information

For the Year Ended September 30, 2023

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and are legally enacted through passage of a resolution required by Village Charter and as required by the State of Florida.

The level of control whereby expenditures cannot legally exceed the total amount budgeted is at the fund level and the annual budgets serve as the legal authorization for expenditures. The Village Council may establish or terminate departments by ordinance. As of September 30, 2023, the Council has established one department for community development.

For the year ended September 30, 2023, the Village of Estero adopted a budget for the General Fund, Building Fee Fund, Capital Projects Fund, and the Driving Range Fund.

Budget amounts, as shown in the fund financial statements, are as originally adopted and as finally amended by the Council. The Council may, by resolution, provide for the transfer of all or part of any unencumbered appropriations balance from one department, fund, service, strategy or organizational unit to the appropriation for other departments or organizational units or a new appropriation within 60 days after year end. The Village Manager may transfer funds among programs within a department, fund, service, strategy, or organizational unit and shall report such transfers to the Council, in writing, in a timely manner.

The Village had one fund in which expenditures exceeded appropriations, the Driving Range Fund.

Village of Estero, Florida

Schedule of Changes in the Net OPEB Liability and Related Ratios and Notes to the Schedule

Last Ten Fiscal Years

	2018	2019	2020	2021	2022	2023
Total OPEB Liability						
Service cost	\$ 2,650	\$ 1,484	\$ 1,653	\$ 2,868	\$ 2,988	\$ 464
Interest	580	483	511	762	873	370
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(3,719)	-	7,382	600	(28,861)	(30)
Changes in assumptions and other inputs	(2,677)	501	6,566	(42)	(636)	(945)
Benefit payments	-	-	-	-	-	-
Net change in total OPEB liability	(3,166)	2,468	16,112	4,188	(25,636)	(141)
Total OPEB liability - beginning	13,326	10,160	12,628	28,740	32,928	7,292
Total OPEB liability - ending	<u>\$ 10,160</u>	<u>\$ 12,628</u>	<u>\$ 28,740</u>	<u>\$ 32,928</u>	<u>\$ 7,292</u>	<u>\$ 7,151</u>
Covered-employee payroll	\$ 706,888	\$ 830,408	\$ 682,386	\$ 715,291	\$ 745,500	\$ 1,079,409
Total OPEB liability as a percentage of covered-employee payroll	1.44%	1.52%	4.21%	4.60%	0.98%	0.66%

Notes to the schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 .

Changes of assumptions. The actuarial assumptions used in the September 30, 2023 valuation represent a reasonable long-term expectation of future OPEB outcomes. Discount rate changed from 4.15% in 2018 to 3.58% at September 30, 2019 then to 2.41% at September 30, 2020 to 2.43% at September 30, 2021 to 4.77% at September 30, 2022 then to 4.87% at September 30, 2023. As national economic and Village experience change over time, the assumptions will be tested for ongoing reasonableness and, if necessary, updated.

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Village will present information for only those years for which information is available.

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Individual Fund Financial Schedules

Village of Estero, Florida

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Capital Projects Fund

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes				
Gas	\$ 423,350	\$ 423,350	\$ 465,738	\$ 42,388
Impact fees	566,600	566,600	4,094,405	3,527,805
Investment earnings	1,900	1,900	377,617	375,717
Other income	-	-	19,913	19,913
Total current year revenues	991,850	991,850	4,957,673	3,965,823
Prior year carry forward	11,580,381	12,717,301	-	(12,717,301)
Total revenues	12,572,231	13,709,151	4,957,673	(8,751,478)
EXPENDITURES				
Current:				
Physical environment	135,000	135,000	20,189	114,811
Transportation	1,585,300	1,585,300	33,887	1,551,413
Culture and recreation	5,700,000	5,700,000	212,573	5,487,427
Capital outlay	26,032,130	26,032,130	4,393,950	21,638,180
Carry forward (out)	3,936,831	5,073,751	-	5,073,751
Total expenditures	37,389,261	38,526,181	4,660,599	33,865,582
Excess of revenues over (under) expenditures	(24,817,030)	(24,817,030)	297,074	25,114,104
OTHER FINANCING SOURCES				
Transfers in	24,817,030	24,817,030	3,620,030	(21,197,000)
Total other financing sources	24,817,030	24,817,030	3,620,030	(21,197,000)
Net change in fund balances	\$ -	\$ -	3,917,104	\$ 3,917,104
Fund balances - beginning			12,717,301	
Fund balances - ending			\$ 16,634,405	

Village of Estero, Florida

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Nonmajor Governmental Fund – Driving Range Fund

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 90,000	\$ 90,000	\$ 321,004	\$ 231,004
Investment earnings	-	-	4,253	4,253
Other income	-	-	5,243	5,243
Total current year revenues	90,000	90,000	330,500	240,500
Prior year carry forward	4,394,300	123,261	-	(123,261)
Total revenues	<u>4,484,300</u>	<u>213,261</u>	<u>330,500</u>	<u>117,239</u>
EXPENDITURES				
Current:				
Culture and recreation	54,300	54,300	308,244	(253,944)
Carry forward (out)	<u>4,430,000</u>	<u>158,961</u>	-	158,961
Total expenditures	<u>4,484,300</u>	<u>213,261</u>	<u>308,244</u>	<u>(94,983)</u>
Excess of revenues over expenditures	-	-	22,256	22,256
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	22,256	<u>\$ 22,256</u>
Fund balances - beginning			<u>123,261</u>	
Fund balances - ending			<u>\$ 145,517</u>	

Statistical Section

This part of the Village of Estero's annual comprehensive 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 Village's overall financial health.

