

Village of Estero, Florida

Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2016



Prepared by the Finance Staff



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**Village of Estero, Florida
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2016**

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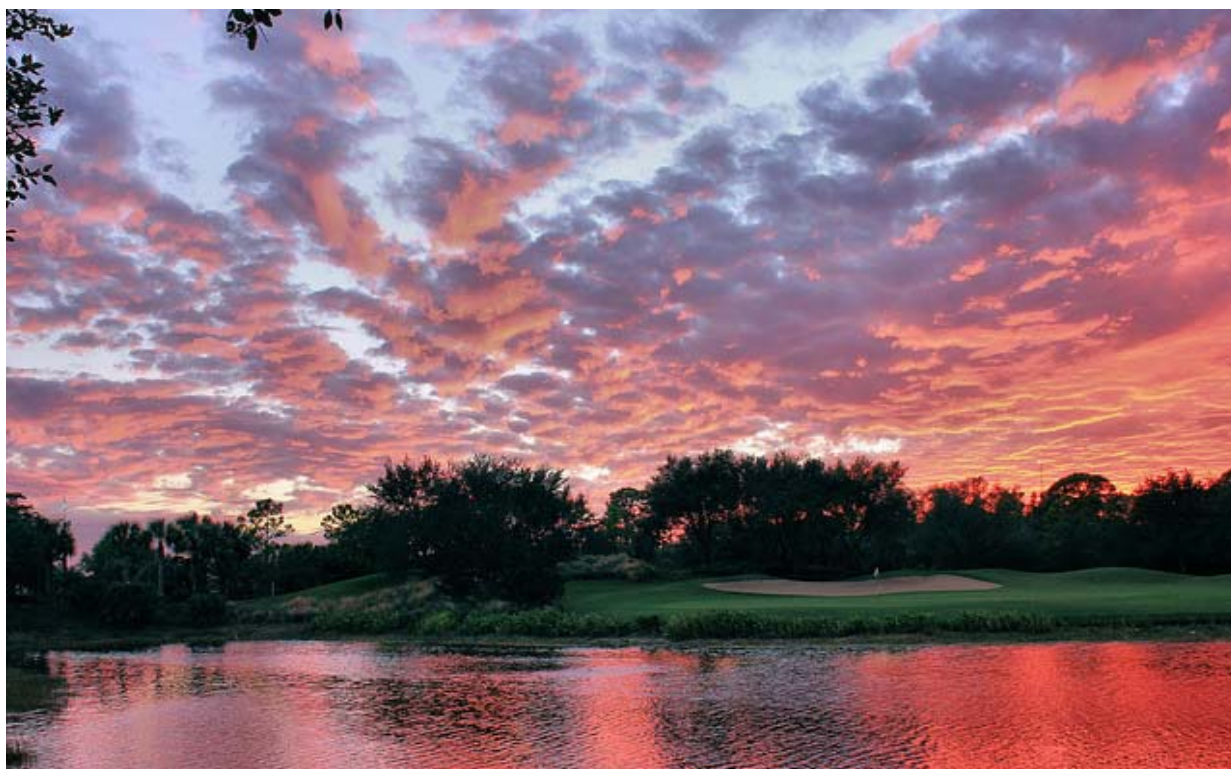
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Introductory Section





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William Ribble
District One

April 3, 2017

Howard Levitan
*Vice Mayor
District Two*

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

Donald Brown
District Three

Katy Errington
District Four

Dear Mayor and Members of Village Council:

Jim Boesch
District Five

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Village of Estero, Florida (Village) for the fiscal year ended September 30, 2016. 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.

Nick Batos
*Mayor
District Six*

Jim Wilson
District Seven

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.

Steve Sarkozy
Village Manager

Burt Saunders
Village Attorney

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.

In compliance with the laws of the State of Florida, the Village's financial statements have been audited by CliftonLarsonAllen LLP, 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, 2016. The independent auditors' report is presented as the first component of the financial section of this report.

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

Profile of the Government

The Village, incorporated on December 31, 2014, is located in the southwest part of the state and located in Lee County. The Village currently occupies a land area of 30 square miles and serves a population of 30,565. 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 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 receiving the highest number of votes shall serve four year terms and the other three council members shall serve initial two year terms. 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. 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, community development, 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.

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 Manager may transfer resources 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 Council may 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.

Economic condition and outlook

The Village and all of Southwest Florida, is projected to experience growth in the real estate sector in both commercial and residential construction. Additionally, the median home value is projected to increase 21% over the next five years (Lee County Economic Development-Community Profile). As a result, the Village’s taxable property values are predicted to increase for the next few fiscal years.

The Village is the world headquarters for Hertz, and is home to two regional malls with an additional hotel and assisted living facility scheduled for next fiscal year.

As unemployment dropped slightly throughout the nation during the past fiscal year, it decreased more significantly in Southwest Florida and Florida as a whole as services supported by the construction industry began to increase. The unemployment rate in 2016 for Lee County was 4.5 % compared to 4.7% in Florida and 4.5% nationally (Labor Market Statistics, Local Area Unemployment Statistics Program).

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

In August 2016, the Village commenced the initial comprehensive plan. The outcome of comprehensive planning will provide public policy in terms of transportation, utilities, land use, recreation, and housing. The Village plans to develop specific capital improvement projects. The seven-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. Any or all of these methods may be utilized. Not as obvious, but just as important is the increase in services, with the costs associated with these services, requested by citizens or mandated by external forces. Special care is being taken to properly estimate and budget the professional maintenance of all projects once built.

Awards and Acknowledgements

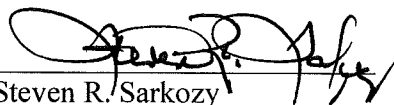
The Government Financial Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Estero for its comprehensive annual financial report for the nine months ended September 30, 2015. This was the initial financial reporting and therefore the first year that the Village has achieved this prestigious award. 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.

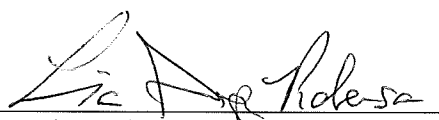
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report will meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for this certificate.

The preparation of this Comprehensive Annual 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 improves 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 executive assistance for her support. We sincerely appreciate and commend them for their contributions.

Appreciation is also extended to our external auditors, CliftonLarsonAllen LLP, 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


