

# ***Village of Estero, Florida***

## **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended September 30, 2017**



Prepared by the Finance Staff



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**Village of Estero, Florida**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended September 30, 2017**

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# Introductory Section





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William Ribble  
*District One*

March 27, 2018

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, 2017. 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, 2017. 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 30,945. 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 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**

Our region and Estero in particular continues to benefit from a robust national economy and a very strong regional and state economy. Our local housing market has been described as a “seller’s market” with strong sales and a somewhat limited supply. The Village is experiencing a very strong demand for additional housing. Additionally, the median home value is projected to increase 4%—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 we are also fortunate to have one of the strongest regional retail markets in south Florida. Retail sales have been reasonably strong while leasing has had to be responsive to the national environment due to internet sales. We see a changing mix of retail options in our major malls. Major retail property owners are diversifying their tenant mix and in some cases redeveloping parts of their property to add destination venues that support the existing retail environment. We hope to report on these opportunities in the near future.

The unemployment rate in 2017 for Lee County was 4.6% compared to 4.9% in Florida and 4.9% 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

The Village is preparing several initial studies which include stormwater master plan, comprehensive plan, land development code, parks and recreation master plan, and a bicycle pedestrian study. These studies will provide public policy in terms of transportation, land use, recreation, and housing. The Village plans to develop specific capital improvement projects. The five-year capital budget will provide data as to when major cash infusions will be necessary. These infusions may come from the issuance of debt, grants, new revenue sources, impact fees and/or a build-up of fund balance. 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 fiscal year ended September 30, 2016. The Village has achieved this prestigious award each fiscal year since inception. In order to be awarded a Certificate of Achievement, the Village must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current 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 advances the quality of information reported to the Village Council, State and Federal Agencies and the citizens of the Village of Estero. Also, special thanks should be expressed to the Village executive assistant 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, 2016**

*Christopher P. Morrell*

Executive Director/CEO

# *Village of Estero, Florida*

## **VILLAGE OFFICIALS**

**As of September 30, 2017**



***Mayor*** Jim Boesch, District 5

***Vice-Mayor*** Bill Ribble, District 1

### ***Village Council***

Howard Levitan, District 2

Jon McLain, District 3

Katy Errington, District 4

Nick Batos, District 6

Jim Wilson, District 7

### ***Village Administration***

Steven R. Sarkozy, Village Manager

Burt L. Saunders, Village Attorney

Kathleen Hall, Village Clerk

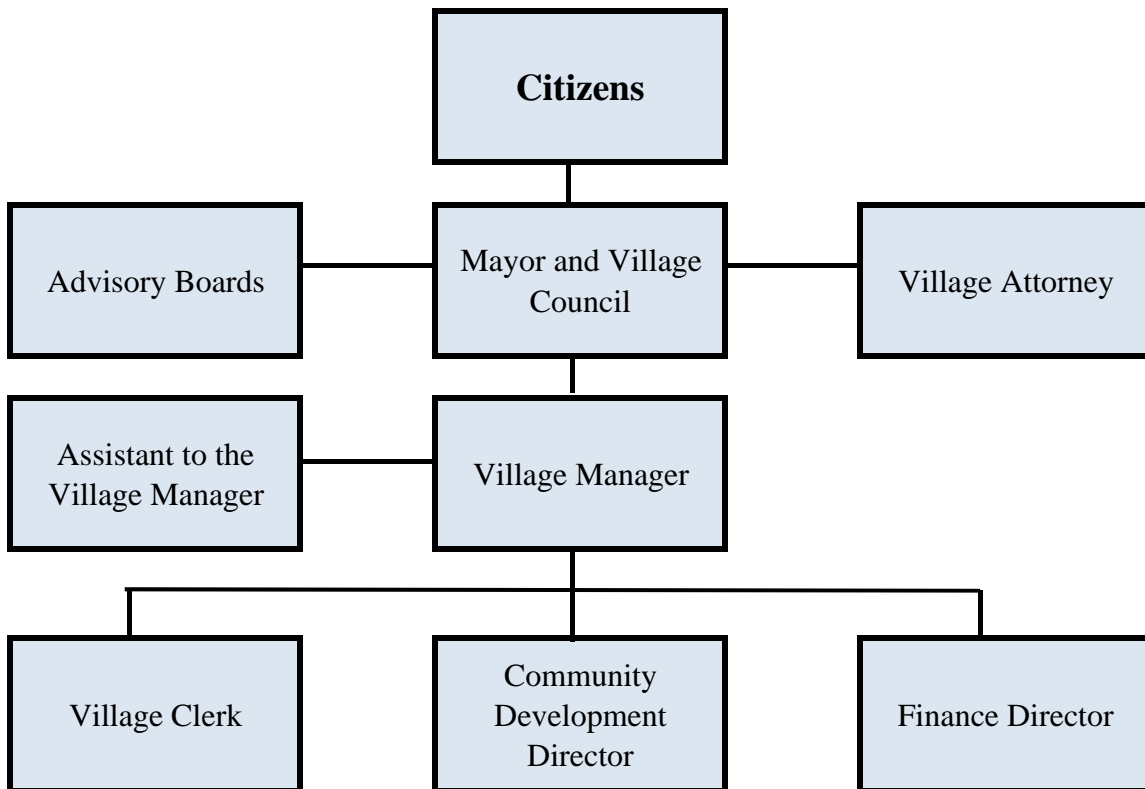
Lisa Griggs Roberson, CPA, Finance Director

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, 2017, 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, 2017, 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 building fee fund on pages 42-43, and the other postemployment benefits schedule of funding progress for the retiree health plan on page 44 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***

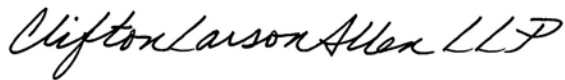
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Estero, Florida's basic financial statements. The introductory section, individual fund financial statements and statistical section, as listed in the table of contents, are 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 individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Village of Estero, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Estero, Florida's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Fort Myers, Florida  
March 26, 2018



## ***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, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which precedes the Management's Discussion and Analysis.

### **Financial Highlights**

- At the close of fiscal year ended September 30, 2017 the Village's assets exceeded its liabilities, resulting in net position of \$44,575,059, all of which is related to governmental activities. Of this amount, \$13,163,337 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net position of the Village's governmental activities increased \$36,287,718, or 437.9%. \$26,670,402 is the result of a capital contribution for infrastructure assets received from Lee County in relation to the Village's incorporation.
- The fund balance of the governmental funds increased by \$10,853,324 in order to provide operating and disaster reserves as well as funding for capital projects in future years.
- The governmental funds reported total ending fund balance of \$18,647,809 as of September 30, 2017 of which \$5,514,939 was restricted, \$14,633 was non-spendable and \$13,118,237 was unassigned.
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$13,118,237, or 304.5% of total General Fund expenditures and 109.8% of total General Fund revenue.
- At the close of fiscal year ended September 30, 2017, the Village's has no loan or bond payable and does not have any pension related debt.

### **Overview of the Financial Statements**

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

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

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

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

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

The government-wide financial statements can be found on pages 16-17 of this report.

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

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

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

The Village has 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 18-21 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 \$44,575,059 at the close as of September 30, 2017.

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

|                              | Governmental Activities |                     |
|------------------------------|-------------------------|---------------------|
|                              | 2017                    | 2016                |
| <i>Assets:</i>               |                         |                     |
| Current and other assets     | \$ 19,445,670           | \$ 9,029,448        |
| Capital assets               | <u>25,896,783</u>       | <u>471,087</u>      |
| Total assets                 | 45,342,453              | 9,500,535           |
| <i>Liabilities:</i>          |                         |                     |
| Other liabilities            | 762,152                 | 1,210,573           |
| Non-current liabilities      | <u>5,242</u>            | <u>2,621</u>        |
| Total liabilities            | 767,394                 | 1,213,194           |
| <i>Net position:</i>         |                         |                     |
| Investment in capital assets | 25,896,783              | 471,087             |
| Restricted                   | 5,514,939               | 2,312,410           |
| Unrestricted                 | <u>13,163,337</u>       | <u>5,503,844</u>    |
| Total net position           | <u>\$ 44,575,059</u>    | <u>\$ 8,287,341</u> |

The largest portion of net position (58.1%) reflects investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, furniture, and infrastructure), less any related debt to acquire those assets that are still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The significant increase in the investment in capital assets is primarily the result of a significant capital contribution for infrastructure assets received from Lee County in relation to the Village's incorporation.

The restricted net position amount of \$5,514,939 (12.4% of total net position) represents assets that are subject to external restrictions on how they are used. The remaining balance of unrestricted net position (\$13,163,337; 29.5% of total net position), may be used to meet the government's ongoing obligations to citizens and creditors.

At fiscal year ended September 2017, the Village is able to report positive balances in all three categories of net position. The same situation held true for the prior fiscal year.