Contents	Page
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	54
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	58
<i>Debt Capacity</i> These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.	62
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	66
<i>Operating Information</i> These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.	68

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

The Village of Estero was incorporated on December 31, 2014. Therefore, fiscal year 2015 is the first year of operations. Ten-year historic data will be accumulated and reflected in future year's financial statements.

Village of Estero, Florida
Net Position by Component
 Last Ten Fiscal Years
 (accrual basis of accounting)
 (unaudited)

Schedule 1

	Fiscal Year									
	2014 1	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental/Primary Government Activities										
Investment in capital assets	\$ -	\$ 30,322	\$ 471,087	\$25,896,783	\$24,798,963	\$29,089,008	\$38,568,728	\$41,861,098	\$ 64,858,901	\$ 67,213,387
Restricted	-	559,136	2,312,410	5,514,939	9,714,291	12,243,096	11,742,357	11,753,713	13,236,213	17,062,050
Unrestricted	-	582,076	5,503,844	13,155,253	21,312,574	23,550,463	24,724,400	29,681,636	32,457,673	40,253,989
Total governmental activities/ primary government net position	<u>\$ -</u>	<u>\$ 1,171,534</u>	<u>\$ 8,287,341</u>	<u>\$44,566,975</u>	<u>\$55,825,828</u>	<u>\$64,882,567</u>	<u>\$75,035,485</u>	<u>\$83,296,447</u>	<u>\$110,552,787</u>	<u>\$ 124,529,426</u>

Note: The Village of Estero does not have business-type activities; therefore, net positions of governmental activities equal total primary government net positions.

¹ *The Village of Estero was incorporated December 31, 2014. Therefore, fiscal year 2015 is the first year of operations. Ten-year historic data will be accumulated and reflected in future year's financial statements.*

Village of Estero, Florida
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

Schedule 2

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government	\$ -	\$ 536,623	\$ 2,289,683	\$ 2,617,224	\$ 2,788,737	\$ 3,401,752	\$ 3,203,219	\$ 3,782,713	\$ 3,198,109	\$ 10,528,425
Public safety	-	1,080	887,642	1,317,701	1,196,671	1,085,537	1,322,971	1,298,406	1,324,224	1,469,973
Physical environment	-	6,596	306,643	436,856	345,096	115,558	191,691	1,625,322	363,253	227,947
Transportation	-	-	2,548,077	2,237,548	2,196,698	2,412,108	2,904,122	2,494,198	3,513,673	4,300,921
Human services	-	-	48,428	48,428	22,756	33,879	37,932	49,523	41,972	11,348
Culture and recreation	-	-	-	-	-	129,032	88,794	72,756	147,500	606,970
Interest and issuance cost	-	5,150	-	-	-	608,273	762,353	692,018	479,239	7,959
Total governmental activities/primary government expenses	-	549,449	6,080,473	6,657,757	6,549,958	7,786,139	8,511,082	10,014,936	9,067,970	17,153,543
Program Revenues										
Governmental activities:										
Charges for services:										
General government	-	138	168,073	313,409	279,144	195,212	200,901	250,390	389,657	398,437
Public safety	-	-	685,873	1,306,426	1,334,561	1,021,456	1,188,320	1,011,972	1,152,376	1,457,972
Culture and recreation	-	-	-	-	-	-	-	-	13,146	321,004
Operating grants and contributions	-	62,027	-	176,414	177,777	176,336	212,849	723,146	155,768	7,129,720
Capital grants and contributions	-	497,081	1,431,918	29,267,345	3,322,274	1,830,982	3,360,893	732,890	2,175,135	4,114,318
Total governmental activities/primary government program revenues	-	559,246	2,285,864	31,063,594	5,113,756	3,223,986	4,962,963	2,718,398	3,886,082	13,421,451
General Revenues										
Governmental activities:										
Taxes										
Property, levied for general purposes	-	-	4,589,279	4,699,042	4,819,043	4,955,863	5,054,886	5,109,211	5,280,762	5,723,923
Gas	-	-	892,944	734,682	749,468	759,317	686,769	932,098	982,493	1,105,622
Franchise	-	-	1,713,134	2,224,309	2,288,523	2,333,614	2,280,032	2,319,395	2,670,762	3,159,064
Communication services	-	-	340,416	719,940	794,969	866,260	909,318	869,653	972,497	1,012,911
Local business taxes	-	6,242	22,640	22,028	22,561	23,047	19,624	20,919	20,997	32,508
Intergovernmental revenues	-	1,155,305	3,329,066	3,326,662	3,522,911	3,894,401	4,241,552	6,190,304	21,696,901	5,232,920
Investment earnings	-	190	18,481	119,081	407,796	680,027	319,602	8,284	69,708	1,291,986
Gain on sale of capital assets	-	-	-	-	-	-	86,685	-	-	-
Miscellaneous	-	-	4,456	28,053	89,784	106,363	102,569	107,636	879,952	149,797
Total governmental activities/primary government	-	1,161,737	10,910,416	11,873,797	12,695,055	13,618,892	13,701,037	15,557,500	32,574,072	17,708,731
Change in Net Position										
Total governmental activities/primary government	\$ -	\$ 1,171,534	\$ 7,115,807	\$ 36,279,634	\$ 11,258,853	\$ 9,056,739	\$ 10,152,918	\$ 8,260,962	\$ 27,392,184	\$ 13,976,639

¹ The Village of Estero was incorporated December 31, 2014. Therefore, fiscal year 2015 is the first year of operations. Ten-year historic data will be accumulated and reflected in future year's financial statements.