Lisa Griggs Roberson, CPA
Finance Director



Government Finance Officers Association

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

Presented to

**Village of Estero
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

Village of Estero, Florida

VILLAGE OFFICIALS

As of September 30, 2016



Mayor Nick Batos, District 6

Vice-Mayor Howard Levitan, District 2

Village Council

Bill Ribble, District 1

Donald Brown, District 3

Katy Errington, District 4

Jim Boesch, District 5

Jim Wilson, District 7

Village Administration

Steven R. Sarkozy, Village Manager

Burt L. Saunders, Village Attorney

Kathleen Hall, Village Clerk

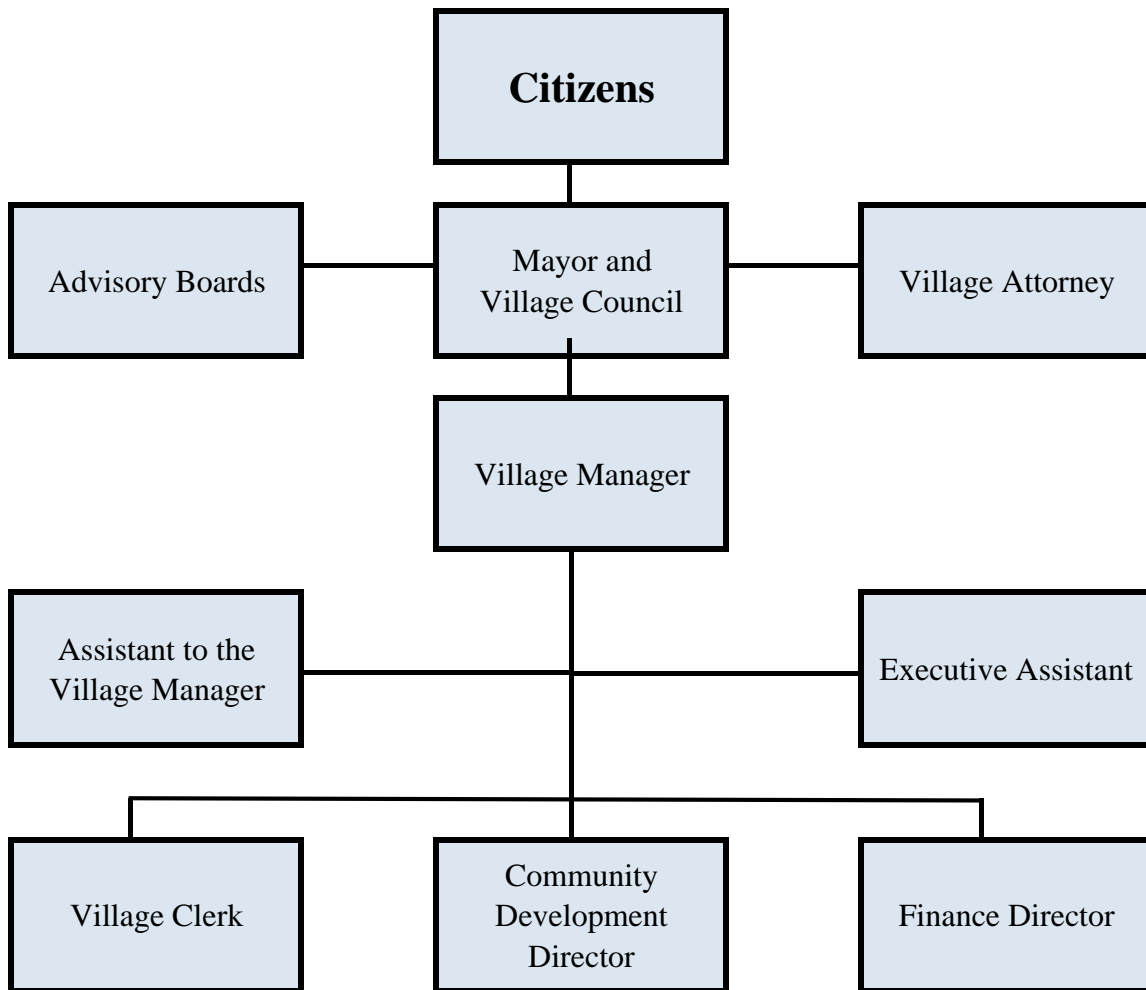
Lisa Griggs Roberson, CPA, Finance Director

Mary Gibbs, Community Development Director

Kyle Coleman, Assistant to the Village Manager

Village of Estero, Florida

Organizational Chart



Financial Section



INDEPENDENT AUDITORS' REPORT

Village Council
Village of Estero, Florida
Estero, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Village of Estero, Florida, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Village of Estero, Florida as of September 30, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 - 13, budgetary comparison for the general fund and the buildings fees fund on pages 44 – 45, and the other postemployment benefits schedule of funding progress for the retiree health plan on page 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Estero, Florida's basic financial statements. The introductory section, individual fund financial statements 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 statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2017, on our consideration of the Village of Estero, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Estero, Florida's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Fort Myers, Florida
March 30, 2017

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, 2016. 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.

The Village was incorporated December 31, 2014 pursuant to Chapter 2014-249, Laws of Florida and the successful referendum vote held November 4, 2014. Therefore, the financial information contained in these financial statements is for the Village's second reporting period and represents fiscal year ended September 30, 2016. Comparative data for 2015 represents the initial nine months of operation ended September 30, 2015.

Financial Highlights

- At the close of fiscal year ended September 30, 2016 the Village's assets exceeded its liabilities, resulting in net position of \$8,287,341, all of which is related to governmental activities.
- Total net position of the Village's governmental activities increased \$7,115,807, or 607.4%, in comparison to September 30, 2015.
- The Village had \$5,503,844, or 66.4%, of unrestricted net position available for use at the Village's discretion.
- Total general and program revenues were \$13,196,280 and increased \$11,475,297.
- Total expenses were \$6,080,473 and increased \$5,531,024.
- The governmental funds reported total ending fund balance of \$7,794,485 as of September 30, 2016 of which \$2,312,410 was restricted, \$14,533 was non-spendable and \$5,467,542 was unassigned.
- At fiscal year ended September 30, 2016, unassigned fund balance for the General Fund was \$5,568,981, or 96.8% of total General Fund expenditures and 52.1% of total General Fund revenue.
- The Village's total debt decreased by \$153,500.

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 and liabilities, 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 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 16-17 of this report.

Fund Financial Statements. A fund is a group of related accounts that is 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 three (3) governmental funds, the General Fund, Building Fee Fund and the Capital Projects Fund which are classified as major funds.

The basic governmental fund financial statements can be found on pages 18-20 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, over time net position may serve as a useful indicator of a government's financial position. In the case of the Village, assets and deferred outflows of resources exceeded liabilities by \$8,287,341 at the close of the most recent fiscal year ended September 30, 2016 and nine months ended September 30, 2015.

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

	Governmental Activities	
	<u>2016</u>	<u>2015</u>
<i>Assets:</i>		
Current and other assets	\$ 9,029,448	\$ 1,346,774
Capital assets	<u>471,087</u>	<u>30,322</u>
Total assets	9,500,535	1,377,096
<i>Liabilities:</i>		
Other liabilities	1,210,573	205,562
Non-current liabilities	<u>2,621</u>	<u>-</u>
Total liabilities	1,213,194	205,562
<i>Net position:</i>		
Investment in capital assets	471,087	30,322
Restricted	2,312,410	559,136
Unrestricted	<u>5,503,844</u>	<u>582,076</u>
Total net position	<u>\$ 8,287,341</u>	<u>\$ 1,171,534</u>

The smallest portion of net position (5.7%) reflects investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, furniture), 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 \$2,312,410 (27.9% of total net position) represents assets that are subject to external restrictions on how they are used. The remaining balance of unrestricted net position (\$5,503,844; 66.4% of total net position), may be used to meet the government's ongoing obligations to citizens and creditors.

At fiscal year ended September 2016, the Village is able to report positive balances in all three categories of net position.

Governmental Activities. The governmental activities increased the Village's total assets by \$8,123,439, increased the Village's total liabilities by \$1,007,632, and increased the total net position by \$7,115,807. The increase in net position resulting from governmental activities is 607.4% in comparison to nine months ended September 30, 2015. The increase in the governmental activities' net investment in capital assets is \$440,765, or 1453.6%, in comparison to nine months ended September 30, 2015.

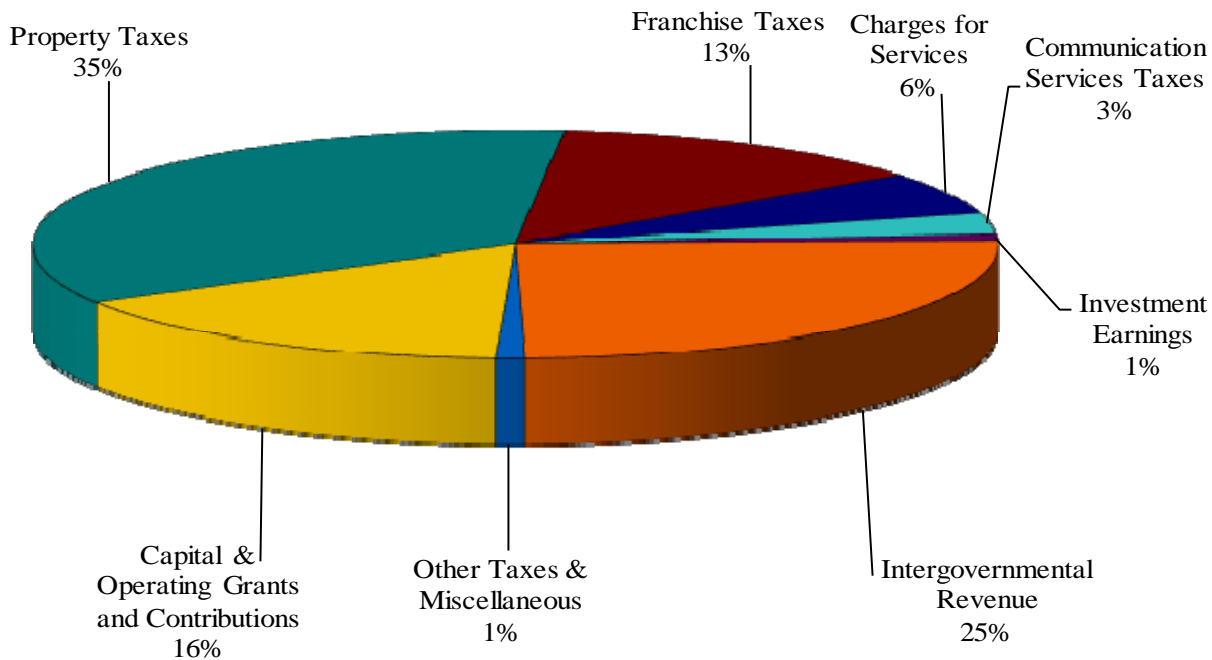
The following schedule compares the key elements of the changes in net position for the primary government for the current fiscal year ended September 30, 2016 and nine months ended September 30, 2015:

Village of Estero, Florida
Changes in Net Position

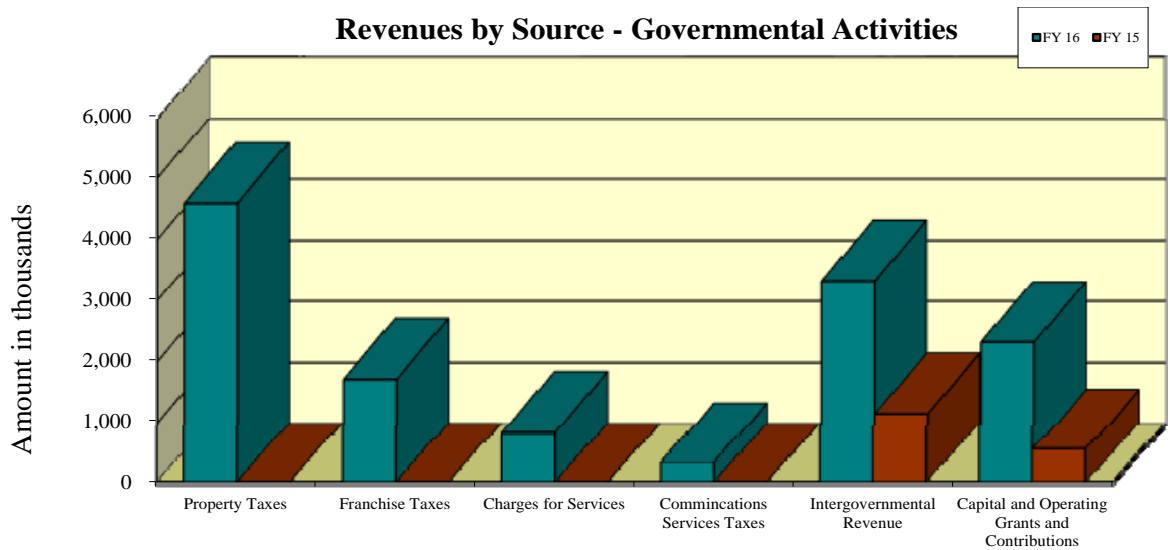
	Governmental Activities	
	<u>2016</u>	<u>2015</u>
Revenues:		
<i>Program Revenues:</i>		
Charges for services	\$ 853,946	\$ 138
Operating grants and contributions	-	62,027
Capital grants and contributions	-	-
Impact Fees	1,431,918	497,081
General Revenues:		
Property taxes, levied for general purposes	4,589,279	-
Gas taxes	892,944	-
Franchise taxes	1,713,134	-
Communications services taxes	340,416	-
Other taxes	22,640	6,242
Intergovernmental revenue	3,329,066	1,155,305
Investment earnings	18,481	190
Miscellaneous	<u>4,456</u>	<u>-</u>
Total revenues	<u>13,196,280</u>	<u>1,720,983</u>
Expenses:		
General government	2,289,683	541,773
Public safety	887,642	1,080
Physical environment	306,643	6,596
Transportation	2,548,077	-
Human services	<u>48,428</u>	<u>-</u>
Total expenses	<u>6,080,473</u>	<u>549,449</u>
Increase in net position	7,115,807	1,171,534
Net position - beginning	<u>1,171,534</u>	<u>-</u>
Net position - ending	<u>\$ 8,287,341</u>	<u>\$ 1,171,534</u>

The following is a chart of revenues by source for governmental activities with percent of total revenues for fiscal year ended September 30, 2016:

Revenues by Source - Governmental Activities



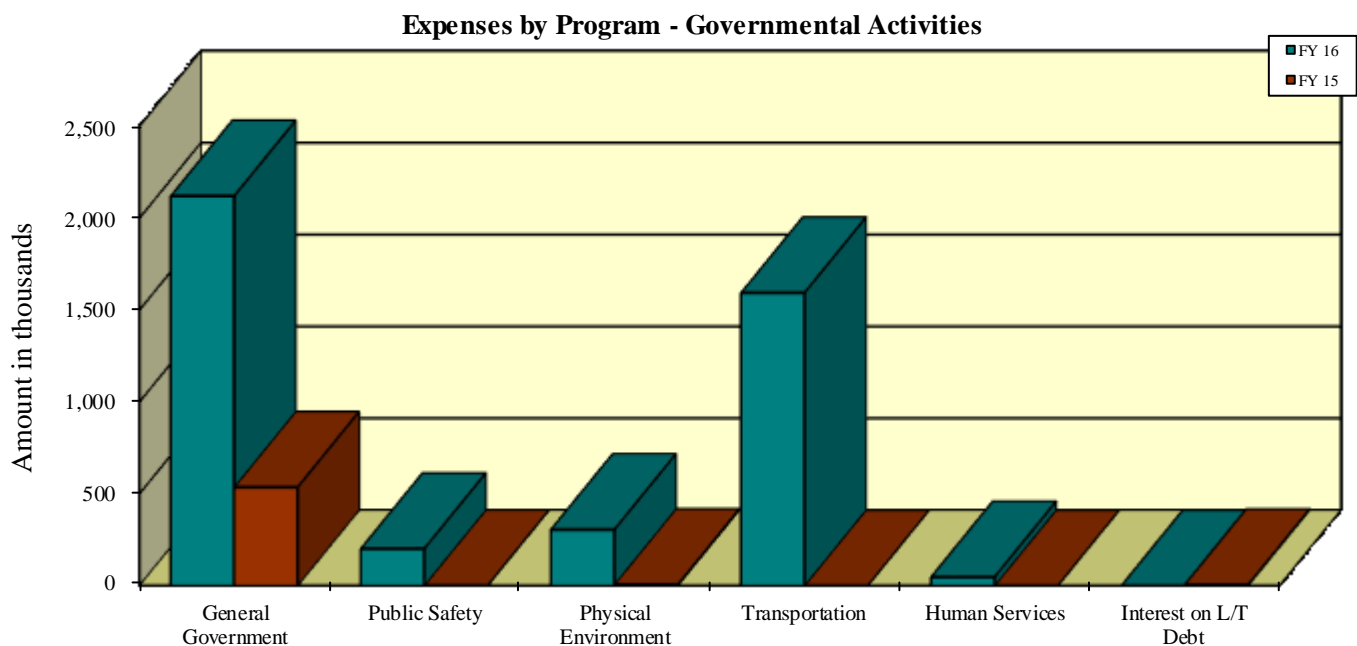
The following chart show revenues by source for governmental activities for fiscal year ended September 30, 2016 and nine months ended September 30, 2015.



Revenues:

- *Property taxes* were not accessed in the nine months ended September 30, 2015 as the Village did not exist at the time of the tax assessment.
- *Gas taxes* are restricted for operating or capital transportation expenditures. Gas taxes were initially remitted to the Village in October 2016.
- *Franchise taxes* were initially remitted to the Village in December 2015 by means of an electric franchise agreement.
- *Charges for services* are the result of collections in the community development department which began operations in November 2015.
- *Communications services taxes* were initially paid to the Village in March 2016.
- *Intergovernmental revenues* were remitted to the Village five months for half-cent sales tax and six months for state revenue sharing in the nine months ended September 30, 2015. For fiscal year 2016, these revenues were received for a full twelve months.
- *Capital and operating grants and contributions* consist of impact fees that are restricted for capital expenditures. Impact fees were initially remitted to the Village in January 2015.

The following is a chart of expenses by program for governmental activities for fiscal year ended September 30, 2016 and nine months ended September 30, 2015.



Expenses:

- *General government* expenses increased \$1,747,910, 322.6%, primarily as the prior year period contained only nine months of operation and the Village commenced planning and zoning services in November 2015.
- *Public safety* expenses increased \$886,562, or 82,089.1% as the Village commenced building permitting and code enforcement activities in January 2016 and November 2015, respectively.
- *Physical environment* expenses increased \$300,047, or 4548.9% as the Village started funding of natural resources services in October 2015.
- *Transportation* increased \$2,548,077, 100.0%, as the Village initiated contractual payments for transportation services in October 2015.
- *Human services* increased \$48,428, 100.0%, as the Village started funding of animal services in October 2015 through an interlocal agreement with Lee County.

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.

Government funds reported an ending fund balance of \$7,794,485. Approximately \$5,467,542 is unassigned fund balance which is available for spending at the Village's discretion. The remainder of the fund balance of \$2,312,410 is legally restricted as to use with an additional \$14,533 in non-spendable deposits and prepaids.