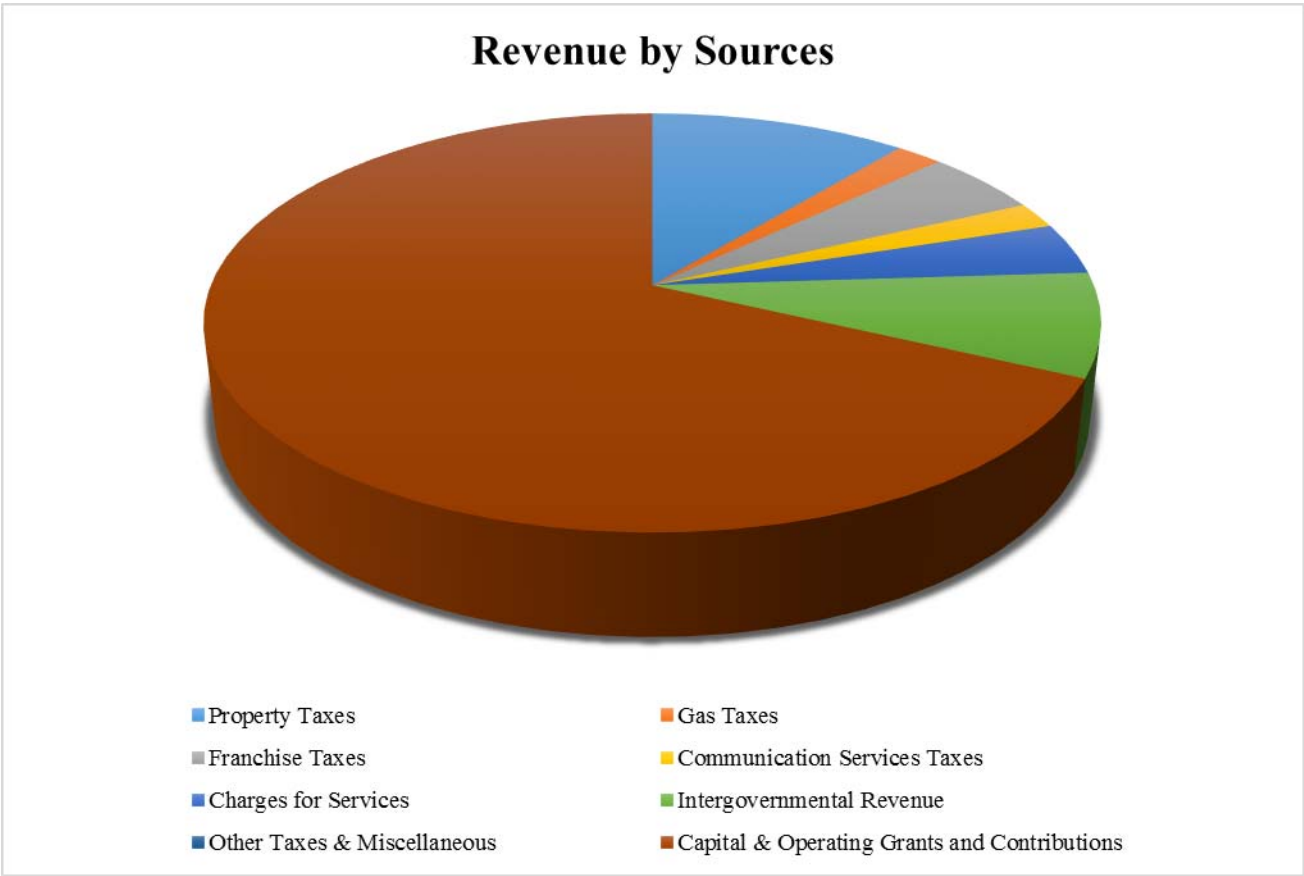
**Governmental Activities.** The governmental activities increased the Village's total assets by \$35,841,918, decreased the Village's total liabilities by \$445,800, and increased the total net position by \$36,287,718. The increase in net position resulting from governmental activities is 437.9% in comparison to prior fiscal year. The increase in the governmental activities' net investment in capital assets is \$25,425,696, or 5397.2%, in comparison prior fiscal year. The increase in both assets and net position are primarily the result of a capital contribution for infrastructure assets received from Lee County in relation to the Village's incorporation.

The following schedule compares the key elements of the changes in net position for the primary government for the fiscal years ended September 30, 2017 and 2016:

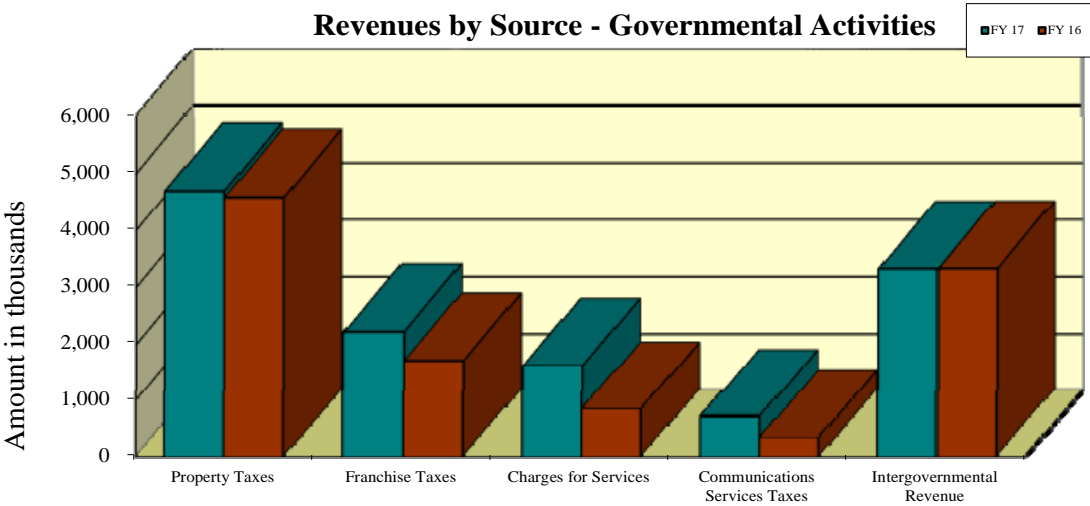
*Village of Estero, Florida*  
**Changes in Net Position**

|   | Governmental Activities |                     |
|---|-------------------------|---------------------|
|   | 2017                    | 2016                |
| <i>Revenues:</i>                            |                         |                     |
| Program Revenues:                           |                         |                     |
| Charges for services                        | \$ 1,619,835            | \$ 853,946          |
| Operating grants and contributions          | 176,414                 | -                   |
| Capital grants and contributions            | 26,670,402              | -                   |
| Impact Fees                                 | 2,596,943               | 1,431,918           |
| General Revenues:                           |                         |                     |
| Property taxes, levied for general purposes | 4,699,042               | 4,589,279           |
| Gas taxes                                   | 734,682                 | 892,944             |
| Franchise taxes                             | 2,224,309               | 1,713,134           |
| Communications services taxes               | 719,940                 | 340,416             |
| Other taxes                                 | 22,028                  | 22,640              |
| Intergovernmental revenue                   | 3,326,662               | 3,329,066           |
| Investment earnings                         | 119,081                 | 18,481              |
| Miscellaneous                               | <u>28,053</u>           | <u>4,456</u>        |
| Total revenues                              | <u>42,937,391</u>       | <u>13,196,280</u>   |
| <i>Expenses:</i>                            |                         |                     |
| General government                          | 2,609,140               | 2,289,683           |
| Public safety                               | 1,317,701               | 887,642             |
| Physical environment                        | 436,856                 | 306,643             |
| Transportation                              | 2,237,548               | 2,548,077           |
| Human services                              | <u>48,428</u>           | <u>48,428</u>       |
| Total expenses                              | <u>6,649,673</u>        | <u>6,080,473</u>    |
| Increase in net position                    | 36,287,718              | 7,115,807           |
| Net position - beginning                    | <u>8,287,341</u>        | <u>1,171,534</u>    |
| Net position - ending                       | <u>\$ 44,575,059</u>    | <u>\$ 8,287,341</u> |

The following is a chart of revenues by source for governmental activities with percent of total revenues for fiscal year ended September 30, 2017:



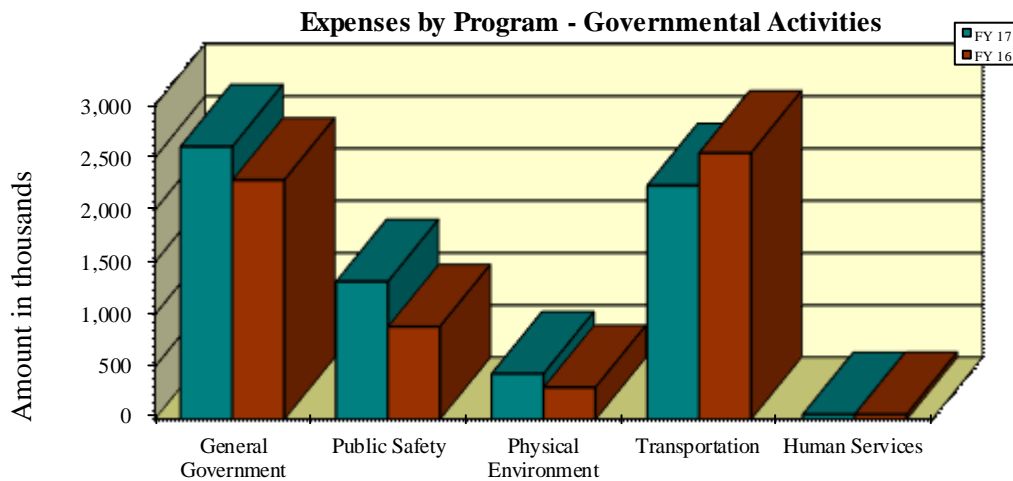
The following chart shows the significant revenues by source for governmental activities for fiscal year ended September 30, 2017 and 2016.



#### Revenues:

- *Charges for services* are higher than in the prior fiscal year as permit activity has increased.
- *Capital and operating grants and contributions* consist of a capital contribution for infrastructure assets received from Lee County in relation to the Village's incorporation.
- *Impact fees* increased in the current fiscal year as a result of a rise in construction.
- *Franchise taxes* for solid waste services were initially remitted to the Village in October 2016 by means of an interlocal agreement.

The following is a chart of expenses by program for governmental activities for fiscal year ended September 30, 2017 and 2016.



#### Expenses:

- *General government* expenses increased \$319,457, 14.0%, primarily related to the increase in planning and zoning cost contractual services which is dictated by an increase in application for development. Also, part-time and contractual staff members were added in procurement and planning.
- *Public safety* expenses increased \$430,059, or 48.4% as a result of an increase in permit activity which necessitated additional contract services to provide timely inspections.
- *Transportation* decreased \$310,529, 12.2%, as the Village experienced a savings by initiating maintenance contracts with private service providers for roads accepted in January 2017.

#### *Financial Analysis of the Village's Governmental Funds*

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

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

Government funds reported an ending fund balance of \$18,647,809. \$13,118,237 is unassigned fund balance which is available for spending at the Village's discretion. The remainder of the fund balance of \$5,514,939 is legally restricted as to use with an additional \$14,633 in non-spendable deposits.