Village of Estero, Florida

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(unaudited)

Schedule 3

	Fiscal Year									
	2014 ¹	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Non-spendable	\$ -	\$ -	\$ 14,533	\$ 14,633	\$ 14,633	\$ 14,633	\$ 15,201	\$ 14,945	\$ 14,625	\$ 14,525
Restricted	-	62,027	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	5,124,700	6,044,700	6,266,700	3,840,100	4,505,700
Unassigned	-	580,773	5,568,981	13,118,237	21,257,077	14,625,120	14,228,047	18,042,232	16,133,361	23,161,808
Total General Fund	<u>\$ -</u>	<u>\$ 642,800</u>	<u>\$ 5,583,514</u>	<u>\$ 13,132,870</u>	<u>\$ 21,271,710</u>	<u>\$ 19,764,453</u>	<u>\$ 20,287,948</u>	<u>\$ 24,323,877</u>	<u>\$ 19,988,086</u>	<u>\$ 27,682,033</u>
All Other Governmental Funds										
Non-spendable, reported in:										
Capital projects fund										\$ 15,800
Restricted	\$ -	\$ 497,109	\$ 2,312,410	\$ 5,514,939	\$ 9,714,291	\$ 12,243,096	\$ 11,742,357	\$ 11,753,713	\$ 13,236,213	17,062,050
Assigned, reported in:										
Debt service fund	-	-	-	-	-	4,040,555	4,179,199	5,304,466	-	-
Driving range fund	-	-	-	-	-	-	-	-	123,261	145,517
Unassigned	-	-	(101,439)	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ 497,109</u>	<u>\$ 2,210,971</u>	<u>\$ 5,514,939</u>	<u>\$ 9,714,291</u>	<u>\$ 16,283,651</u>	<u>\$ 15,921,556</u>	<u>\$ 17,058,179</u>	<u>\$ 13,359,474</u>	<u>\$ 17,223,367</u>

¹ The Village of Estero was incorporated December 31, 2014. Therefore, fiscal year 2015 is the first year of operations. Ten-year historic data will be accumulated and reflected in future year's financial statements.

Village of Estero, Florida
Changes In Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 (unaudited)

Schedule 4

	Fiscal Year									
	2014 ¹	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes	\$ -	\$ 6,242	\$ 7,558,413	\$ 8,576,415	\$ 8,852,341	\$ 9,114,437	\$ 9,121,444	\$ 9,251,276	\$ 9,927,511	\$ 11,034,028
Licenses and permits	-	-	685,873	1,306,158	1,854,018	1,020,666	1,187,400	1,011,429	1,152,046	1,457,755
Impact fees	-	497,081	1,431,918	2,596,943	2,802,274	1,830,982	1,432,917	441,935	1,977,097	4,094,405
Intergovernmental	-	1,217,332	3,329,066	3,326,662	3,522,911	3,894,401	4,241,552	6,955,483	9,742,576	12,362,640
Charges for services	-	-	167,589	313,409	279,144	195,212	200,901	250,390	402,803	719,441
Fines and forfeitures	-	138	484	268	543	790	920	543	330	217
Investment earnings	-	190	18,481	119,081	407,796	680,027	319,602	8,284	69,708	1,291,986
Contributions from private sources	-	-	-	-	-	-	89,307	290,954	53,695	-
Miscellaneous										
Other	-	-	4,456	28,053	89,784	106,363	102,570	107,636	879,952	169,710
Total revenues	-	1,720,983	13,196,280	16,266,989	17,808,811	16,842,878	16,696,613	18,317,930	24,205,718	31,130,182
Expenditures										
General government	-	537,675	2,264,950	2,534,379	2,737,183	3,225,843	2,964,950	3,664,593	3,009,102	10,366,015
Public safety	-	1,080	875,992	1,300,626	1,177,337	1,064,991	1,305,996	1,285,350	1,315,941	1,470,180
Physical environment	-	6,596	306,643	436,856	433,352	112,001	191,691	241,108	359,372	225,316
Transportation	-	-	2,548,077	1,021,378	457,090	784,925	1,243,529	2,216,002	1,567,819	2,174,350
Human services	-	-	48,428	48,428	22,756	33,879	37,932	49,523	41,972	11,348
Culture/recreation	-	-	-	-	-	129,032	128,094	71,846	147,655	610,866
Capital outlay	-	30,573	497,614	71,998	642,901	25,371,816	9,247,823	4,225,884	7,945,956	4,526,587
Debt service										
Principal	-	-	-	-	-	768,416	1,641,295	670,459	17,091,587	179,721
Interest and issuance cost	-	5,150	-	-	-	289,872	770,588	720,613	760,810	7,959
Total expenditures	-	581,074	6,541,704	5,413,665	5,470,619	31,780,775	17,531,898	13,145,378	32,240,214	19,572,342
Excess (deficiency) of revenues over expenditures	-	1,139,909	6,654,576	10,853,324	12,338,192	(14,937,897)	(835,285)	5,172,552	(8,034,496)	11,557,840
Other Financing Sources (Uses)										
Transfers in	-	-	-	90,849	494,611	30,546,595	11,178,860	4,925,024	19,778,472	3,620,030
Transfers out	-	-	-	(90,849)	(494,611)	(30,546,595)	(11,178,860)	(4,925,024)	(19,778,472)	(3,620,030)
Proceeds from debt	-	-	-	-	-	20,000,000	996,685	-	-	-
Total other financing sources	-	-	-	-	-	20,000,000	996,685	-	-	-
Net change in fund balances	\$ -	\$ 1,139,909	\$ 6,654,576	\$ 10,853,324	\$ 12,338,192	\$ 5,062,103	\$ 161,400	\$ 5,172,552	\$ (8,034,496)	\$ 11,557,840
Debt service as a percentage of noncapital expenditures	-	-	0.00%	0.0%	0.0%	16.5%	29.1%	15.6%	73.5%	1.2%

¹ The Village of Estero was incorporated December 31, 2014. Therefore, fiscal year 2015 is the first year of operations. Ten-year historic data will be accumulated and reflected in future year's financial statements.