The total ending fund balance of governmental funds reflects the increase of \$6,654,576. This increase is due to revenues exceeding expenditures.

Major Governmental Funds

General Fund-The fund balance of the general fund had a net increase of \$4,940,714. Revenues of \$10,695,106 exceeded expenditures of \$5,754,392 which generated the increase in fund balance for the Village's first full fiscal year. The revenue increase was primarily the result of the collection of new revenue types in 2016 that were not available to the Village in the prior year as a newly created municipality. Also, in fiscal year 2016, the Village began to fund various functions as a result of the receipt of new types of revenue which increased the expenditures.

Building Fee Fund-The fund balance of the building fee activity had a net decrease of \$101,439 as expenditures of \$787,312 exceeded the revenues of \$685,873. The Village initially provided building fee services in January 2016 and incurred capital outlay costs of \$102,491 which resulted in a negative fund balance.

Capital Projects-The fund balance of the capital projects had a net increase of \$1,815,301 which is reflective of revenues since there were no expenditures as the Village had not yet commenced any capital projects.

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>
Franchise taxes	\$ 636,000	\$ 1,713,134	\$ 1,077,134
Communications services taxes	446,000	340,416	(105,584)
Intergovernmental revenues	3,189,000	3,329,066	140,066

- *Franchise taxes* actual collections for the Village were significantly higher than anticipated by electric service provider.
- *Communications services taxes* actual collections were lower than budgeted as taxable transactions within the Village boundaries was lower than the per capita consumption in the state projections.
- *Intergovernmental revenues* were higher than originally budgeted by the state as the result of an adjustment to the shared revenue allocation formula for the Village.

Final budget compared to Actual Results (continued)

<u>Expenditures</u>	<u>Final Budget</u>	<u>Actual expenditures</u>	<u>Difference</u>
General government, non-departmental	\$ 2,477,140	\$ 1,742,536	\$ 734,604
Community development	\$ 1,204,360	\$ 917,537	\$ 286,823
Animal control	\$ 193,720	\$ 48,428	\$ 145,292

- *General government, non-departmental* services were less than budgeted amounts in various line items. Significant savings were noted in legal services and staffing cost for several positions as hiring of staff occurred later in the fiscal year than budgeted.
- *Community development* services were lower than budgeted as the majority of the comprehensive plan study cost will be expended in the next fiscal year.
- *Animal control* services resulted in a budget savings as actual cost to provide the services were lower than indicated in the contract.

Original Budget Compared to Final Budget-General Fund.

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

- The general fund original budget contained both impact fees and gas tax revenue which was transferred into the capital projects fund budget.
- Charges for service revenue and community development department expenditures were added to the budget upon execution of a contract with a private service provider.

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, 2016 and September 30, 2015:

Village of Estero, Florida **Capital Assets**

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Buildings and building improvements	\$ 384,419	\$ -
Machinery and equipment	<u>143,768</u>	<u>30,573</u>
Total capital assets	528,187	30,573
Accumulated depreciation	<u>(57,100)</u>	<u>(251)</u>
Total capital assets, net	<u>\$ 471,087</u>	<u>\$ 30,322</u>

Noteworthy capital asset purchases/projects that took place in the current reporting period were as follows:

- Leased office space received building improvements which were funded in part by the landlord. Also, computer and office equipment was purchased for new Village offices occupied in March 2016.

Additional information on the Village's capital assets can be found in Note 6 on page 35.

Debt Administration

At September 30, 2016, the Village had no outstanding long-term debt.

During the fiscal year end September 30, 2016, the Village paid a tax anticipation payable in the amount of \$153,500.

Economic Factors and Next Year's Budget Rates

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

- Revenues are anticipated to increase in the next fiscal year as all types of revenue will be collected for a full twelve months.
- The Village commenced the initial Comprehensive Plan which will provide public policy in terms of transportation, utilities, land use, recreation, and housing.
- A contract has been executed to complete the initial Village Traffic Study. The study will generate valuable information that can be used to access transportation infrastructure needs.
- The Village plans to develop specific capital improvement projects and begin the planning, designing and construction of sidewalks and pathways on Estero Parkway.
- Jurisdiction was accepted in January 2017 for local roads located within the Village boundaries. The Village intends to improve the level of service for landscape maintenance on the local roads.
- The Village is committed to the "government-light" concept and has budgeted to continue using consultants or interlocal agreements for legal representation, permit issuance, law enforcement, physical environment and transportation expenditures.

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.



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Basic Financial Statements



Village of Estero, Florida
Statement of Net Position
September 30, 2016

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,389,519
Investments	6,107,013
Receivables (net)	193,264
Due from other governments	300,629
Prepays	24,390
Capital assets:	
Depreciable (net)	471,087
Deposits	14,633
Total assets	<u>9,500,535</u>
LIABILITIES	
Accounts payable	958,265
Accrued liabilities	167,763
Due to other governments	47,440
Customer deposits	37,105
Non-current liabilities:	
Due in more than one year	<u>2,621</u>
Total liabilities	<u>1,213,194</u>
NET POSITION	
Investment in capital assets	471,087
Restricted for:	
Culture and recreation capital improvements	659,883
Highways and streets capital improvements	1,652,527
Unrestricted	5,503,844
Total net position	<u>\$ 8,287,341</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, 2016

Functions/Programs	Program Revenues			Position	Net (Expense) Revenue and Changes in Net
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 2,289,683	\$ 168,073	\$ -	-	\$ (2,121,610)
Public safety	887,642	685,873	-	-	(201,769)
Physical environment	306,643	-	-	-	(306,643)
Transportation	2,548,077	-	-	953,680	(1,594,397)
Human services	48,428	-	-	-	(48,428)
Culture and recreation	-	-	-	478,238	478,238
Total governmental activities	<u>\$ 6,080,473</u>	<u>\$ 853,946</u>	<u>\$ -</u>	<u>\$ 1,431,918</u>	<u>\$ (3,794,609)</u>
General revenues:					
Taxes:					
Property, levied for general purposes					\$ 4,589,279
Gas					892,944
Franchise					1,713,134
Communications services					340,416
Local business					22,640
Intergovernmental revenues, not restricted to specific programs					3,329,066
Investment earnings					18,481
Miscellaneous					4,456
Total general revenues					<u>10,910,416</u>
Change in net position					<u>7,115,807</u>
Net position - beginning					<u>1,171,534</u>
Net position - ending					<u>\$ 8,287,341</u>

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

Village of Estero, Florida

Balance Sheet

Governmental Funds

September 30, 2016

	General	Special Revenue Building Fee	Capital Projects	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,751,669	\$ -	\$ 637,850	\$ 2,389,519
Investments	4,461,540	-	1,645,473	6,107,013
Receivables (net)	193,264	-	-	193,264
Due from other funds	18,042	-	-	18,042
Due from other governments	271,542	-	29,087	300,629
Deposits	14,633	-	-	14,633
Total assets	<u>\$ 6,710,690</u>	<u>\$ -</u>	<u>\$ 2,312,410</u>	<u>\$ 9,023,100</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 880,774	\$ 77,491	\$ -	\$ 958,265
Accrued liabilities	167,763	-	-	167,763
Due to other funds	-	18,042	-	18,042
Due to other governments	41,534	5,906	-	47,440
Customer deposits	37,105	-	-	37,105
Total liabilities	<u>1,127,176</u>	<u>101,439</u>	<u>-</u>	<u>1,228,615</u>
Fund balances:				
Nonspendable:				
Deposits	14,533			14,533
Restricted for:				
Culture and recreation capital improvements	-		659,883	659,883
Highways and streets capital improvements	-		1,652,527	1,652,527
Unassigned	5,568,981	(101,439)	-	5,467,542
Total fund balances	<u>5,583,514</u>	<u>(101,439)</u>	<u>2,312,410</u>	<u>7,794,485</u>
Total liabilities and fund balances	<u>\$ 6,710,690</u>	<u>\$ -</u>	<u>\$ 2,312,410</u>	<u>\$ 9,023,100</u>

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

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

September 30, 2016

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

Fund balances - total governmental funds	\$ 7,794,485
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Capital assets used in governmental activities are not financial resources
and, therefore, are not reported in the governmental funds

Depreciable capital assets	\$ 528,187	
Less accumulated depreciation	<u>(57,100)</u>	471,087

Long-term liabilities and related deferred outflows are not due and
payable in the current period and, therefore, are not reported in the
governmental funds

Other postemployment benefit (OPEB) obligation	(2,621)
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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, but are accounted for as expenditures of the period
of acquisition in the governmental funds