The total ending fund balance of governmental funds reflects the increase of \$10,853,324. 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 \$7,549,356. Revenues of \$11,947,816 exceeded expenditures of \$4,307,611 which generated the increase in fund balance for the Village's fiscal year. The general fund balance is increasing as planned in order to provide operating and disaster reserves as well as funding for capital projects in future years. The revenue increase was largely the result of the full year collection of new revenue types that were not previously available to the Village as a newly incorporated municipality. Also, savings was experienced in several operating expenditures categories from prior year as a result of changes in contractual service providers.

**Building Fee Fund**-The fund balance of the building fee activity had a net increase of \$289,423 as revenues of \$1,304,628 exceeded the expenditures of \$1,015,205. In the current fiscal year, permit activity has increased which included several commercial projects. The inspections cost for these commercial projects will be expended in the next fiscal year. The fund balance will be carried forward to provide funding for future inspections. The building fee funds are restricted for use on building code compliance.

**Capital Projects**-The fund balance of the capital projects had a net increase of \$3,014,545 as revenues of \$3,014,545 exceeded the expenditures of \$90,849. The capital projects fund balance is increasing as planned in order to provide funding for capital projects in future years. The capital project funds are restricted for use on road and park capital improvements.

### **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<br/>budget</u> | <u>Actual<br/>revenues</u> | <u>Difference</u> |
|-------------------------------|-------------------------|----------------------------|-------------------|
| Franchise taxes               | \$1,955,000             | \$ 2,224,309               | \$ 269,309        |
| Communications services taxes | 520,000                 | 719,940                    | 199,940           |
| Intergovernmental revenues    | 3,533,700               | 3,326,662                  | (207,038)         |

- *Franchise taxes* actual collections for the Village were higher than anticipated by electric service provider.
- *Communications services taxes* actual collections were higher than budgeted by the state as a result of staff's efforts to ensure funds were properly allocated to our newly incorporated municipality. Village staff worked closely with the state to notify vendors of the requirement to allocate funds to the Village for all taxable transactions within the Village boundaries. This communication has resulted in increased remittance to the Village.
- *Intergovernmental revenues* were less than originally budgeted as the result of the timing of a grant for a bicycle and pedestrian study. It is anticipated that the study will be completed in the next fiscal year.

## Final budget compared to Actual Results (continued)

| <u>Expenditures</u>                       | <u>Final<br/>budget</u> | <u>Actual<br/>expenditures</u> | <u>Difference</u> |
|---|-------------------------|--------------------------------|-------------------|
| General government, non-departmental      | \$2,422,200             | \$ 1,613,375                   | \$ 808,825        |
| General government, community development | 1,200,150               | 930,454                        | 269,696           |
| Physical environment                      | 696,000                 | 409,856                        | 286,144           |
| Transportation                            | 2,528,800               | 1,020,077                      | 1,508,723         |

- *General government, non-departmental* services were less than budgeted amounts in various line items. Significant savings were noted in professional, legal, and election services.
- *General government, community development* services were lower than budgeted as the majority of the comprehensive plan study cost will be expended in the next fiscal year.
- *Physical environment* services in the current fiscal year were less than budget primarily as the result of timing of stormwater construction services and the stormwater master plan which will be completed the in next fiscal year.
- *Transportation* experienced a savings by initiating maintenance with private service providers for roads accepted in January 2017.

## Original Budget Compared to Final Budget-General Fund.

There were no differences between original budget and final budget for the general fund.

## 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, 2017 and 2016:

### *Village of Estero, Florida*

#### **Capital Assets**

|                                     | <u>Governmental Activities</u> |                   |
|-------------------------------------|--------------------------------|-------------------|
|                                     | <u>2017</u>                    | <u>2016</u>       |
| Buildings and building improvements | \$ 384,419                     | \$ 384,419        |
| Machinery and equipment             | 143,768                        | 143,768           |
| Infrastructure                      | 26,670,402                     | -                 |
| Construction in progress            | <u>71,998</u>                  | <u>-</u>          |
| Total capital assets                | 27,270,587                     | 528,187           |
| Accumulated depreciation            | <u>(1,373,804)</u>             | <u>(57,100)</u>   |
| Total capital assets, net           | <u>\$ 25,896,783</u>           | <u>\$ 471,087</u> |

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

- A capital contribution of infrastructure assets were received from Lee County in relation to the Village's incorporation.

Additional information on the Village's capital assets can be found in Note 5 on page 35.



## **Debt Administration**

At September 30, 2017, the Village had no outstanding loan or bond payable and does not have any pension related debt.

The Other Postemployment Benefits (OPEB) liability at September 30, 2017 and 2016 totaled \$5,242 and \$2,621 respectively.

## **Economic Factors and Next Year's Budget Rates**

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

- The Stormwater Master Plan will be completed providing a listing of recommended system improvements.
- The Village will complete the initial Comprehensive Plan which will provide public policy in terms of transportation, utilities, land use, recreation, and housing.
- The first Village Land Development Code will commence to formalize how land in the Village may be used with specific development guidelines.
- A Parks and Recreation Master Plan is scheduled to be completed in next fiscal year providing valuable information about the Village facilities and possible needs for future facilities.
- The Lee County Metropolitan Planning Organization will complete a Bicycle Pedestrian Study to provide a comprehensive look at strategies for improving safety, convenience, and enjoyment of walking and biking in the Village.
- The Village plans to develop specific capital improvement projects and begin the planning, designing and construction of Estero Parkway Improvements which will include resurfacing, sidewalks and pathways.
- A project will begin to enhance the landscaping on US 41 through a partnership with Florida Department of Transportation.
- Florida Department of Transportation will commence planning and design on I-75 interchange improvements at Corkscrew Road.
- The Village is committed to the "government-light" concept and has budgeted to continue using consultants or interlocal agreements for legal representation, permit issuance, planning and development review, law enforcement, physical environment and transportation expenditures.

## **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, 2017

|   | Governmental<br>Activities |
|---|----------------------------|
| <b>ASSETS</b>                               |                            |
| Cash and cash equivalents                   | \$ 2,548,088               |
| Investments                                 | 16,069,996                 |
| Receivables (net)                           | 410,109                    |
| Due from other governments                  | 367,135                    |
| Prepays                                     | 35,709                     |
| Capital assets:                             |                            |
| Non-depreciable                             | 71,998                     |
| Depreciable (net)                           | 25,824,785                 |
| Deposits                                    | 14,633                     |
| Total assets                                | <u>45,342,453</u>          |
| <b>LIABILITIES</b>                          |                            |
| Accounts payable                            | 441,291                    |
| Accrued liabilities                         | 74,812                     |
| Due to other governments                    | 52,894                     |
| Customer deposits                           | 193,155                    |
| Non-current liabilities:                    |                            |
| Due in more than one year                   | 5,242                      |
| Total liabilities                           | <u>767,394</u>             |
| <b>NET POSITION</b>                         |                            |
| Investment in capital assets                | 25,896,783                 |
| Restricted for:                             |                            |
| Culture and recreation capital improvements | 1,202,662                  |
| Highways and streets capital improvements   | 4,124,293                  |
| Building code compliance                    | 187,984                    |
| Unrestricted                                | 13,163,337                 |
| Total net position                          | <u>\$ 44,575,059</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, 2017

| Functions/Programs  | Expenses            | Program Revenues        |  |  | Net (Expense) Revenue<br>and Changes in Net<br>Position |
|---|---------------------|-------------------------|--|--|---|
|   |                     | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Total<br>Governmental<br>Activities                     |
| Primary government:   |                     |                         |  |  |   |
| Governmental activities:  |                     |                         |  |  |   |
| General government  | \$ 2,609,140        | \$ 313,409              | \$ -                                     | \$ -                                   | \$ (2,295,731)  |
| Public safety   | 1,317,701           | 1,306,426               | -  | -                                      | (11,275)  |
| Physical environment  | 436,856             | -                       | -  | -                                      | (436,856)   |
| Transportation  | 2,237,548           | -                       | 176,414                                  | 28,733,391                             | 26,672,257  |
| Human services  | 48,428              | -                       | -  | -                                      | (48,428)  |
| Culture and recreation  | -                   | -                       | -  | 533,954                                | 533,954   |
| Total governmental activities                                   | <u>\$ 6,649,673</u> | <u>\$ 1,619,835</u>     | <u>\$ 176,414</u>                        | <u>\$ 29,267,345</u>                   | <u>\$ 24,413,921</u>                                    |
| General revenues:   |                     |                         |  |  |   |
| Taxes:  |                     |                         |  |  |   |
| Property, levied for general purposes                           |                     |                         |  |  | \$ 4,699,042  |
| Gas   |                     |                         |  |  | 734,682   |
| Franchise   |                     |                         |  |  | 2,224,309   |
| Communications services   |                     |                         |  |  | 719,940   |
| Local business  |                     |                         |  |  | 22,028  |
| Intergovernmental revenues, not restricted to specific programs |                     |                         |  |  | 3,326,662   |
| Investment earnings   |                     |                         |  |  | 119,081   |
| Miscellaneous   |                     |                         |  |  | 28,053  |
| Total general revenues  |                     |                         |  |  | <u>11,873,797</u>                                       |
| Change in net position  |                     |                         |  |  | 36,287,718  |
| Net position - beginning  |                     |                         |  |  | <u>8,287,341</u>  |
| Net position - ending   |                     |                         |  |  | <u>\$ 44,575,059</u>                                    |