Village of Estero, Florida
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(unaudited)

Schedule 5

Fiscal Year Ended September 30	Real Property			Personal Property	Less: Allowable Exemptions ²	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Market (Just) Value	Taxable Assessed Value as a
	Residential Property	Commercial Property	Other Property						Percentage of Actual Value
2014 ¹	-	-	-	-	-	-	-	-	-
2015 ¹	-	-	-	-	-	-	-	-	-
2016	5,962,856,036	690,966,701	158,665,392	150,308,030	1,284,789,616	5,675,825,842	0.8398	6,960,615,458	81.54%
2017	6,443,023,813	782,939,531	192,602,734	166,973,374	1,459,920,847	6,097,421,427	0.7998	7,557,342,274	80.68%
2018	6,889,049,163	741,778,217	213,442,459	180,814,659	1,539,523,465	6,484,202,557	0.7798	8,023,726,022	80.81%
2019	6,869,267,079	741,713,355	206,437,254	189,025,467	1,386,361,871	6,649,259,073	0.7750	8,035,620,944	82.75%
2020	6,916,404,302	762,528,773	352,626,099	203,210,714	1,474,537,084	6,808,708,418	0.7726	8,283,245,502	82.20%
2021	6,948,839,857	780,170,014	369,099,608	219,883,673	1,460,850,590	6,906,637,833	0.7726	8,367,488,423	82.54%
2022	7,317,007,658	840,319,265	406,615,395	235,269,948	1,667,873,721	7,189,827,701	0.7700	8,857,701,422	81.17%
2023	9,478,859,306	907,458,934	440,550,316	244,564,824	3,202,792,112	7,929,707,459	0.7500	11,132,499,571	71.23%

Source: Lee County Property Appraiser.

Note: Real property is reassessed every year.

¹ The Village of Estero was incorporated December 31, 2014. Therefore, fiscal year 2015 is the first year of operations; however, property taxes were not assessed by the Village of Estero until fiscal year 2016. Ten-year historic data will be accumulated and reflected in future year's financial statements.

² Allowable exemptions include the assessment differential value of capped parcels which is more commonly known as the "Save our Homes" and exemptions.

Village of Estero, Florida

Property Tax Rates – Direct and Overlapping Governments

(Per \$1,000 of Assessed Value)

Last Ten Fiscal Years

(unaudited)

Schedule 6

Fiscal Year	Village of Estero, Florida			Lee County			Overlapping Rates ²			Estero Fire District ³	Other ⁴	Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total Village Millage	General Revenue	Library Fund	Total Lee Cty	School					
							Local Board	State Law	Total School			
2014 ¹	-	-	-	-	-	-	-	-	-	-	-	-
2015 ¹	-	-	-	-	-	-	-	-	-	-	-	-
2016	0.8398	-	0.8398	4.1506	0.5956	4.7462	2.2480	5.0370	7.2850	2.1881	0.6605	14.8798
2017	0.7998	-	0.7998	4.0506	0.5956	4.6462	2.2480	4.7410	6.9890	2.1500	0.6361	15.2211
2018	0.7798	-	0.7798	4.0506	0.5956	4.6462	2.2480	4.4310	6.6790	2.1300	0.6542	14.8892
2019	0.7750	-	0.7750	4.0506	0.4956	4.5462	2.2480	4.1530	6.4010	2.1300	0.6205	14.4727
2020	0.7726	-	0.7726	4.0506	0.4956	4.5462	2.2480	3.8990	6.1470	2.1300	0.5958	14.1916
2021	0.7726	-	0.7726	4.0506	0.4956	4.5462	2.2480	3.8100	6.0580	2.1300	0.5729	14.0797
2022	0.7700	-	0.7700	3.8623	0.4714	4.3337	2.2480	3.6430	5.8910	2.1300	0.5640	13.6887
2023	0.7500	-	0.7500	3.7623	0.4714	4.2337	2.2480	3.3090	5.5570	2.1300	0.5220	13.1927

Source: Lee County Property Appraiser.

Note: The Village's operating millage tax rate may be increased only by a majority vote of the Village Council.

¹ The Village of Estero was incorporated December 31, 2014. Therefore, fiscal year 2015 is the first year of operations; however, property taxes were not assessed by the Village of Estero until fiscal year 2016. Ten-year historic data will be accumulated and reflected in future year's financial statements.

² Overlapping rates are those of the local and county governments that apply to property owners within the Village of Estero. Not all overlapping rates apply to all Village of Estero property owners.

³ The Village of Estero has three Fire Districts within its boundaries. Estero Fire Rescue District, 2.1300 millage rate, San Carlos Park Fire District, 2.7500 millage rate, and Bonita Springs Fire District 1.9466 millage rate.

⁴ Other consists of Lee County Mosquito Control, Lee County Hyacinth Control, South Florida Water Management District and West Coast Inland Navigation District.