<u>24,390</u>

Net position of governmental activities	<u><u>\$ 8,287,341</u></u>
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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, 2016

	General	Special Revenue Building Fee	Capital Projects	Total Governmental Funds
REVENUES				
Taxes				
Property	\$ 4,589,279	\$ -	\$ -	\$ 4,589,279
Gas	514,104	-	378,840	892,944
Franchise	1,713,134	-	-	1,713,134
Communications services	340,416	-	-	340,416
Local business	22,640	-	-	22,640
Licenses and permits	-	685,873	-	685,873
Intergovernmental revenues	3,329,066	-	-	3,329,066
Charges for services	167,589	-	-	167,589
Fines and forfeitures	484	-	-	484
Miscellaneous				
Impact fees	-		1,431,918	1,431,918
Investment earnings	13,938	-	4,543	18,481
Other	4,456	-	-	4,456
Total revenues	<u>10,695,106</u>	<u>685,873</u>	<u>1,815,301</u>	<u>13,196,280</u>
EXPENDITURES				
Current				
General government	2,264,950	-	-	2,264,950
Public safety	191,171	684,821	-	875,992
Physical environment	306,643	-	-	306,643
Transportation	2,548,077	-	-	2,548,077
Human services	48,428	-	-	48,428
Capital outlay	395,123	102,491	-	497,614
Total expenditures	<u>5,754,392</u>	<u>787,312</u>	<u>-</u>	<u>6,541,704</u>
Excess (deficit) of revenues over (under) expenditures	<u>4,940,714</u>	<u>(101,439)</u>	<u>1,815,301</u>	<u>6,654,576</u>
Net change in fund balances	4,940,714	(101,439)	1,815,301	6,654,576
Fund balances - beginning	642,800	-	497,109	1,139,909
Fund balances - ending	<u>\$ 5,583,514</u>	<u>\$ (101,439)</u>	<u>\$ 2,312,410</u>	<u>\$ 7,794,485</u>

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

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

For the Year Ended September 30, 2016

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

Net change in fund balances - total governmental funds	\$ 6,654,576
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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	\$ 497,614	
Depreciation	<u>(56,849)</u>	440,765

Other postemployment benefit (OPEB) expenses reported in the statement of activities do not required the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(2,621)

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 9/30/16 from inception.

23,087

Change in net position of governmental activities	<u><u>\$ 7,115,807</u></u>
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The notes to the financial statements are an integral part of this statement.



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Notes to the Financial Statements

September 30, 2016

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Notes to the Financial Statements

September 30, 2016

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, 2016.

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 appointed by a majority vote of the Council. As of September 30, 2016, the Village of Estero has provided the following services to the Village residents: public works, streets and roads, planning and zoning, 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 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.

Notes to the Financial Statements

September 30, 2016

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.

Notes to the Financial Statements

September 30, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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 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.

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

Notes to the Financial Statements

September 30, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

(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 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, 2016, the allowance for uncollectible receivables was \$0.

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.

Notes to the Financial Statements

September 30, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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 fair 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 fixed assets such as roads, bridges, sidewalks, traffic signals, easements and similar items that are immovable and of value only to the governmental unit.

As of September 30, 2016, the Village has not accepted ownership, jurisdiction, operation or maintenance of any roads located within its boundaries; therefore, no infrastructure or other road related assets are reported as capital assets.

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:

<u>Asset</u>	<u>Years</u>
Buildings and building improvements	5-20
Improvements other than buildings	7-50
Machinery and equipment	3-10
Infrastructure	10-100
Intangible software	3-5

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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 position 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.

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 position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Village does not have any items that qualify for reporting in this category.

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 four 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.

Notes to the Financial Statements

September 30, 2016

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

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 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 does not have any 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. The Village does not have any assigned fund balance.
Unassigned	Fund balance that has not been reported in any other classification.

(d) Revenues and expenditures/expense

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, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

(d) Revenues and expenditures/expense (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.

Note 2 - Cash

As of September 30, 2016, the carrying amount of the Village's deposits was \$2,389,519, and the bank balance was \$2,470,869. 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 - Investments

The Village has funds invested in the Florida Prime Surplus Funds Trust Fund, which is administered by the State Board of Administration (SBA). The SBA pool's investments are recorded at fair value and total \$6,107,013 and are available for immediate withdrawal.

(a) General Description

The Florida Prime is administered by the State Board of Administration under the regulatory oversight of the State of Florida, Chapter 19-7 of the Florida Administrative Code.

The Florida State Board of Administration's (SBA) Florida PRIME meets the criteria of a Rule 2a-7 like pool and the investments are valued using the account balance which is stated at amortized cost. Rule 2a-7 is the rule that permits money market funds to use amortized cost to maintain a constant net asset value (NAV) of \$1.00 per share.

In accordance with Government Accounting Standards Board (GASB) Statement No. 79, Certain External Investment Pools and Pool Participants, Florida PRIME currently meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost. Therefore, the Village's participant account balance should also be considered the fair value of its investment and exempt from the Government Accounting Standards Board Statement (GASB) No. 72, Fair Value Measurement and Application.

Notes to the Financial Statements

September 30, 2016

Note 3 - Investments (continued)

(a) Investment Policies

All Florida Prime investment policies can be found at www.sbafla.com/prime.

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

(c) Credit Quality Disclosure

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

(e) Foreign Currency Risk Disclosure

Florida Prime was not exposed to any foreign currency risk during the period from October 1, 2015 through September 30, 2016.

(f) Securities Lending Disclosure

Florida Prime did not participate in a securities lending program in the period from October 1, 2015 through September 30, 2016.

Notes to the Financial Statements

September 30, 2016

Note 3 - Investments (Continued)

(g) Limitations or Restrictions on Withdrawals Disclosure

With regard to the redemption gates relating to the SBA trust fund, Chapter 218.409(8)(a), Florida Statutes, states that “The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.”

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

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

(h) Financial Statements

The SBA will provide separate financial statements for Florida Prime for the fiscal year ended June 30, 2016. The SBA will not provide financial statements for Florida Prime for the period ending September 30th.

Village of Estero, Florida,
Notes to the Financial Statements
September 30, 2016

Note 4 - Receivables, Prepaids, and Accrued Liabilities

(a) Receivables

Receivables as of September 30, 2016 for the government's general fund in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	<u>General</u>
<i>Receivables:</i>	
Accounts (gross)	\$ 193,264
Allowance for uncollectable receivable	<u>-</u>
 Net total receivables	 <u><u>\$ 193,264</u></u>

All of the accounts receivables are expected to be collected within one year.

(b) Prepaids

Prepaid assets for the Village total \$24,390.

(c) Accrued Liabilities

Accrued liabilities as of September 30, 2016 are as follows:

	<u>General</u>
<i>Accrued liabilities:</i>	
Wages, benefits and taxes	\$ 44,763
Construction bond deposit	<u>123,000</u>
 Total accrued liabilities	 <u><u>\$ 167,763</u></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, 2016 are \$37,105.

Village of Estero, Florida
Notes to the Financial Statements
September 30, 2016

Note 5 - Interfund Receivable and Payable Balances

Interfund receivable and payable balances for the year ended September 30, 2016, consisted of the following:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Building Fee Fund	\$ 18,042

The primary purpose of the above interfund receivable and payable is to provide loans for cash flow needs, primarily associated with Building fee activity.

Note 6 - Capital Assets

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

<i>Governmental Activities:</i>	Beginning Balance	Increases	Decreases	Transfers/ Reclassifications	Ending Balance
Capital assets being depreciated:					
Buildings and building improvements	\$	\$384,419	\$ -	\$ -	\$384,419
Machinery and equipment	<u>30,573</u>	<u>113,195</u>	<u>-</u>	<u>-</u>	<u>143,768</u>
Total capital assets being depreciated	<u>30,573</u>	<u>497,614</u>	<u>-</u>	<u>-</u>	<u>528,187</u>
Less accumulated depreciation for:					
Buildings and building improvements	-	44,514	-	-	44,514
Machinery and equipment	<u>251</u>	<u>12,335</u>	<u>-</u>	<u>-</u>	<u>12,586</u>
Total accumulated depreciation	<u>251</u>	<u>56,849</u>	<u>-</u>	<u>-</u>	<u>57,100</u>
Total capital assets being depreciated, net	<u>30,322</u>	<u>440,765</u>	<u>-</u>	<u>-</u>	<u>471,087</u>
Total governmental activities capital assets, net	<u>\$ 30,322</u>	<u>\$440,765</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$471,087</u>

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

	<u>General</u>
General government	\$ 45,199
Public safety	<u>11,650</u>
Total depreciation expense-governmental activities	<u>\$ 56,849</u>

From the inception of the Village to September 30, 2016, the Village of Estero did not enter into any interlocal agreements with Lee County that conveyed jurisdictional responsibility to any roads, storm water or other real property assets from Lee County to the Village of Estero. During the fiscal year ended September 30, 2016, Lee County preformed all work necessary to maintain all roads, storm water or other real property assets located within the Village of Estero; however, as the result of an interlocal agreement with Lee County for municipal services, the Village agreed to provide funding for natural resources, transportation, and animal control. As such, the Village of Estero financial statements for the fiscal year ended September 30, 2016 do not include any infrastructure, storm water and other Village of Estero real property assets.