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

*Village of Estero, Florida*

**Balance Sheet**

**Governmental Funds**

September 30, 2017

|   | General             | Special<br>Revenue<br>Building<br>Fee | Capital<br>Projects | Total<br>Governmental<br>Funds |
|---|---------------------|---------------------------------------|---------------------|--------------------------------|
| <b>ASSETS</b>                               |                     |                                       |                     |                                |
| Cash and cash equivalents                   | \$ 1,513,308        | \$ 264,770                            | \$ 770,010          | \$ 2,548,088                   |
| Investments                                 | 11,544,481          | -                                     | 4,525,515           | 16,069,996                     |
| Receivables (net)                           | 410,109             | -                                     | -                   | 410,109                        |
| Due from other governments                  | 335,705             | -                                     | 31,430              | 367,135                        |
| Deposits                                    | 14,633              | -                                     | -                   | 14,633                         |
|   |                     |                                       |                     |                                |
| Total assets                                | <u>\$13,818,236</u> | <u>\$ 264,770</u>                     | <u>\$ 5,326,955</u> | <u>\$19,409,961</u>            |
|   |                     |                                       |                     |                                |
| <b>LIABILITIES</b>                          |                     |                                       |                     |                                |
| Liabilities:                                |                     |                                       |                     |                                |
| Accounts payable                            | \$ 369,485          | \$ 71,806                             | \$ -                | \$ 441,291                     |
| Accrued liabilities                         | 74,812              | -                                     | -                   | 74,812                         |
| Due to other governments                    | 47,914              | 4,980                                 | -                   | 52,894                         |
| Customer deposits                           | 193,155             | -                                     | -                   | 193,155                        |
| Total liabilities                           | <u>685,366</u>      | <u>76,786</u>                         | <u>-</u>            | <u>762,152</u>                 |
| Fund balances:                              |                     |                                       |                     |                                |
| Nonspendable:                               |                     |                                       |                     |                                |
| Deposits                                    | 14,633              |                                       |                     | 14,633                         |
| Restricted for:                             |                     |                                       |                     |                                |
| Culture and recreation capital improvements | -                   |                                       | 1,202,662           | 1,202,662                      |
| Highways and streets capital improvements   | -                   |                                       | 4,124,293           | 4,124,293                      |
| Building code compliance                    |                     | 187,984                               |                     | 187,984                        |
| Unassigned                                  | <u>13,118,237</u>   | <u>-</u>                              | <u>-</u>            | <u>13,118,237</u>              |
| Total fund balances                         | <u>13,132,870</u>   | <u>187,984</u>                        | <u>5,326,955</u>    | <u>18,647,809</u>              |
|   |                     |                                       |                     |                                |
| Total liabilities and fund balances         | <u>\$13,818,236</u> | <u>\$ 264,770</u>                     | <u>\$ 5,326,955</u> | <u>\$19,409,961</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, 2017

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

|  |               |
|--|---------------|
| Fund balances - total governmental funds | \$ 18,647,809 |
|--|---------------|

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

|                                |                    |            |
|--------------------------------|--------------------|------------|
| Non-depreciable capital assets | \$ 71,998          |            |
| Depreciable capital assets     | 27,198,589         |            |
| Less accumulated depreciation  | <u>(1,373,804)</u> | 25,896,783 |

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

|  |         |
|--|---------|
| Other postemployment benefit (OPEB) obligation | (5,242) |
|--|---------|

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>35,709</u> |
|---------------|

|   |                             |
|---|-----------------------------|
| Net position of governmental activities | <u><u>\$ 44,575,059</u></u> |
|---|-----------------------------|

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

*Village of Estero, Florida*

**Statement of Revenues, Expenditures and Changes in Fund Balances**

**Governmental Funds**

For the Year Ended September 30, 2017

|                                       | General              | Special<br>Revenue<br>Building<br>Fee | Capital<br>Projects | Total<br>Governmental<br>Funds |
|---------------------------------------|----------------------|---------------------------------------|---------------------|--------------------------------|
| <b>REVENUES</b>                       |                      |                                       |                     |                                |
| Taxes                                 |                      |                                       |                     |                                |
| Property                              | \$ 4,699,042         | \$ -                                  | \$ -                | \$ 4,699,042                   |
| Gas                                   | 524,536              | -                                     | 386,560             | 911,096                        |
| Franchise                             | 2,224,309            | -                                     | -                   | 2,224,309                      |
| Communications services               | 719,940              | -                                     | -                   | 719,940                        |
| Local business                        | 22,028               | -                                     | -                   | 22,028                         |
| Licenses and permits                  | 1,530                | 1,304,628                             | -                   | 1,306,158                      |
| Intergovernmental revenues            | 3,326,662            | -                                     | -                   | 3,326,662                      |
| Charges for services                  | 313,409              | -                                     | -                   | 313,409                        |
| Fines and forfeitures                 | 268                  | -                                     | -                   | 268                            |
| Miscellaneous                         |                      |                                       |                     |                                |
| Impact fees                           | -                    |                                       | 2,596,943           | 2,596,943                      |
| Investment earnings                   | 88,039               | -                                     | 31,042              | 119,081                        |
| Other                                 | 28,053               | -                                     | -                   | 28,053                         |
| Total revenues                        | <u>11,947,816</u>    | <u>1,304,628</u>                      | <u>3,014,545</u>    | <u>16,266,989</u>              |
| <b>EXPENDITURES</b>                   |                      |                                       |                     |                                |
| Current                               |                      |                                       |                     |                                |
| General government                    | 2,534,379            | -                                     | -                   | 2,534,379                      |
| Public safety                         | 285,421              | 1,015,205                             | -                   | 1,300,626                      |
| Physical environment                  | 409,856              | -                                     | 27,000              | 436,856                        |
| Transportation                        | 1,020,077            | -                                     | 1,301               | 1,021,378                      |
| Human services                        | 48,428               | -                                     | -                   | 48,428                         |
| Capital outlay                        | 9,450                | -                                     | 62,548              | 71,998                         |
| Total expenditures                    | <u>4,307,611</u>     | <u>1,015,205</u>                      | <u>90,849</u>       | <u>5,413,665</u>               |
| Excess of revenues over expenditures  | <u>7,640,205</u>     | <u>289,423</u>                        | <u>2,923,696</u>    | <u>10,853,324</u>              |
| <b>OTHER FINANCING SOURCES (USES)</b> |                      |                                       |                     |                                |
| Transfers in                          | -                    | -                                     | 90,849              | 90,849                         |
| Transfers out                         | (90,849)             | -                                     | -                   | (90,849)                       |
| Total other financing sources (uses)  | <u>(90,849)</u>      | <u>-</u>                              | <u>90,849</u>       | <u>-</u>                       |
| Net change in fund balances           | 7,549,356            | 289,423                               | 3,014,545           | 10,853,324                     |
| Fund balances - beginning             | 5,583,514            | (101,439)                             | 2,312,410           | 7,794,485                      |
| Fund balances - ending                | <u>\$ 13,132,870</u> | <u>\$ 187,984</u>                     | <u>\$ 5,326,955</u> | <u>\$ 18,647,809</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, 2017

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

|  |               |
|--|---------------|
| Net change in fund balances - total governmental funds | \$ 10,853,324 |
|--|---------------|

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 | \$ 71,998          |            |
| Contributed capital assets      | 26,670,402         |            |
| Depreciation                    | <u>(1,316,704)</u> | 25,425,696 |

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

(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 9/30/17 from inception.

11,319

|   |                             |
|---|-----------------------------|
| Change in net position of governmental activities | <u><u>\$ 36,287,718</u></u> |
|---|-----------------------------|

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



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**Notes to the Financial Statements**

September 30, 2017

|         |  |    |
|---------|--|----|
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## **Notes to the Financial Statements**

September 30, 2017

### **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, 2017.

#### **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, 2017, the Village of Estero has provided the following services to the Village residents: public works, streets and roads, building permit services, 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, 2017

**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, 2017

### 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 gas tax and 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, 2017

### **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, 2017, 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, 2017

**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 acquisition value at the date of donation. Capital assets are reported in the government-wide financial statements in the applicable governmental column. Interest incurred during construction is not capitalized on general capital assets.

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

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

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

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

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



## Notes to the Financial Statements

September 30, 2017

### 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. The Village was in compliance with the fund balance policy at September 30, 2017.

## Notes to the Financial Statements

September 30, 2017

### 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's restricted fund balances have constraints placed on the uses of resources by state statute.   |
| Committed    | Committed fund balances are classified as such as a result of Village Council taking formal action and adopting an ordinance which can only be modified or rescinded by subsequent formal action. An ordinance is the Village's highest level of decision-making authority. The Village 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   | Unassigned fund balance is the residual classification for the general fund. This classification represents spendable fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes. |

(d) Revenues and expenditures/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, 2017

**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, 2017, the carrying amount of the Village's deposits was \$2,546,089, and the bank balance was \$2,737,501. 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 amortized cost and total \$16,069,996 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.

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 is also recorded at amortized cost and exempt from the Government Accounting Standards Board Statement (GASB) No. 72, Fair Value Measurement and Application.

**Notes to the Financial Statements**

September 30, 2017

**Note 3 - Investments (continued)**

(b) Investment Policies

All Florida Prime investment policies can be found at [www.sbafla.com/prime](http://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, 2017, is 51 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, 2017, is 80 days.

(e) Foreign Currency Risk Disclosure

Florida Prime was not exposed to any foreign currency risk during the period from October 1, 2016 through September 30, 2017.

(f) Securities Lending Disclosure

Florida Prime did not participate in a securities lending program in the period from October 1, 2016 through September 30, 2017.

**Notes to the Financial Statements**

September 30, 2017

**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, 2017, 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, 2017. 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, 2017

**Note 4 - Receivables, Prepaids, and Accrued Liabilities**

(a) Receivables

Receivables as of September 30, 2017 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)                       | \$ 410,109                   |
| Allowance for uncollectable receivable | <u>-</u>                     |
| <br>Net total receivables              | <br><u><u>\$ 410,109</u></u> |

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

(b) Prepaids

Prepaid assets for the Village total \$35,709.

(c) Accrued Liabilities

Accrued liabilities as of September 30, 2017 are as follows:

|                               | <u>General</u>              |
|-------------------------------|-----------------------------|
| <i>Accrued liabilities:</i>   |                             |
| Wages, benefits and taxes     | \$ 29,575                   |
| Construction bond deposit     | <u>45,237</u>               |
| <br>Total accrued liabilities | <br><u><u>\$ 74,812</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, 2017 total \$193,155.