Village of Estero, Florida

Principal Property Taxpayers

Current Fiscal Year and Nine Fiscal Years Ago
(unaudited)

Schedule 7

Taxpayer	2023			2014 ¹		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Coconut Point Developers LLC	\$ 115,917,024	1	1.61%	-	-	-
Miromar Outlet West LLC	106,073,670	2	1.48%	-	-	-
Hertz Corporation	61,155,605	3	0.85%	-	-	-
Fort Myers Reef Acquisitions	55,265,640	4	0.77%	-	-	-
Passco Longitude	46,772,802	5	0.65%	-	-	-
CV Fort Myers Borrower LLC	43,084,800	6	0.60%	-	-	-
Miromar Outlet East LLC	29,211,717	7	0.41%	-	-	-
Lee-Tamiami LLC	28,214,919	8	0.39%	-	-	-
Coconut Point DE LLC	22,099,882	9	0.31%	-	-	-
Continental 376 Fund LLC	21,430,191	10	0.30%	-	-	-
Total	\$ 529,226,250		7.37%	\$ -		0.00%

Source: Lee County Property Appraiser.

¹ The Village of Estero was incorporated December 31, 2014. Therefore, fiscal year 2015 was the first year of operations; however, property taxes were not assessed by the Village of Estero until fiscal year 2016. Ten-year historic data will be accumulated and reflected in future year's financial statements.

Village of Estero, Florida
Property Tax Levies and Collections
 Last Ten Fiscal Years
 (unaudited)

Schedule 8

Fiscal Year Ended Sep 30	Total Tax Levy For Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount ²	Percentage of Levy		Amount	Percentage of Levy
2014 ¹	-	-	0.00%	-	-	0.00%
2015 ¹	-	-	0.00%	-	-	0.00%
2016	4,766,559	4,588,424	96.26%	(14,372)	4,574,052	95.96%
2017	4,876,718	4,699,042	96.36%	(29,960)	4,669,082	95.74%
2018	5,056,381	4,819,043	95.31%	44,332	4,863,375	96.18%
2019	5,153,176	4,954,539	96.17%	1,324	4,955,863	96.17%
2020	5,260,408	4,956,095	94.21%	(232)	4,955,863	94.21%
2021	5,310,460	5,109,211	96.21%	(155)	5,109,211	96.21%
2022	5,536,495	5,280,762	95.36%	(1,114)	5,279,648	95.36%
2023	5,947,281	5,696,704	95.79%	-	5,696,704	95.79%

Source: Lee County Tax Collector.

¹ The Village of Estero was incorporated December 31, 2014. Therefore, fiscal year 2015 was the first year of operations; however, property taxes were not assessed by the Village of Estero until fiscal year 2016. Ten-year historic data will be accumulated and reflected in future year's financial statements.

² Property taxes are levied on November 1 of each year, and are due and payable upon receipt of the notice of the levy. A 4% discount is allowed if the taxes are paid in November, with the discount declining by 1% each month thereafter. Accordingly, taxes collected will not be 100% of tax levy. Taxes become delinquent on April 1 of each year, and tax certificates for the full amount of any unpaid taxes and assessments are sold at public auction prior to June 1 of each year. The proceeds collected are remitted to the Village.

Village of Estero, Florida

Ratios Of Outstanding Debt by Type

Last Ten Fiscal Years

(unaudited)

Schedule 9

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income ²	Per Capita ²
	General Obligation Bonds	Revenue Bonds	Notes, Loans and Agreements Payable	Lease Payable			
2014 ¹	-	-	-	-	-	-	-
2015 ¹	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-
2019	-	-	19,231,584	-	19,231,584	0.0%	593
2020	-	-	17,590,289	-	17,590,289	0.0%	531
2021	-	-	16,919,830	-	16,919,830	0.0%	455
2022	-	-	-	257,039	257,039	0.0%	7
2023	-	-	-	77,318	77,318	0.0%	2

Note: When applicable, details regarding the Village's outstanding debt can be found in the notes to the financial statements.

¹ *The Village of Estero was incorporated December 31, 2014. Therefore, fiscal year 2015 was the first year of operations. Ten-year historic data will be accumulated and reflected in future year's financial statements.*

² *See schedule 13 for personal income and population data. These ratios are calculated using personal income and population for prior calendar year.*

Village of Estero, Florida

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

(unaudited)

Schedule 10

Fiscal Year	General Bonded Debt Outstanding			Percentage of Estimated Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total		
2014 ¹	-	-	-	0.00%	-
2015 ¹	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2017	-	-	-	0.00%	-
2018	-	-	-	0.00%	-
2019	-	-	-	0.00%	-
2020	-	-	-	0.00%	-
2021	-	-	-	0.00%	-
2022	-	-	-	0.00%	-
2023	-	-	-	0.00%	-

Note: When applicable, details regarding the Village's outstanding debt can be found in the notes to the financial statements.

¹ *The Village of Estero was incorporated December 31, 2014. Therefore, fiscal year 2015 was the first year of operations, Ten-year historic data will be accumulated and reflected in future year's financial statements.*

Direct And Overlapping Governmental Activities Debt

As of September 30, 2023

(unaudited)

Schedule 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Lee County	\$ 249,525,000 ¹	17.4% ²	\$ 43,417,350
Village direct debt			<u>77,318</u>
Total direct and overlapping debt			<u><u>\$ 43,494,668</u></u>

¹ Lee County Clerk of Court, Finance Division

² Determined by dividing:

"Total Taxable Assessed Valuation" from Schedule 5	\$ 7,929,707,459
by the "Total Taxable Assessed Value" of Lee County	\$ 45,514,769,000

³ See Schedule 9 herein.