Notes to the Financial Statements

September 30, 2016

Note 7 - Other Postemployment Benefits (OPEB)

Plan Description. The Village operates a single-employer retiree benefit plan (“the Plan”) that provides health insurance to eligible employees and their spouses through the Village’s health insurance plan. 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. These retirees are completely responsible for payment of their insurance premiums and the Village does not contribute toward this payment. 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 Plan does not issue a publicly available financial report. The Village has fewer than 100 members and has elected to use the alternative measurement method.

The Village engaged an actuary to determine the Village’s liability using the alternative measurement method for postemployment healthcare benefits other than pensions as of September 30, 2016 which was the initial year healthcare benefits were provided to employees.

Funding Policy. As required by 112.0801, Florida Statutes, the Plan provides health insurance to eligible former employees and their spouses through the Village’s health insurance plan. These retirees are completely responsible for payment of their insurance premiums and the Village does not contribute toward this payment. Currently there are no retirees receiving benefits.

Annual OPEB Cost and Net OPEB Obligation. The Village’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Village’s annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Village’s net OPEB obligation.

Annual Required Contribution (ARC)	\$ 2,621
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB Cost	2,621
Contributions Made	-
Increase in Net OPEB Obligation	2,621
Net OPEB Obligation, Beginning of Year	-
Net OPEB Obligation, End of Year	<u>\$ 2,621</u>

Notes to the Financial Statements

September 30, 2016

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

The Village's annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/2016	\$ 2,621	0.0%	\$ 2,621

The net OPEB obligation is reflected in the government-wide financial statements.

Funded Status and Funding Progress. As of October 1, 2015, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 7,706
Actual value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 7,706</u>
Funded ratio (actual value of plan assets/AAL)	0%
Covered payroll	\$ 440,000
UAAL as percentage of covered payroll	1.8%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. 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. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Notes to the Financial Statements

September 30, 2016

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

In the October 1, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% discount rate which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The inflationary rate is 3%. The initial healthcare cost trend rate was 9.0%, reduced by decrements to an ultimate rate of 5% after eight years. The assumed rate of payroll growth is 3.0%. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at September 30, 2016 was 30 years.

Note 8 - Retirement Plan

The Village offers a Defined Contribution 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.

For fiscal year ended September 30, 2016, the Village's retirement contribution reported as expenditures were \$35,981 or 7.5% of covered payroll. The employee requirement was 2.5%.

Notes to the Financial Statements

September 30, 2016

Note 9 - 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, 2016.

The Florida League of Cities, Inc. published financial report for the year ended September 30, 2016 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.

Note 10 - Lease Obligations

The Village is currently committed to various operating leases for office space and equipment with terms in excess of one year. The future minimum rental payments as of September 30, 2016 were as follows:

Fiscal year ending	Governmental <u>Activities</u>
2017	\$132,397
2018	132,397
2019	130,263
2020	128,504
2021	<u>53,003</u>
Total	<u>\$576,564</u>

Rent expense for the fiscal year ended September 30, 2016 totaled \$99,107.

On October 21, 2015, the Village entered into a lease agreement for office space to provide a location for the Village administration and Community Development offices. The lease of the space commenced March 1, 2016 and continues for five years with the option to renew for three additional terms of five years and an option to purchase after the second lease year. The initial monthly rent is \$10,569 plus common area maintenance with annual increases of the greater of 2.5% or consumer price index.

Notes to the Financial Statements

September 30, 2016

Note 11 - Stewardship, Compliance and Accountability

(a) 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.

(a) Property Taxes (continued)

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

For tax year 2015, the total tax rate was .8398 mills per \$1,000 of assessed taxable property value. For the fiscal year ended September 30, 2016, the levy is based on taxable property values totaling \$5,675,825,842. Property tax revenue is recognized in the fiscal year for which the taxes are levied. On May 1 of each year, unpaid taxes may become a lien on the property. The past due tax certificates are sold at public auction on June 1, and the proceeds collected are remitted to the Village.

No accruals for the property tax levy becoming due in November 2016 are included in the accompanying financial statements since taxes are levied for the subsequent fiscal year and are not considered available at September 30, 2016.

At September 30, 2016, delinquent property taxes are not material to the basic financial statements of the Village and, therefore, have not been accrued as taxes receivable.

Notes to the Financial Statements

September 30, 2016

Note 12 - Commitments and Contingencies

The Village has entered into an interlocal agreement with Lee County for municipal services to be provided from October 1, 2016 through September 30, 2017. The interlocal agreement provides for natural resources, transportation, and animal control. Total cost for these services for fiscal year ended September 30, 2017 will be \$2,902,870.

The Village had outstanding commitment for professional service contracts totaling \$396,365. These projects are for planning, engineering and legal services and are reported in the General Fund. There are no outstanding commitments in any other governmental funds.

Note 13 - Subsequent Events

On December 20, 2016, the Village has entered into an interlocal agreement with Lee County to convey jurisdictional responsibility to any roads and storm water infrastructure from Lee County to the Village of Estero with an effective date of January 7, 2017. Notice was provided to Lee County which will discontinue municipal transportation services at the date of transfer.



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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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Taxes				
Property	\$ 4,550,000	\$ 4,550,000	\$ 4,589,279	\$ 39,279
Gas Tax	843,000	486,000	514,104	28,104
Franchise	636,000	636,000	1,713,134	1,077,134
Communications services	446,000	446,000	340,416	(105,584)
Local business	15,000	15,000	22,640	7,640
Intergovernmental revenues	3,189,000	3,189,000	3,329,066	140,066
Charges for services	-	132,000	167,589	35,589
Fines and forfeitures	10,000	10,000	484	(9,516)
Miscellaneous				
Impact fees	827,600	-	-	-
Investment earnings	3,420	3,420	13,938	10,518
Other	-	-	4,456	4,456
Total revenues	<u>10,520,020</u>	<u>9,467,420</u>	<u>10,695,106</u>	<u>1,227,686</u>
EXPENDITURES				
Current:				
General government				
Non-departmental	3,552,380	2,477,140	1,742,536	734,604
Community development	-	1,204,360	917,537	286,823
Public safety				
Non-departmental	17,850	17,850	12,220	5,630
Community development	-	205,820	178,951	26,869
Physical environment				
Non-departmental	288,750	295,310	306,643	(11,333)
Transportation				
Non-departmental	2,533,800	2,533,800	2,548,077	(14,277)
Human services				
Animal control	<u>193,720</u>	<u>193,720</u>	<u>48,428</u>	<u>145,292</u>
Total expenditures	<u>6,586,500</u>	<u>6,928,000</u>	<u>5,754,392</u>	<u>1,173,608</u>
Excess of revenues over expenditures	<u>3,933,520</u>	<u>2,539,420</u>	<u>4,940,714</u>	<u>2,401,294</u>
Net change in fund balances	<u>\$ 3,933,520</u>	<u>\$ 2,539,420</u>	<u>4,940,714</u>	<u>\$ 2,401,294</u>
Fund balances - beginning			<u>642,800</u>	
Fund balances - ending			<u>\$ 5,583,514</u>	

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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Positive (Negative)</u>
REVENUES				
Licenses and permits	\$ -	\$ 885,600	\$ 685,873	\$ (199,727)
Total revenues	-	885,600	685,873	(199,727)
EXPENDITURES				
Current:				
Public safety				
Community development	-	790,000	787,312	2,688
Total expenditures	-	790,000	787,312	2,688
Excess of revenues over (under) expenditures	-	95,600	(101,439)	(197,039)
Net change in fund balances	\$ -	\$ 95,600	(101,439)	\$ (197,039)
Fund balances - beginning			-	
Fund balances - ending			\$ (101,439)	

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

Village of Estero, Florida

Other Postemployment Benefits Plan

Schedule of Funding Progress

September 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-Project Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b- a]/c)
10/1/2015	\$ -	\$ 7,706	\$ 7,706	0.00%	\$ 440,000	1.75%

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

Notes to Required Supplemental Information

For the Year Ended September 30, 2016

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 department level and the annual budgets serve as the legal authorization for expenditures. The council may establish or terminate departments by ordinance. As of September 30, 2016, the council has established one department for community development.