Village of Estero, Florida  
**Notes to the Financial Statements**  
September 30, 2017

**Note 5 - Capital Assets**

Capital asset activity for the year ended September 30, 2017 is as follows:

|   | Beginning<br>Balance | Increases            | Decreases   | Ending<br>Balance    |
|---|----------------------|----------------------|-------------|----------------------|
| <i>Governmental Activities:</i>                   |                      |                      |             |                      |
| Capital assets not being depreciated:             |                      |                      |             |                      |
| Construction in progress                          | \$ -                 | \$ 71,998            | \$ -        | \$ 71,998            |
| Total capital assets not being depreciated        | <u>-</u>             | <u>71,998</u>        | <u>-</u>    | <u>71,998</u>        |
| Capital assets being depreciated:                 |                      |                      |             |                      |
| Buildings and building improvements               | 384,419              | -                    | -           | 384,419              |
| Machinery and equipment                           | 143,768              | -                    | -           | 143,768              |
| Infrastructure                                    | <u>-</u>             | <u>26,670,402</u>    | <u>-</u>    | <u>26,670,402</u>    |
| Total capital assets being depreciated            | <u>528,187</u>       | <u>26,670,402</u>    | <u>-</u>    | <u>27,198,589</u>    |
| Less accumulated depreciation for:                |                      |                      |             |                      |
| Buildings and building improvements               | 44,514               | 76,884               | -           | 121,398              |
| Machinery and equipment                           | 12,586               | 23,148               | -           | 35,734               |
| Infrastructure                                    | <u>-</u>             | <u>1,216,672</u>     | <u>-</u>    | <u>1,216,672</u>     |
| Total accumulated depreciation                    | <u>57,100</u>        | <u>1,316,704</u>     | <u>-</u>    | <u>1,373,804</u>     |
| Total capital assets being depreciated, net       | <u>471,087</u>       | <u>25,353,698</u>    | <u>-</u>    | <u>25,824,785</u>    |
| Total governmental activities capital assets, net | <u>\$ 471,087</u>    | <u>\$ 25,425,696</u> | <u>\$ -</u> | <u>\$ 25,896,783</u> |

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

|  | General             |
|--|---------------------|
| General government                                 | \$ 79,722           |
| Public safety                                      | 20,310              |
| Transportation                                     | <u>1,216,672</u>    |
| Total depreciation expense-governmental activities | <u>\$ 1,316,704</u> |

On December 20, 2016, the Village entered into an interlocal agreement with Lee County to convey jurisdictional responsibility to specific roads and storm water infrastructure from Lee County to the Village with an effective date of January 7, 2017. Prior to the effective date of the interlocal agreement, Lee County performed all work necessary to maintain all roads, storm water or other real property assets located within the Village and the Village provided funding for natural resources, transportation, and animal control.

As such, the Village's financial statements for the fiscal year ended September 30, 2017 reflect a capital contribution of infrastructure assets which are reported at estimated acquisition value.

## Notes to the Financial Statements

September 30, 2017

### Note 6 - 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. The cost of these premiums is paid by the retiree. As of September 30, 2017, there are no retirees receiving this benefit, and with the availability of more cost effective health insurance plan, it is not anticipated that there will be future participation that would be a material cost to the Village. This liability, which is no longer considered a likely cost, is not being funded by the Village.

*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     | 2,621                  |
| Net OPEB Obligation, End of Year           | <u><u>\$ 5,242</u></u> |



# Notes to the Financial Statements

September 30, 2017

## Note 6 - Other Postemployment Benefits (OPEB) (continued)

The Village's annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan for the fiscal years ended September 30, 2016 and 2017, and the net OPEB obligation are as follows:

| <u>Fiscal<br/>Year<br/>Ended</u> | <u>Annual<br/>OPEB Cost</u> | <u>% of Annual<br/>OPEB Cost<br/>Contributed</u> | <u>Net OPEB<br/>Obligation</u> |
|----------------------------------|-----------------------------|--|--------------------------------|
| 9/30/17                          | \$ 2,621                    | 0.0%   | \$ 5,242                       |
| 9/30/16                          | \$ 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 is presented as required supplementary information following the notes to the financial statements.

*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, 2017

**Note 6 - 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, 2017 was 30 years.

**Note 7 - 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, 2017, the Village's retirement contribution reported as expenditures were \$42,645 or 7.5% of covered payroll. The employee requirement was 2.5%.

**Notes to the Financial Statements**

September 30, 2017

**Note 8 - 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, 2017.

The Florida League of Cities, Inc. published financial report for the year ended September 30, 2017 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 9 - 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, 2017 were as follows:

| Fiscal year ending | Governmental<br><u>Activities</u> |
|--------------------|-----------------------------------|
| 2018               | \$ 177,580                        |
| 2019               | 197,975                           |
| 2020               | 200,981                           |
| 2021               | 204,340                           |
| 2022               | 208,675                           |
| 2023               | <u>298,667</u>                    |
| Total              | <u>\$1,288,218</u>                |

Rent expense for the fiscal year ended September 30, 2017 totaled \$144,732.

On May 3, 2017, the Village amended the lease agreement for office space which provides a location for the Village administration and community development offices. The lease amendment expanded the square footage and extended the term of the lease to 8 years. The Village has the option to renew for three additional terms of five years and an option to purchase that expires after the February 28, 2021.

As of September 30, 2017, the monthly rent is \$13,046 plus common area maintenance with annual increases of the greater of 2.5% or consumer price index.

**Notes to the Financial Statements**

September 30, 2017

**Note 10 - 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 2016, the total tax rate was .7998 mills per \$1,000 of assessed taxable property value. For the fiscal year ended September 30, 2017, the levy is based on taxable property values totaling \$6,097,421,427. Property tax revenue is recognized in the fiscal year for which the taxes are levied.

No accruals for the property tax levy becoming due in November 2017 are included in the accompanying financial statements since taxes are levied for the subsequent fiscal year and are not considered available at September 30, 2017.

At September 30, 2017, delinquent property taxes are not material to the basic financial statements of the Village and, therefore, have not been accrued as taxes receivable.

**Note 11 - Commitments and Contingencies**

The Village had outstanding commitment for professional service contracts totaling \$248,821. 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.

# 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, 2017

|                                      | Budgeted Amounts    |                     | Actual              | Variance with       |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                      | Original            | Final               | Amounts             | Final Budget        |
| <b>REVENUES</b>                      |                     |                     |                     |                     |
| Taxes                                |                     |                     |                     |                     |
| Property                             | \$ 4,645,000        | \$ 4,645,000        | \$ 4,699,042        | \$ 54,042           |
| Gas Tax                              | 517,000             | 517,000             | 524,536             | 7,536               |
| Franchise                            | 1,955,000           | 1,955,000           | 2,224,309           | 269,309             |
| Communications services              | 520,000             | 520,000             | 719,940             | 199,940             |
| Local business                       | 20,000              | 20,000              | 22,028              | 2,028               |
| Licenses and permits                 | -                   | -                   | 1,530               | 1,530               |
| Intergovernmental revenues           | 3,533,700           | 3,533,700           | 3,326,662           | (207,038)           |
| Charges for services                 | 305,000             | 305,000             | 313,409             | 8,409               |
| Fines and forfeitures                | 300                 | 300                 | 268                 | (32)                |
| Miscellaneous                        |                     |                     |                     |                     |
| Investment earnings                  | 3,500               | 3,500               | 88,039              | 84,539              |
| Other                                | -                   | -                   | 28,053              | 28,053              |
| Total revenues                       | <u>11,499,500</u>   | <u>11,499,500</u>   | <u>11,947,816</u>   | <u>448,316</u>      |
| <b>EXPENDITURES</b>                  |                     |                     |                     |                     |
| Current:                             |                     |                     |                     |                     |
| General government                   |                     |                     |                     |                     |
| Non-departmental                     | 2,422,200           | 2,422,200           | 1,613,375           | 808,825             |
| Community development                | 1,200,150           | 1,200,150           | 930,454             | 269,696             |
| Public safety                        |                     |                     |                     |                     |
| Non-departmental                     | 255,340             | 255,340             | 203,146             | 52,194              |
| Community development                | 17,850              | 17,850              | 82,275              | (64,425)            |
| Physical environment                 |                     |                     |                     |                     |
| Non-departmental                     | 696,000             | 696,000             | 409,856             | 286,144             |
| Transportation                       |                     |                     |                     |                     |
| Non-departmental                     | 2,528,800           | 2,528,800           | 1,020,077           | 1,508,723           |
| Human services                       |                     |                     |                     |                     |
| Animal control                       | 48,430              | 48,430              | 48,428              | 2                   |
| Total expenditures                   | <u>7,168,770</u>    | <u>7,168,770</u>    | <u>4,307,611</u>    | <u>2,861,159</u>    |
| Excess of revenues over expenditures | <u>4,330,730</u>    | <u>4,330,730</u>    | <u>7,640,205</u>    | <u>3,309,475</u>    |
| <b>OTHER FINANCING USES</b>          |                     |                     |                     |                     |
| Transfers out                        | (605,280)           | (605,280)           | (90,849)            | 514,431             |
| Total other financing uses           | <u>(605,280)</u>    | <u>(605,280)</u>    | <u>(90,849)</u>     | <u>514,431</u>      |
| Net change in fund balances          | <u>\$ 3,725,450</u> | <u>\$ 3,725,450</u> | 7,549,356           | <u>\$ 3,823,906</u> |
| Fund balances - beginning            |                     |                     | 5,583,514           |                     |
| Fund balances - ending               |                     |                     | <u>\$13,132,870</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, 2017

|  | <u>Budgeted Amounts</u> |                     | <u>Actual</u>       | <u>Variance with</u> |
|--|-------------------------|---------------------|---------------------|----------------------|
|  | <u>Original</u>         | <u>Final</u>        | <u>Amounts</u>      | <u>Final Budget</u>  |
| <b>REVENUES</b>                                      |                         |                     |                     |                      |
| Licenses and permits                                 | <u>\$ 867,000</u>       | <u>\$ 1,304,000</u> | <u>\$ 1,304,628</u> | <u>\$ 628</u>        |
| Total revenues                                       | <u>867,000</u>          | <u>1,304,000</u>    | <u>1,304,628</u>    | <u>628</u>           |
| <b>EXPENDITURES</b>                                  |                         |                     |                     |                      |
| Current:   |                         |                     |                     |                      |
| Public safety  |                         |                     |                     |                      |
| Community development                                | <u>877,050</u>          | <u>1,021,000</u>    | <u>1,015,205</u>    | <u>5,795</u>         |
| Total expenditures                                   | <u>877,050</u>          | <u>1,021,000</u>    | <u>1,015,205</u>    | <u>5,795</u>         |
| Excess (deficiency) of revenues<br>over expenditures | <u>(10,050)</u>         | <u>283,000</u>      | <u>289,423</u>      | <u>6,423</u>         |
| Net change in fund balances                          | <u>\$ (10,050)</u>      | <u>\$ 283,000</u>   | 289,423             | <u>\$ 6,423</u>      |
| Fund balances - beginning                            |                         |                     | <u>(101,439)</u>    |                      |
| Fund balances - ending                               |                         |                     | <u>\$ 187,984</u>   |                      |