⁴ Lee County Property Appraiser

Village of Estero, Florida
Legal Debt Margin Information
 Last Ten Fiscal Years
 (unaudited)

Schedule 12

	2014 ¹	2015	2016	2017	2018	2019	2020	2021	2022	2023
Legal debt limit ²	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total net debt applicable to limit	-	153,500	-	-	-	19,231,584	17,590,289	16,919,830	-	257,039
Legal debt margin	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

¹ *The Village of Estero was incorporated December 31, 2014. Therefore, fiscal year 2015 is the first year of operations. There is no legal debt limit established by the Village.*

² *No legal debt limit has been established for the Village.*

Village of Estero, Florida
Demographic And Economic Statistics
 Last Ten Fiscal Years
 (unaudited)

Schedule 13

Fiscal Year	Population		Lee County ²	Village of Estero		Lee County ²	Village of Estero
	Village of Estero ³	Lee County ³	Total Personal Income (in thousands) ⁴	Per Capita Personal Income ³	Median Age ³	School Enrollment ⁵	Unemployment Rate ³
2014 ¹	-	-	-	-	-	79,446	-
2015 ¹	30,118	665,562	29,096,374	43,717	60.2	79,446	5.1%
2016	30,565	680,255	29,738,708	43,717	60.2	79,446	4.5%
2017	30,945	698,185	35,534,824	50,896	60.2	79,446	4.6%
2018	31,806	713,618	37,787,500	52,952	61.0	79,446	4.0%
2019	32,412	734,890	39,146,855	53,269	61.7	79,446	3.4%
2020	33,120	750,493	40,284,963	53,678	64.2	95,578	6.4%
2021	37,213	782,579	46,647,969	59,608	65.8	95,023	4.0%
2022	37,842	802,178	50,725,726	63,235	59.9	97,264	3.0%
2023	42,943	822,453	52,007,815	63,235	60.0	100,169	3.9%

¹ *The Village of Estero was incorporated December 31, 2014. Therefore, fiscal year 2015 was the first year of operations; however, property taxes were not assessed by the Village of Estero until fiscal year 2016. Ten-year historic data will be accumulated and reflected in future year's financial statements. 2015 report originally issued contained data for Lee County and was subsequently been updated as Village of Estero data has become available for comparative purposes.*

Data Sources:

- ² *Village of Estero statistics unattainable.*
- ³ *Lee County Economic Development*
- ⁴ *Determined by multiplying population by per capita income.*
- ⁵ *Lee County School Board Impact Report*

Village of Estero, Florida
Principal Employers ²
 Current Fiscal Year and Nine Fiscal Years Ago
 (unaudited)

Schedule 14

Employer	2023			2014 ¹		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lee Memorial Health Systems	13,558	1	3.22%			
Lee County Public Schools	11,174	2	2.65%			
Lee County Local Governments ³	9,377	3	2.23%			
Publix Super Markets	5,199	4	1.23%			
Chico's FAS Inc.	3,903	5	0.93%			
Herc Rentals	2,400	6	0.57%			
Amazon	2,200	7	0.52%			
Gartner, Inc.	2,100	8	0.50%			
Florida Gulf Coast University	1,778	9	0.42%			
Wal-Mart Corporation	1,509	10	0.36%			
Total	53,198		12.63%	-		0.00%

Source: Florida GulfCoast University

¹ The Village of Estero was incorporated December 31, 2014. Therefore, fiscal year 2015 was the first year of operations. Ten-year historic data will be accumulated and reflected in future year's financial statements as data becomes available.

² Information listed is for Lee County as statistics for Village of Estero are unavailable.

³ Lee County Local Government represents all city governments, county governments and similar governing bodies.

Village of Estero, Florida

Full-Time Equivalent Village Government Employees by Function

Last Ten Fiscal Years

(unaudited)

Schedule 15

Function	Full-time Equivalent Employees as of September 30									
	2014 ¹	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government	-	5.0	7.0	8.5	10.5	11.0	12.0	12.0	12.0	12.0
Total	-	5.0	7.0	8.5	10.5	11.0	12.0	12.0	12.0	12.0

Source: *Village of Estero Annual Budget as amended.*

¹ *The Village of Estero was incorporated December 31, 2014. Therefore, fiscal year 2015 was the first year of operations. Ten-year historic data will be accumulated and reflected in future year's financial statements.*

Village of Estero, Florida
Operating Indicators by Function ²
 Last Ten Fiscal Years
 (unaudited)

Schedule 16

Function	Fiscal Year									
	2014 ¹	2015 ²	2016 ²	2017 ²	2018 ²	2019 ²	2020 ²	2021 ²	2022 ²	2023 ²
General Government	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

Note: Operating Indicators are not available for General Government function.

Source: Various Village of Estero Departments

¹ *The Village of Estero was incorporated December 31, 2014. Therefore, fiscal year 2015 was the first year of operations. Ten-year historic data will be accumulated and reflected in future year's financial statements.*

² *The Village does not maintain Operating Indicators by Function; therefore, data is not available.*

Village of Estero, Florida
Capital Asset Statistics by Function ²
 Last Ten Fiscal Years
 (unaudited)

Schedule 17

Function	Fiscal Year									
	2014 ¹	2015 ²	2016 ²	2017 ²	2018 ²	2019 ²	2020 ²	2021 ²	2022 ²	2023 ²
General Government	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

¹ The Village of Estero was incorporated December 31, 2014. Therefore, fiscal year 2015 was the first year of operations. Ten-year historic data will be accumulated and reflected in future year's financial statements.

² The Village does not maintain Capital Asset Statistics by Function; therefore, data is not available.

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Single Audit Report





TUSCAN
 & Company, PA

Certified Public Accountants & Consultants

Affiliations

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

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

Village Council
 Village of Estero
 9401 Corkscrew Palms Circle
 Estero, Florida 33928

We have audited, 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 of America, the basic financial statements of the governmental activities, each major fund and the non-major fund of the Village of Estero (the "Village") as of and for the year ended September 30, 2023, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents and have issued our report thereon dated May 25, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a

material misstatement of the basic financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Estero'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 financial statements. 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 an instance of noncompliance that is required to be reported under Government Auditing Standards. The instance of noncompliance noted is disclosed in our Independent Auditor's Report to Management.