For the year ended September 30, 2016, the Village of Estero adopted a budget for the General Fund, Building Fee fund and the Capital Projects 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. 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.



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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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
REVENUES				
Taxes				
Gas taxes	\$ -	\$ 357,000	\$ 378,840	\$ 21,840
Miscellaneous				
Impact fee	-	827,600	1,431,918	604,318
Investment earnings	-	-	4,543	4,543
Total revenues	-	1,184,600	1,815,301	630,701
EXPENDITURES				
General government				
Non-departmental	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	-	1,184,600	1,815,301	630,701
Net change in fund balances	\$ -	\$ 1,184,600	1,815,301	\$ 630,701
Fund balances - beginning			497,109	
Fund balances - ending			\$ 2,312,410	

Statistical Section



This part of the Village of Estero's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Village's overall financial health.

Contents	Page
<i>Financial Trends</i>	53
These schedules contain trend information to help the reader understand how the Village’s financial performance and well-being have changed over time.	
<i>Revenue Capacity</i>	56
These schedules contain information to help the reader assess the Village’s most significant local revenue source, the property tax.	
<i>Debt Capacity</i>	61
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.	
<i>Demographic and Economic Information</i>	65
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village’s financial activities take place.	
<i>Operating Information</i>	67
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.	

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

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.

Net Position by Component

Last Ten Fiscal Years
(accrual basis of accounting)

Schedule 1

	Fiscal Year									
	2007 ¹	2008 ¹	2009 ¹	2010 ¹	2011 ¹	2012 ¹	2013 ¹	2014 ¹	2015	2016
Governmental/Primary Government Activities										
Investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,322	\$ 471,087
Restricted	-	-	-	-	-	-	-	-	559,136	2,312,410
Unrestricted	-	-	-	-	-	-	-	-	582,076	5,503,844
Total governmental activities/ primary government net position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,171,534	\$ 8,287,341

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.

Schedule 2

	2007 ¹	2008 ¹	2009 ¹	2010 ¹	2011 ¹	2012 ¹	2013 ¹	2014 ¹	2015	2016
Expenses										
Governmental activities:										
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 536,623	\$ 2,289,683
Public safety	-	-	-	-	-	-	-	-	1,080	887,642
Physical environment	-	-	-	-	-	-	-	-	6,596	306,643
Transportation	-	-	-	-	-	-	-	-	-	2,548,077
Human services	-	-	-	-	-	-	-	-	-	48,428
Interest and issuance cost	-	-	-	-	-	-	-	-	5,150	-
Total governmental activities/primary government expenses	-	-	-	-	-	-	-	-	549,449	6,080,473
Program Revenues										
Governmental activities:										
Charges for services:										
General government	-	-	-	-	-	-	-	-	138	168,073
Public safety	-	-	-	-	-	-	-	-	-	685,873
Operating grants and contributions	-	-	-	-	-	-	-	-	62,027	-
Capital grants and contributions	-	-	-	-	-	-	-	-	497,081	1,431,918
Total governmental activities/primary government program revenues	-	-	-	-	-	-	-	-	559,246	2,285,864
General Revenues										
Governmental activities:										
Taxes										
Property, levied for general purposes	-	-	-	-	-	-	-	-	-	4,589,279
Gas	-	-	-	-	-	-	-	-	-	892,944
Franchise	-	-	-	-	-	-	-	-	-	1,713,134
Communication services	-	-	-	-	-	-	-	-	-	340,416
Local business taxes	-	-	-	-	-	-	-	-	6,242	22,640
Intergovernmental revenues	-	-	-	-	-	-	-	-	1,155,305	3,329,066
Investment earnings	-	-	-	-	-	-	-	-	190	18,481
Miscellaneous	-	-	-	-	-	-	-	-	-	4,456
Total governmental activities/primary government	-	-	-	-	-	-	-	-	1,161,737	10,910,416
Change in Net Position										
Total governmental activities/primary government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,171,534	\$ 7,115,807

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.

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Schedule 3

	Fiscal Year									
	2007 ¹	2008 ¹	2009 ¹	2010 ¹	2011 ¹	2012 ¹	2013 ¹	2014 ¹	2015	2016
General Fund										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,533
Restricted	-	-	-	-	-	-	-	-	62,027	-
Unassigned	-	-	-	-	-	-	-	-	580,773	5,568,981
Total General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 642,800	\$ 5,583,514
All Other Governmental Funds										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 497,109	\$ 2,312,410
Unassigned	-	-	-	-	-	-	-	-	-	(101,439)
Total all other governmental funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 497,109	\$ 2,210,971

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.

Changes In Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Schedule 4

	Fiscal Year									
	2007 ¹	2008 ¹	2009 ¹	2010 ¹	2011 ¹	2012 ¹	2013 ¹	2014 ¹	2015	2016
Revenues										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,242	\$ 7,558,413
Licenses and permits	-	-	-	-	-	-	-	-	-	685,873
Intergovernmental	-	-	-	-	-	-	-	-	1,217,332	3,329,066
Charges for services	-	-	-	-	-	-	-	-	-	167,589
Fines and forfeitures	-	-	-	-	-	-	-	-	138	484
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Impact fees	-	-	-	-	-	-	-	-	497,081	1,431,918
Investment earnings	-	-	-	-	-	-	-	-	190	18,481
Other	-	-	-	-	-	-	-	-	-	4,456
Total revenues	-	-	-	-	-	-	-	-	1,720,983	13,196,280
Expenditures										
General government	-	-	-	-	-	-	-	-	537,675	2,264,950
Public safety	-	-	-	-	-	-	-	-	1,080	875,992
Physical environment	-	-	-	-	-	-	-	-	6,596	306,643
Transportation	-	-	-	-	-	-	-	-	-	2,548,077
Human services	-	-	-	-	-	-	-	-	-	48,428
Capital outlay	-	-	-	-	-	-	-	-	30,573	497,614
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	-	-
Interest and issuance cost	-	-	-	-	-	-	-	-	5,150	-
Total expenditures	-	-	-	-	-	-	-	-	581,074	6,541,704
Excess of revenues over expenditures	-	-	-	-	-	-	-	-	1,139,909	6,654,576
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,139,909	\$ 6,654,576
Debt service as a percentage of noncapital expenditures	-	-	-	-	-	-	-	-	0.3%	0.0%

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.

Assessed Value And Estimated Actual Value Of Taxable Property

Last Ten Fiscal Years

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 Assessed Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Other Property						
2007 ¹	-	-	-	-	-	-	-	-	-
2008 ¹	-	-	-	-	-	-	-	-	-
2009 ¹	-	-	-	-	-	-	-	-	-
2010 ¹	-	-	-	-	-	-	-	-	-
2011 ¹	-	-	-	-	-	-	-	-	-
2012 ¹	-	-	-	-	-	-	-	-	-
2013 ¹	-	-	-	-	-	-	-	-	-
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%

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.

Property Tax Rates - Direct And Overlapping Governments

(Per \$1,000 of Assessed Value)

Last Ten Fiscal Years

Schedule 6

Fiscal Year	Village of Estero, Florida			Overlapping Rates ²								Total Direct & Overlapping Rates	
	Operating Millage	Service Millage	Debt Total Village Millage	Lee County			School				Estero Fire District ³		Other ⁴
				General Revenue	Library Fund	Total	Local Board	State Law	Total School				
2007 ¹	-	-	-	-	-	-	-	-	-	-	-	-	
2008 ¹	-	-	-	-	-	-	-	-	-	-	-	-	
2009 ¹	-	-	-	-	-	-	-	-	-	-	-	-	
2010 ¹	-	-	-	-	-	-	-	-	-	-	-	-	
2011 ¹	-	-	-	-	-	-	-	-	-	-	-	-	
2012 ¹	-	-	-	-	-	-	-	-	-	-	-	-	
2013 ¹	-	-	-	-	-	-	-	-	-	-	-	-	
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	15.7196	

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, 2.1881 millage rate, San Carlos Park Fire District, 3.0000 millage rate, and Bonita Springs Fire District 2.3500 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.