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, 2017

| <u>Actuarial<br/>Valuation<br/>Date</u> | <u>Actuarial<br/>Value of<br/>Assets (a)</u> | <u>Actuarial<br/>Accrued<br/>Liability (AAL)-<br/>Projected Unit<br/>Credit (b)</u> | <u>Unfunded<br/>AAL<br/>(UAAL)<br/>(b-a)</u> | <u>Funded<br/>Ratio (a/b)</u> | <u>Covered<br/>Payroll ( c)</u> | <u>UAAL as a<br/>Percentage of<br/>Covered<br/>Payroll ([b-<br/>a]/c)</u> |
|---|--|---|--|-------------------------------|---------------------------------|---|
| 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, 2017

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, 2017, the council has established one department for community development.

For the year ended September 30, 2017, 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



**Schedule of Revenues, Expenditures and Changes in Fund Balances**

**Budget and Actual**

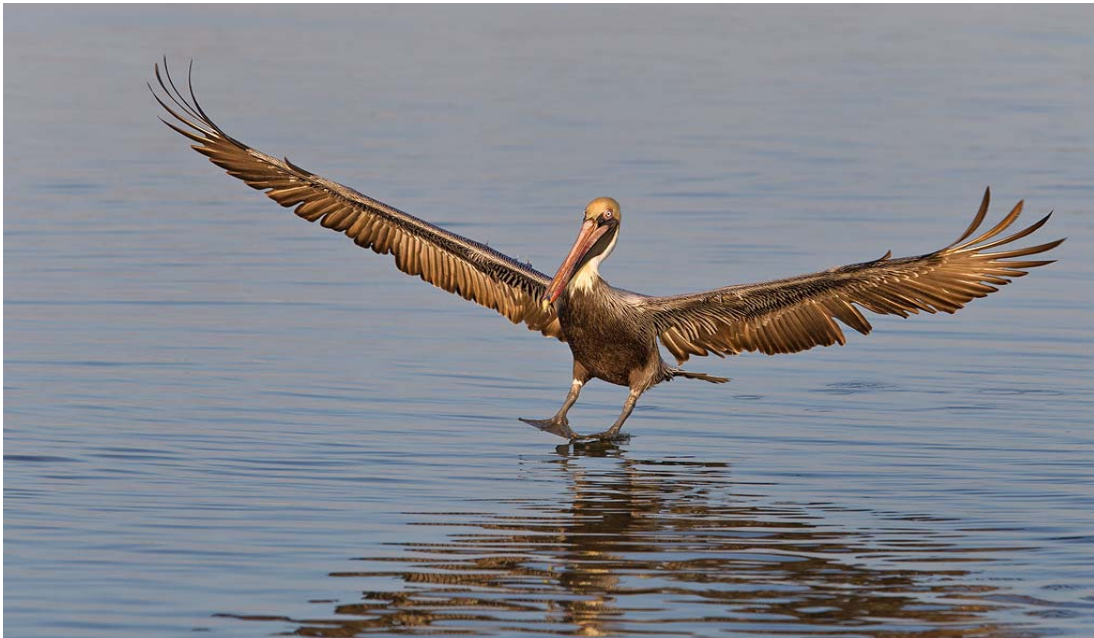
**Capital Projects Fund**

For the Year Ended September 30, 2017

|  | <u>Budgeted Amounts</u> |                       | <u>Actual</u>       | <u>Variance with</u> |
|--|-------------------------|-----------------------|---------------------|----------------------|
|  | <u>Original</u>         | <u>Final</u>          | <u>Amounts</u>      | <u>Final Budget</u>  |
| <b>REVENUES</b>                                      |                         |                       |                     |                      |
| Taxes  |                         |                       |                     |                      |
| Gas taxes  | \$ 377,200              | \$ 377,200            | \$ 386,560          | \$ 9,360             |
| Miscellaneous  |                         |                       |                     |                      |
| Impact fee   | 827,600                 | 827,600               | 2,596,943           | 1,769,343            |
| Investment earnings                                  | -                       | -                     | 31,042              | 31,042               |
|  | <u>1,204,800</u>        | <u>1,204,800</u>      | <u>3,014,545</u>    | <u>1,809,745</u>     |
| <b>EXPENDITURES</b>                                  |                         |                       |                     |                      |
| General government                                   |                         |                       |                     |                      |
| Non-departmental                                     | 605,280                 | 605,280               | -                   | 605,280              |
| Physical environment                                 |                         |                       |                     |                      |
| Non-departmental                                     | -                       | -                     | 27,000              | (27,000)             |
| Transportation                                       |                         |                       |                     |                      |
| Non-departmental                                     | 2,025,600               | 2,025,600             | 1,301               | 2,024,299            |
| Culture and recreation                               |                         |                       |                     |                      |
| Non-departmental                                     | 840,700                 | 840,700               | -                   | 840,700              |
| Capital outlay                                       | -                       | -                     |                     | -                    |
| Non-departmental                                     | -                       | -                     | 62,548              | (62,548)             |
| Total expenditures                                   | <u>3,471,580</u>        | <u>3,471,580</u>      | <u>90,849</u>       | <u>3,380,731</u>     |
| Excess (deficiency) of revenues<br>over expenditures | <u>(2,266,780)</u>      | <u>(2,266,780)</u>    | <u>2,923,696</u>    | <u>5,190,476</u>     |
| <b>OTHER FINANCING SOURCES</b>                       |                         |                       |                     |                      |
| Transfers in   | <u>605,280</u>          | <u>605,280</u>        | <u>90,849</u>       | <u>(514,431)</u>     |
| Transfers out  | <u>-</u>                | <u>-</u>              | <u>-</u>            | <u>-</u>             |
| Total other financing sources                        | <u>605,280</u>          | <u>605,280</u>        | <u>90,849</u>       | <u>(514,431)</u>     |
| Net change in fund balances                          | <u>\$ (1,661,500)</u>   | <u>\$ (1,661,500)</u> | 3,014,545           | <u>\$ 4,676,045</u>  |
| Fund balances - beginning                            |                         |                       | 2,312,410           |                      |
| Fund balances - ending                               |                         |                       | <u>\$ 5,326,955</u> |                      |



# 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>  | 51   |
| 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>  | 54   |
| These schedules contain information to help the reader assess the Village’s most significant local revenue source, the property tax.   |      |
| <i>Debt Capacity</i>   | 59   |
| 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>  | 63   |
| 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>   | 65   |
| 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.

## Village of Estero, Florida

**Net Position by Component**

Last Ten Fiscal Years

*(accrual basis of accounting)*
**Schedule 1**

|  | Fiscal Year       |                   |                   |                   |                   |                   |                   |                     |                     |                      |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|----------------------|
|  | 2008 <sup>1</sup> | 2009 <sup>1</sup> | 2010 <sup>1</sup> | 2011 <sup>1</sup> | 2012 <sup>1</sup> | 2013 <sup>1</sup> | 2014 <sup>1</sup> | 2015                | 2016                | 2017                 |
| <b>Governmental/Primary</b>  |                   |                   |                   |                   |                   |                   |                   |                     |                     |                      |
| <b>Government Activities</b>   |                   |                   |                   |                   |                   |                   |                   |                     |                     |                      |
| Investment in capital assets   | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ 30,322           | \$ 471,087          | \$ 25,896,783        |
| Restricted   | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 559,136             | 2,312,410           | 5,514,939            |
| Unrestricted   | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 582,076             | 5,503,844           | 13,163,337           |
| Total governmental activities/<br>primary government net<br>position | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ 1,171,534</u> | <u>\$ 8,287,341</u> | <u>\$ 44,575,059</u> |

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

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

## Village of Estero, Florida

**Changes in Net Position**

Last Ten Fiscal Years

(accrual basis of accounting)