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 results of that testing, and not to provide an opinion on the effectiveness of the Village'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 Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



TUSCAN & COMPANY, P.A.

Fort Myers, Florida

May 25, 2024



TUSCAN
 & Company, PA

Certified Public Accountants & Consultants

Affiliations

Florida Institute of Certified Public Accountants
 American Institute of Certified Public Accountants
 Private Companies Practice Section
 Tax Division

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
 WITH SECTION 218.415, FLORIDA STATUTES**

Village Council
 Village of Estero
 9401 Corkscrew Palms Circle
 Estero, Florida 33928

We have examined the Village of Estero's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2023. Management is responsible for the Village of Estero's compliance with those requirements. Our responsibility is to express an opinion on the Village of Estero's compliance based on our examination.

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

In our opinion, the Village of Estero complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

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

Tuscan & Company, P.A.
 TUSCAN & COMPANY, P.A.
 Fort Myers, Florida
 May 25, 2024

INTEGRITY SERVICE EXPERIENCE

VILLAGE OF ESTERO, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2023

<u>Grantor Agency/Program Title</u>	<u>Federal CFDA/ Number</u>	<u>Grantor's Number</u>	<u>Federal Expenditures</u>
FEDERAL AGENCY			
<u>U.S. Department of Homeland Security</u>			
<u>Federal Emergency Management Agency</u>			
<u>TYPE A - MAJOR</u>			
Passed through State of Florida			
Division of Emergency Management			
Disaster Grant Public Assistance Program -			
DR 4673 - Hurricane Ian	97.036	Z3375	\$ <u>6,921,760</u>
TOTAL FEDERAL FINANCIAL AWARDS			\$ <u><u>6,921,760</u></u>

VILLAGE OF ESTERO, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2023

NOTE A - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America and is in accordance with the provisions of the OMB Uniform Guidance.

Expenditures reported on the Schedule of Expenditures of Federal Awards include cash disbursements, whether capitalized or expensed, during the fiscal year as well as grant related amounts recorded as payable at year end. Revenues reported on the Schedule of Expenditures of Federal Awards include cash receipts, whether recognized or deferred, as well as grant receivables recorded at year end.

NOTE B - INDIRECT COSTS

The Village did not allocate indirect costs to Federal Awards. Costs charged to such programs were direct costs.

The Village has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.



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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Village Council
Village of Estero
9401 Corkscrew Palms Circle
Estero , Florida 33928

Report on Compliance for Each Major Federal Program

We have audited Village of Estero's (the "Village") compliance with the types of compliance requirements described in the OMB Compliance Supplement, as applicable, that could have a direct and material effect on each of Village of Estero's major federal program for the year ended September 30, 2023. Village of Estero's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Village of Estero's major federal program 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 of America; and 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"). Those standards and the Uniform Guidance 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 occurred. An audit includes examining, on a test basis, evidence about Village of Estero's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

INTEGRITY SERVICE EXPERIENCE

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Village of Estero's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, Village of Estero's 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 for the year ended September 30, 2023.

Report on Internal Control Over Compliance

Management of Village of Estero 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 Village of Estero's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Village of Estero'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 on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 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 deficiencies, 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.

Purpose of the Report

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. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Tuscan & Company, P.A." in a cursive script.

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

May 25, 2024

VILLAGE OF ESTERO, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED
COSTS - FEDERAL AWARDS
Year ended September 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued			Unmodified	
Internal control over financial reporting:				
Control deficiency(ies) identified?	_____	Yes	<u> X </u>	No
Significant deficiency(ies) identified?	_____	Yes	<u> X </u>	No
Material weakness(es) identified?	_____	Yes	<u> X </u>	None reported
Noncompliance material to financial statements noted?	_____	Yes	<u> X </u>	No

Federal Awards

Internal control over major programs:				
Control deficiency(ies) identified?	_____	Yes	<u> X </u>	No
Significant deficiency(ies) identified?	_____	Yes	<u> X </u>	No
Material weakness(es) identified?	_____	Yes	<u> X </u>	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, Section 200.516(a)?	_____	Yes	<u> X </u>	No

Identification of major programs (Type A):

CFDA	
<u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.036	U.S. Department of Homeland Security Disaster Grant - Public Assistance Program

Dollar threshold used to distinguish between

Type A and Type B programs Threshold used was \$750,000.

Auditee qualified as low-risk auditee?	_____	Yes	<u> X </u>	No
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VILLAGE OF ESTERO, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED
COSTS - FEDERAL AWARDS
Year ended September 30, 2023

Listing of Subrecipients and matching amounts passed-through:

None - not applicable

Section II- Financial Statement Findings

There were no deficiencies, material weaknesses, or instances of noncompliance related to the financial statements.

Section III- Federal Award Findings and Questioned Costs

There were no audit findings related to Federal Awards required to be reported by 2 CFR, Section 200.516(a).

Section IV- Status of Federal Prior Year Findings

There were no prior year findings.

Other Reports



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INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT

Village Council
 Village of Estero
 9401 Corkscrew Palms Circle
 Estero, Florida 33928

We have audited the accompanying basic financial statements of the Village of Estero (the "Village") as of and for the year ended September 30, 2023 and have issued our report thereon dated May 25, 2024.