Principal Property Taxpayers

Current Fiscal Year and Nine Fiscal Years Ago

Schedule 7

Taxpayer	2016			2007 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	181,767,795	1	3.20%	-	-	-
Miromar Outlet West LLC	105,220,443	2	1.85%	-	-	-
Hertz Corporation	65,921,851	3	1.16%	-	-	-
Miromar Outlet East LLC	35,893,008	4	0.63%	-	-	-
Florida Power & Light Company	35,428,409	5	0.62%	-	-	-
Continental 305 Fund LLC	35,008,963	6	0.62%	-	-	-
Brightstone Fort Myers LLC	26,975,721	7	0.48%	-	-	-
Wal-Mart Stores East LP	14,912,555	8	0.26%	-	-	-
KTB Florida Sports	12,118,120	9	0.21%	-	-	-
Regency Realty Group Inc.	10,808,702	10	0.19%	-	-	-
Total	<u>\$ 524,055,567</u>		<u>9.22%</u>	<u>\$ -</u>		<u>0.00%</u>

Source: Lee County Property Appraiser.

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.

Property Tax Levies And Collections

Last Ten Fiscal Years

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
2007 ¹	-	-	0.00%	-	-	0.00%
2008 ¹	-	-	0.00%	-	-	0.00%
2009 ¹	-	-	0.00%	-	-	0.00%
2010 ¹	-	-	0.00%	-	-	0.00%
2011 ¹	-	-	0.00%	-	-	0.00%
2012 ¹	-	-	0.00%	-	-	0.00%
2013 ¹	-	-	0.00%	-	-	0.00%
2014 ¹	-	-	0.00%	-	-	0.00%
2015 ¹	-	-	0.00%	-	-	0.00%
2016	4,766,559	4,588,424	0.00%	-	4,588,424	0.00%

Source: Lee County Tax Collector.

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 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.

Ratios Of Outstanding Debt By Type

Last Ten Fiscal Years

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			
2007 ¹	-	-	-	-	-	-
2008 ¹	-	-	-	-	-	-
2009 ¹	-	-	-	-	-	-
2010 ¹	-	-	-	-	-	-
2011 ¹	-	-	-	-	-	-
2012 ¹	-	-	-	-	-	-
2013 ¹	-	-	-	-	-	-
2014 ¹	-	-	-	-	-	-
2015 ¹	-	-	-	-	-	-
2016	-	-	-	-	-	-

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

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

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		
2007 ¹	-	-	-	0.00%	-
2008 ¹	-	-	-	0.00%	-
2009 ¹	-	-	-	0.00%	-
2010 ¹	-	-	-	0.00%	-
2011 ¹	-	-	-	0.00%	-
2012 ¹	-	-	-	0.00%	-
2013 ¹	-	-	-	0.00%	-
2014 ¹	-	-	-	0.00%	-
2015 ¹	-	-	-	0.00%	-
2016	-	-	-	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 is 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, 2016

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	\$ 224,515,000 ¹	9.1% ²	\$ 204,309
Village direct debt			<u>- ³</u>
Total direct and overlapping debt			<u><u>\$ 204,309</u></u>

¹ Lee County Clerk of Court, Finance Division

² Determined by dividing:

"Total Taxable Assessed Valuation" from Schedule 5

\$ 5,675,825,842 ⁵

by the "Total Taxable Assessed Value" of Lee County

\$ 62,686,090,992 ⁴

³ See Schedule 9 herein.

⁴ State of Florida Department of Revenue

Legal Debt Margin Information

Last Ten Fiscal Years

Schedule 12

	2006 ¹	2007 ¹	2008 ¹	2009 ¹	2010 ¹	2011 ¹	2012 ¹	2013 ¹	2014 ¹	2015	2016
Legal debt limit ²	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	153,500	-
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%	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

Schedule 13

Fiscal Year	Population		Village of Estero			Lee County ²
	Village of Estero ³	Lee County ³	Total Personal Income	Per Capita Personal Income ⁵	Median Age ⁵	Unemployment Rate ⁶
			(in thousands) ⁴			
2007 ¹	-	-	-	-	-	-
2008 ¹	-	-	-	-	-	-
2009 ¹	-	-	-	-	-	-
2010 ¹	-	-	-	-	-	-
2011 ¹	-	-	-	-	-	-
2012 ¹	-	-	-	-	-	-
2013 ¹	-	-	-	-	-	-
2014 ¹	-	-	-	-	-	-
2015 ¹	30,118	665,562	29,096,374	43,717	60.2	5.1%
2016	30,565	680,255	29,738,708	43,717	60.2	4.5%

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. 2015 report originally issued contained data for Lee County and was subsequently been updated as Estero data has become available for comparative purposes.

Data Sources:

² Village of Estero statistics unattainable.

³ The Florida Legislature Office of Economic and Demographic Research, University of Florida, for 2015 and subsequent years.

⁴ Determined by multiplying population by per capita income.

⁵ Lee County Economic Development, Community Profile for 2015 as data is updated every five years.

⁶ Data for all years is for Lee County as Village of Estero statistics were unobtainable. Lee County, Florida Department of Economic Opportunity

Principal Employers ²

Current Fiscal Year and Nine Fiscal Years Ago

Schedule 14

Employer	2016			2007 ¹		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lee Memorial Health Systems	10,900	1	3.66%	8,600	2	3.71%
Lee County School Board	10,600	2	3.56%	10,930	1	4.72%
Publix Super Markets	5,007	3	1.68%	4,215	3	1.82%
Lee County Government	2,584	4	0.87%	2,481	4	1.07%
Wal-Mart Corporation	2,507	5	0.84%	2,189	5	0.94%
Home Depot	1,783	6	0.60%	-	-	0.00%
City of Cape Coral	1,654	7	0.56%	1,948	6	0.84%
Chico's FAS Inc.	1,642	8	0.55%	-	-	0.00%
Lee County Sheriff's Office	1,585	9	0.53%	1,422	7	0.61%
United States Postage Service	1,477	10	0.50%	1,397	8	0.60%
Bonita Bay Group	-		-	1,085	9	0.47%
Florida Gulf Coast University	-		-	1,040	10	0.46%
	-		-	-		-
Total	39,739		13.35%	35,307		-

¹

The Village of Estero was incorporated December 31, 2014. Therefore, fiscal year 2015 is the first year of operations; however, principal employers data was not available. Ten-year historic data will be accumulated and reflected in future year's financial statements as data becomes available.

Source: Lee County Clerk of Court & Lee County Economic Development Office.

²

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

Full-Time Equivalent Village Government Employees By Function

Last Ten Fiscal Years

Schedule 15

Function	Full-time Equivalent Employees as of September 30									
	2007 ¹	2008 ¹	2009 ¹	2010 ¹	2011 ¹	2012 ¹	2013 ¹	2014 ¹	2015	2016
General Government	-	-	-	-	-	-	-	-	5.0	7.0
Total	-	-	-	-	-	-	-	-	5.0	7.0

Source: Village of Estero Annual Budget as amended.

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.

Operating Indicators By Function ²

Last Ten Fiscal Years

Schedule 16

Function	Fiscal Year									
	2007 ¹	2008 ¹	2009 ¹	2010 ¹	2011 ¹	2012 ¹	2013 ¹	2014 ¹	2015 ²	2016 ²
General Government	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

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.

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

Capital Asset Statistics By Function ²

Last Ten Fiscal Years

Schedule 17

Function	Fiscal Year									
	2007 ¹	2008 ¹	2009 ¹	2010 ¹	2011 ¹	2012 ¹	2013 ¹	2014 ¹	2015 ²	2016 ²
General Government	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

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.

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



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Other Supplementary Information



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

Village Council
Village of Estero, Florida
Estero, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Village of Estero, Florida, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise Village of Estero, Florida's basic financial statements, and have issued our report thereon dated March 30, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

CliftonLarsonAllen LLP

Fort Myers, Florida
March 30, 2017



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Management Letter



MANAGEMENT LETTER

Honorable Village Council
Village of Estero, Florida
Estero, Florida

Report on the Financial Statements

We have audited the financial statements of the Village of Estero, Florida (the Village) as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated March 30, 2017.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 30, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address the findings and recommendation made in the preceding annual financial audit report.

Official Title and Legal Authority

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

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the Village 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.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. 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.

Annual Financial Report

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

Special District Component Units

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


Other Matters

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

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Council Members, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Fort Myers, Florida
March 30, 2017

INDEPENDENT ACCOUNTANTS' REPORT


Village Council
Village of Estero, Florida
Estero, Florida

We have examined the Village of Estero, Florida's (the Village) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds, during the year ended September 30, 2016. Management is responsible for the Village's compliance with those requirements. Our responsibility is to express an opinion on the Village'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'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's compliance with specified requirements.

In our opinion, the Village complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

This report is intended solely for the information and use of the Village 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.



CliftonLarsonAllen LLP

Fort Myers, Florida
March 30, 2017