**Schedule 2**

|   | 2008 <sup>1</sup> | 2009 <sup>1</sup> | 2010 <sup>1</sup> | 2011 <sup>1</sup> | 2012 <sup>1</sup> | 2013 <sup>1</sup> | 2014 <sup>1</sup> | 2015         | 2016         | 2017          |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------|--------------|---------------|
| <b>Expenses</b>   |                   |                   |                   |                   |                   |                   |                   |              |              |               |
| Governmental activities:  |                   |                   |                   |                   |                   |                   |                   |              |              |               |
| General government  | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ 536,623   | \$ 2,289,683 | \$ 2,609,140  |
| Public safety   | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 1,080        | 887,642      | 1,317,701     |
| Physical environment  | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 6,596        | 306,643      | 436,856       |
| Transportation  | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -            | 2,548,077    | 2,237,548     |
| Human services  | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -            | 48,428       | 48,428        |
| Interest and issuance cost  | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 5,150        | -            | -             |
| Total governmental activities/primary government expenses         | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 549,449      | 6,080,473    | 6,649,673     |
| <b>Program Revenues</b>   |                   |                   |                   |                   |                   |                   |                   |              |              |               |
| Governmental activities:  |                   |                   |                   |                   |                   |                   |                   |              |              |               |
| Charges for services:   |                   |                   |                   |                   |                   |                   |                   |              |              |               |
| General government  | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 138          | 168,073      | 313,409       |
| Public safety   | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -            | 685,873      | 1,306,426     |
| Operating grants and contributions                                | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 62,027       | -            | 176,414       |
| Capital grants and contributions                                  | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 497,081      | 1,431,918    | 29,267,345    |
| Total governmental activities/primary government program revenues | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 559,246      | 2,285,864    | 31,063,594    |
| <b>General Revenues</b>   |                   |                   |                   |                   |                   |                   |                   |              |              |               |
| Governmental activities:  |                   |                   |                   |                   |                   |                   |                   |              |              |               |
| Taxes   |                   |                   |                   |                   |                   |                   |                   |              |              |               |
| Property, levied for general purposes                             | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -            | 4,589,279    | 4,699,042     |
| Gas   | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -            | 892,944      | 734,682       |
| Franchise   | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -            | 1,713,134    | 2,224,309     |
| Communication services  | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -            | 340,416      | 719,940       |
| Local business taxes  | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 6,242        | 22,640       | 22,028        |
| Intergovernmental revenues  | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 1,155,305    | 3,329,066    | 3,326,662     |
| Investment earnings   | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 190          | 18,481       | 119,081       |
| Miscellaneous   | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -            | 4,456        | 28,053        |
| Total governmental activities/primary government                  | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 1,161,737    | 10,910,416   | 11,873,797    |
| <b>Change in Net Position</b>                                     |                   |                   |                   |                   |                   |                   |                   |              |              |               |
| Total governmental activities/primary government                  | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ 1,171,534 | \$ 7,115,807 | \$ 36,287,718 |

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



## Village of Estero, Florida

**Fund Balances of Governmental Funds**

Last Ten Fiscal Years

*(modified accrual basis of accounting)***Schedule 3**

|                                     | Fiscal Year       |                   |                   |                   |                   |                   |                   |                   |                    |                      |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|----------------------|
|                                     | 2008 <sup>1</sup> | 2009 <sup>1</sup> | 2010 <sup>1</sup> | 2011 <sup>1</sup> | 2012 <sup>1</sup> | 2013 <sup>1</sup> | 2014 <sup>1</sup> | 2015              | 2016               | 2017                 |
| <b>General Fund</b>                 |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |
| Non-spendable                       | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ 14,533          | \$ 14,633            |
| Restricted                          | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 62,027            | -                  | -                    |
| Unassigned                          | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 580,773           | 5,568,981          | 13,118,237           |
| Total General Fund                  | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ 642,800</u> | <u>\$5,583,514</u> | <u>\$ 13,132,870</u> |
| <b>All Other Governmental Funds</b> |                   |                   |                   |                   |                   |                   |                   |                   |                    |                      |
| Restricted                          | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$497,109         | \$2,312,410        | \$ 5,514,939         |
| Unassigned                          | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | (101,439)          | -                    |
| Total all other governmental funds  | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ 497,109</u> | <u>\$2,210,971</u> | <u>\$ 5,514,939</u>  |

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

## Village of Estero, Florida

**Changes In Fund Balances of Governmental Funds**

Last Ten Fiscal Years

(modified accrual basis of accounting)

**Schedule 4**

|   | Fiscal Year       |                   |                   |                   |                   |                   |                   |              |              |              |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------|--------------|--------------|
|   | 2008 <sup>1</sup> | 2009 <sup>1</sup> | 2010 <sup>1</sup> | 2011 <sup>1</sup> | 2012 <sup>1</sup> | 2013 <sup>1</sup> | 2014 <sup>1</sup> | 2015         | 2016         | 2017         |
| <b>Revenues</b>   |                   |                   |                   |                   |                   |                   |                   |              |              |              |
| Taxes   | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ 6,242     | \$ 7,558,413 | \$ 8,576,415 |
| Licenses and permits                                    | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -            | 685,873      | 1,306,158    |
| Intergovernmental                                       | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 1,217,332    | 3,329,066    | 3,326,662    |
| Charges for services                                    | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -            | 167,589      | 313,409      |
| Fines and forfeitures                                   | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 138          | 484          | 268          |
| Miscellaneous   |                   |                   |                   |                   |                   |                   |                   |              |              |              |
| Impact fees   | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 497,081      | 1,431,918    | 2,596,943    |
| Investment earnings                                     | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 190          | 18,481       | 119,081      |
| Other   | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -            | 4,456        | 28,053       |
| Total revenues  | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 1,720,983    | 13,196,280   | 16,266,989   |
| <b>Expenditures</b>                                     |                   |                   |                   |                   |                   |                   |                   |              |              |              |
| General government                                      | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 537,675      | 2,264,950    | 2,534,379    |
| Public safety   | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 1,080        | 875,992      | 1,300,626    |
| Physical environment                                    | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 6,596        | 306,643      | 436,856      |
| Transportation  | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -            | 2,548,077    | 1,021,378    |
| Human services  | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -            | 48,428       | 48,428       |
| Capital outlay  | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 30,573       | 497,614      | 71,998       |
| Debt service  |                   |                   |                   |                   |                   |                   |                   |              |              |              |
| Principal   | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -            | -            | -            |
| Interest and issuance cost                              | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 5,150        | -            | -            |
| Total expenditures                                      | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 581,074      | 6,541,704    | 5,413,665    |
| Excess of revenues over expenditures                    | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 1,139,909    | 6,654,576    | 10,853,324   |
| Net change in fund balances                             | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ 1,139,909 | \$ 6,654,576 | \$10,853,324 |
| Debt service as a percentage of noncapital expenditures | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 0.3%         | 0.0%         | 0.0%         |

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

## Village of Estero, Florida

**Assessed Value And Estimated Actual Value Of Taxable Property**

Last Ten Fiscal Years

**Schedule 5**

| Fiscal<br>Year<br>Ended<br><u>September 30</u> | Real Property                   |                                |                           | Personal<br><u>Property</u> | Less: Allowable<br><u>Exemptions</u> <sup>2</sup> | Total Taxable<br><u>Assessed Value</u> | Total<br>Direct<br><u>Tax Rate</u> | Estimated Actual<br><u>Assessed Value</u> | Assessed<br>Value as a<br>Percentage of<br><u>Actual Value</u> |
|--|---------------------------------|--------------------------------|---------------------------|-----------------------------|---|--|------------------------------------|---|--|
|  | <u>Residential<br/>Property</u> | <u>Commercial<br/>Property</u> | <u>Other<br/>Property</u> |                             |   |  |                                    |   |  |
| 2008 <sup>1</sup>                              | -                               | -                              | -                         | -                           | -   | -                                      | -                                  | -   | -  |
| 2009 <sup>1</sup>                              | -                               | -                              | -                         | -                           | -   | -                                      | -                                  | -   | -  |
| 2010 <sup>1</sup>                              | -                               | -                              | -                         | -                           | -   | -                                      | -                                  | -   | -  |
| 2011 <sup>1</sup>                              | -                               | -                              | -                         | -                           | -   | -                                      | -                                  | -   | -  |
| 2012 <sup>1</sup>                              | -                               | -                              | -                         | -                           | -   | -                                      | -                                  | -   | -  |
| 2013 <sup>1</sup>                              | -                               | -                              | -                         | -                           | -   | -                                      | -                                  | -   | -  |
| 2014 <sup>1</sup>                              | -                               | -                              | -                         | -                           | -   | -                                      | -                                  | -   | -  |
| 2015 <sup>1</sup>                              | -                               | -                              | -                         | -                           | -   | -                                      | -                                  | -   | -  |
| 2016   | 5,962,856,036                   | 690,966,701                    | 158,665,392               | 150,308,030                 | 1,284,789,616                                     | 5,675,825,842                          | 0.8398                             | 6,960,615,458                             | 81.54%   |
| 2017   | 6,443,023,813                   | 782,939,531                    | 192,602,734               | 166,973,374                 | 1,459,920,847                                     | 6,097,421,427                          | 0.7998                             | 7,557,342,274                             | 80.68%   |

Source: Lee County Property Appraiser.

Note: Real property is reassessed every year.

<sup>1</sup> 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.

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

*Village of Estero, Florida*

**Property Tax Rates - Direct And Overlapping Governments**

(Per \$1,000 of Assessed Value)

Last Ten Fiscal Years

**Schedule 6**

| Fiscal<br>Year    | Village of Estero, Florida |                    |                             | Overlapping Rates <sup>2</sup> |                 |                  |                |              |                 |   |                    | Total<br>Direct &<br>Overlapping<br>Rates |
|-------------------|----------------------------|--------------------|-----------------------------|--------------------------------|-----------------|------------------|----------------|--------------|-----------------|---|--------------------|---|
|                   | Debt                       |                    | Total<br>Village<br>Millage | Lee County                     |                 |                  | School         |              |                 | Estero<br>Fire<br>District <sup>3</sup> | Other <sup>4</sup> |   |
|                   | Operating<br>Millage       | Service<br>Millage |                             | General<br>Revenue             | Library<br>Fund | Total<br>Lee Cty | Local<br>Board | State<br>Law | Total<br>School |   |                    |   |
| 2008 <sup>1</sup> | -                          | -                  | -                           | -                              | -               | -                | -              | -            | -               | -                                       | -                  | -   |
| 2009 <sup>1</sup> | -                          | -                  | -                           | -                              | -               | -                | -              | -            | -               | -                                       | -                  | -   |
| 2010 <sup>1</sup> | -                          | -                  | -                           | -                              | -               | -                | -              | -            | -               | -                                       | -                  | -   |
| 2011 <sup>1</sup> | -                          | -                  | -                           | -                              | -               | -                | -              | -            | -               | -                                       | -                  | -   |
| 2012 <sup>1</sup> | -                          | -                  | -                           | -                              | -               | -                | -              | -            | -               | -                                       | -                  | -   |
| 2013 <sup>1</sup> | -                          | -                  | -                           | -                              | -               | -                | -              | -            | -               | -                                       | -                  | -   |
| 2014 <sup>1</sup> | -                          | -                  | -                           | -                              | -               | -                | -              | -            | -               | -                                       | -                  | -   |
| 2015 <sup>1</sup> | -                          | -                  | -                           | -                              | -               | -                | -              | -            | -               | -                                       | -                  | -   |
| 2016              | 0.8398                     | -                  | 0.8398                      | 4.1506                         | 0.5956          | 4.7462           | 2.2480         | 5.0370       | 7.2850          | 2.1881                                  | 0.6605             | 15.7196                                   |
| 2017              | 0.7998                     | -                  | 0.7998                      | 4.0506                         | 0.5956          | 4.6462           | 2.2480         | 4.7410       | 6.9890          | 2.1500                                  | 0.6361             | 15.2211                                   |

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.