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 of America and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's 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 and Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports, which were dated May 25, 2024, should be considered in conjunction with this report to management.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter included the following information, which is not included in the aforementioned auditor's report:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There was one prior year financially significant comment. The prior year comment was repeated in the current year.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. No such recommendations were noted to improve financial management.

- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address violations or noncompliance with provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- 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 the management letter, unless disclosed in the notes to the financial statements. The Village discloses this information in the notes to the financial statements.
- Section 10.554(1)(i)5.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Village 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(7), Rules of the Auditor General, we have applied financial condition assessment procedures pursuant to Rule 10.556(8). It is management's responsibility to monitor the Village'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. In connection with our audit, we determined that the Village did not meet any of the criteria of a deteriorating financial condition described in Auditor General Rule Section 10.554(1)(i)(5).a.
- Pursuant to Section 10.554(1)(i)5.b.2, Rules of the Auditor General, if a deteriorating financial condition(s) is noted then a statement is so required along with the conditions causing the auditor to make such a conclusion. No such conditions were noted.
- Pursuant to Section 10.554(1)(i)5.c., Rules of the Auditor General, requires a statement indicating a failure, if any, of a component unit to provide financial information necessary to a proper reporting of the component unit within the audited financial statements of this entity (F.S. Section 218.39(3)(b)). There are no known component units required to report or included within these financial statements.
- Section 10.556(10)(a), Rules of the Auditor General, requires that the scope of our audit to determine the entity's compliance with the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Village complied with Section 218.415, Florida Statutes as reported in our Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes May 25, 2024, included herein.

PRIOR YEAR COMMENTS:

2022-01 Expenditures in Excess of Budget

During the audit, we noted that the Village had expenditures in excess of its final approved budget in two funds; the building fund and the driving range fund. Florida Statute Chapter 166.241(2) prohibits such excess expenditures.

We recommend the Village budget its audited carryforward in each fund which will provide a contingency and help to eliminate the potential of an over expenditure. Alternately, expenditures in excess of budget should be monitored and avoided.

Current Year Addendum:

During the current year audit, we noted that the Village had expenditures in excess of its final approved budget in one fund; the driving range fund. Florida Statute Chapter 166.241(2) prohibits expenditures in excess of the approved budget.

We recommend the Village continue to budget its audited carryforward in each fund which will provide a contingency and help to eliminate the potential of an over expenditure. Alternately, expenditures in excess of budget should be monitored and the budget amended if circumstances require additional expenditures.

CURRENT YEAR COMMENTS:

2023-01 Uncleared Bank Account Items Should be Investigated and Properly Disposed

During the audit, we noted 3 items outstanding in the operating cash account over 12 months old. Per F.S. 717.113 unclaimed items over 12 months old should be properly disposed.

We recommend that the Village investigate these items and properly dispose of them.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Village of Estero, management, the Auditor General of the State of Florida and other federal and state agencies. This report is not intended to be and should not be used by anyone other than these specified parties.


TUSCAN & COMPANY, P.A.
Fort Myers, Florida
May 25, 2024



May 30, 2024

Joanne Ribble
Vice Mayor
District One

Larry Fiesel
District Two

Jon McLain
Mayor
District Three

Lori Fayhee
District Four

Rafael Lopez
District Five

Jim Ward
District Six

George Zalucki
District Seven

Steve Sarkozy
Village Manager

Robert M.
Eschenfelder, Esq.
Village Attorney

Tuscan & Company, PA
12621 World Plaza Lane, Building 55
Fort Myers, FL 33907

Re: **Management Letter for Fiscal Year Ended September 30, 2023**

This letter will confirm receipt of your management letter reviewed by us.

Prior Year Comment: During the audit, we noted that the Village had expenditures in excess of its final approved budget in two funds; the building fund and the driving range fund. Florida Statute Chapter 166.241(2) prohibits such excess expenditures.

We recommend the Village budget its audited carryforward in each fund which will provide a contingency and help to eliminate the potential of an over expenditure. Alternately, expenditures in excess of budget should be monitored and avoided.

Current Year Addendum: During the current year audit, we noted that the Village had expenditures in excess of its final approved budget in one fund; the driving range fund. Florida Statute Chapter 166.241(2) prohibits expenditures in excess of the approved budget.

We recommend the Village continue to budget its audited carryforward in each fund which will provide a contingency and help to eliminate the potential of an over expenditure. Alternately, expenditures in excess of budget should be monitored and the budget amended if circumstances require additional expenditures.

Prior Year Management's Response: At the completion of each annual fiscal year financial audit, the Village will adopt a mid-year budget amendment which will include the audited carryforward in each fund.

Current Year Management's Response: Per last year's management response, the Village adopted a mid-year budget amendment which included the audited carryforward in each fund. The fiscal year ended September 30, 2023, was the first full year of activity within the driving range fund. Expenditures within this fund are primarily pass-through and funded from driving range operational revenue. Due to this, the audited carryforward in this fund was not enough to eliminate an over expenditure.



At the completion of each annual fiscal year financial audit, the Village will continue to adopt a mid-year budget amendment which will include the audited carryforward in each fund. Additionally, the Village will complete a year-end budget expenditure reconciliation and amend the budget if required.

Current Year Comment: During the audit, we noted 3 items outstanding in the operating cash account over 12 months old. Per F.S. 717.113 unclaimed items over 12 months old should be properly disposed.

We recommend that the Village investigate these items and properly dispose of them.

Current Year Management's Response: The Village has investigated the three outstanding checks and are now properly disposed. Each month, during the bank reconciliation process, outstanding checks over 12 months will be properly disposed.

Steven R. Sarkozy
Village Manager

Kevin Greenville, CPA
Village Finance Director