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> The Village of Estero has three Fire Districts within its boundaries. Estero Fire Rescue District, 2.1500 millage rate, San Carlos Park Fire District, 2.9500 millage rate, and Bonita Springs Fire District 2.3500 millage rate.

<sup>4</sup> 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                      | 2017                   |      |  | 2008 <sup>1</sup>      |      |  |
|-------------------------------|------------------------|------|--|------------------------|------|--|
|                               | 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    | 2.98%                                      | -                      | -    | -  |
| Miromar Outlet West LLC       | 105,220,443            | 2    | 1.73%                                      | -                      | -    | -  |
| Hertz Corporation             | 65,921,851             | 3    | 1.08%                                      | -                      | -    | -  |
| Miromar Outlet East LLC       | 35,893,008             | 4    | 0.59%                                      | -                      | -    | -  |
| Florida Power & Light Company | 35,428,409             | 5    | 0.58%                                      | -                      | -    | -  |
| Continental 305 Fund LLC      | 35,008,963             | 6    | 0.57%                                      | -                      | -    | -  |
| Brightstone Fort Myers LLC    | 26,975,721             | 7    | 0.44%                                      | -                      | -    | -  |
| Wal-Mart Stores East LP       | 14,912,555             | 8    | 0.24%                                      | -                      | -    | -  |
| KTB Florida Sports            | 12,118,120             | 9    | 0.20%                                      | -                      | -    | -  |
| Regency Realty Group Inc.     | 10,808,702             | 10   | 0.18%                                      | -                      | -    | -  |
|                               | -                      | -    | -  | -                      | -    | -  |
|                               | -                      | -    | -  | -                      | -    | -  |
|                               | -                      | -    | -  | -                      | -    | -  |
| Total                         | <u>\$ 524,055,567</u>  |      | <u>8.59%</u>                               | <u>\$ -</u>            |      | <u>0.00%</u>                               |

Source: Lee County Property Appraiser.

<sup>1</sup> 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<br>Year<br>Ended<br>Sep 30 | Total Tax<br>Levy For<br>Fiscal Year | Collected within the<br>Fiscal Year of the Levy |                       | Collections<br>in Subsequent<br>Years | Total Collections to Date |                       |
|-----------------------------------|--------------------------------------|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
|                                   |                                      | Amount <sup>2</sup>                             | Percentage<br>of Levy |                                       | Amount                    | Percentage<br>of Levy |
| 2008 <sup>1</sup>                 | -                                    | -   | 0.00%                 | -                                     | -                         | 0.00%                 |
| 2009 <sup>1</sup>                 | -                                    | -   | 0.00%                 | -                                     | -                         | 0.00%                 |
| 2010 <sup>1</sup>                 | -                                    | -   | 0.00%                 | -                                     | -                         | 0.00%                 |
| 2011 <sup>1</sup>                 | -                                    | -   | 0.00%                 | -                                     | -                         | 0.00%                 |
| 2012 <sup>1</sup>                 | -                                    | -   | 0.00%                 | -                                     | -                         | 0.00%                 |
| 2013 <sup>1</sup>                 | -                                    | -   | 0.00%                 | -                                     | -                         | 0.00%                 |
| 2014 <sup>1</sup>                 | -                                    | -   | 0.00%                 | -                                     | -                         | 0.00%                 |
| 2015 <sup>1</sup>                 | -                                    | -   | 0.00%                 | -                                     | -                         | 0.00%                 |
| 2016                              | 4,766,559                            | 4,588,424                                       | 96.26%                | -                                     | 4,588,424                 | 96.26%                |
| 2017                              | 4,876,718                            | 4,699,042                                       | 96.36%                | -                                     | 4,699,042                 | 96.36%                |

Source: Lee County Tax Collector.

<sup>1</sup> 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.

<sup>2</sup> 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<br>Year    | Governmental Activities        |                  |   | Total<br>Primary<br>Government | Percentage<br>of Personal<br>Income <sup>2</sup> | Per<br>Capita <sup>2</sup> |
|-------------------|--------------------------------|------------------|---|--------------------------------|--|----------------------------|
|                   | General<br>Obligation<br>Bonds | Revenue<br>Bonds | Notes, Loans<br>and Agreements<br>Payable |                                |  |                            |
| 2008 <sup>1</sup> | -                              | -                | -   | -                              | -  | -                          |
| 2009 <sup>1</sup> | -                              | -                | -   | -                              | -  | -                          |
| 2010 <sup>1</sup> | -                              | -                | -   | -                              | -  | -                          |
| 2011 <sup>1</sup> | -                              | -                | -   | -                              | -  | -                          |
| 2012 <sup>1</sup> | -                              | -                | -   | -                              | -  | -                          |
| 2013 <sup>1</sup> | -                              | -                | -   | -                              | -  | -                          |
| 2014 <sup>1</sup> | -                              | -                | -   | -                              | -  | -                          |
| 2015 <sup>1</sup> | -                              | -                | -   | -                              | -  | -                          |
| 2016              | -                              | -                | -   | -                              | -  | -                          |
| 2017              | -                              | -                | -   | -                              | -  | -                          |

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

<sup>1</sup> *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.*

<sup>2</sup> *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<br>Year    | General Bonded Debt Outstanding |  |       | Percentage of<br>Estimated<br>Actual Taxable<br>Value of Property | Per<br>Capita |
|-------------------|---------------------------------|--|-------|---|---------------|
|                   | General<br>Obligation<br>Bonds  | Less: Amounts<br>Available in Debt<br>Service Fund | Total |   |               |
| 2008 <sup>1</sup> | -                               | -  | -     | 0.00%   | -             |
| 2009 <sup>1</sup> | -                               | -  | -     | 0.00%   | -             |
| 2010 <sup>1</sup> | -                               | -  | -     | 0.00%   | -             |
| 2011 <sup>1</sup> | -                               | -  | -     | 0.00%   | -             |
| 2012 <sup>1</sup> | -                               | -  | -     | 0.00%   | -             |
| 2013 <sup>1</sup> | -                               | -  | -     | 0.00%   | -             |
| 2014 <sup>1</sup> | -                               | -  | -     | 0.00%   | -             |
| 2015 <sup>1</sup> | -                               | -  | -     | 0.00%   | -             |
| 2016              | -                               | -  | -     | 0.00%   | -             |
| 2017              | -                               | -  | -     | 0.00%   | -             |

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

<sup>1</sup> *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, 2017

## Schedule 11

| <u>Governmental Unit</u>          | <u>Debt<br/>Outstanding</u> | <u>Estimated<br/>Percentage<br/>Applicable</u> | <u>Estimated<br/>Share of<br/>Overlapping<br/>Debt</u> |
|-----------------------------------|-----------------------------|--|--|
| Debt repaid with property taxes   |                             |  |  |
| Lee County                        | \$ 213,698 <sup>1</sup>     | 9.0% <sup>2</sup>                              | \$ 192   |
| Village direct debt               |                             |  | - <sup>3</sup>   |
| Total direct and overlapping debt |                             |  | <u>\$ 192</u>  |

<sup>1</sup> Lee County Clerk of Court, Finance Division

<sup>2</sup> Determined by dividing:

"Total Taxable Assessed Valuation" from Schedule 5

\$ 6,097,421,427

by the "Total Taxable Assessed Value" of Lee County

\$ 67,887,408,636 <sup>4</sup>

<sup>3</sup> See Schedule 9 herein.

<sup>4</sup> Lee County Property Appraiser

Village of Estero, Florida  
**Legal Debt Margin Information**  
Last Ten Fiscal Years

**Schedule 12**

|   | 2008 <sup>1</sup> | 2009 <sup>1</sup> | 2010 <sup>1</sup> | 2011 <sup>1</sup> | 2012 <sup>1</sup> | 2013 <sup>1</sup> | 2014 <sup>1</sup> | 2015        | 2016        | 2017        |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|-------------|-------------|
| Legal debt limit <sup>2</sup>   | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -        | \$ -        | \$ -        |
| Total net debt applicable to limit                                      | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 153,500     | -           | -           |
| Legal debt margin   | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Total net debt applicable to the limit<br>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%       |

<sup>1</sup> 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.

<sup>2</sup> 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<br>Year    | Population                        |                            | Village of Estero                                       |   |                            | Lee County <sup>2</sup>           |
|-------------------|-----------------------------------|----------------------------|---|---|----------------------------|-----------------------------------|
|                   | Village<br>of Estero <sup>3</sup> | Lee<br>County <sup>3</sup> | Total Personal<br>Income<br>(in thousands) <sup>4</sup> | Per Capita<br>Personal<br>Income <sup>5</sup> | Median<br>Age <sup>5</sup> | Unemployment<br>Rate <sup>6</sup> |
| 2008 <sup>1</sup> | -                                 | -                          | -   | -   | -                          | -                                 |
| 2009 <sup>1</sup> | -                                 | -                          | -   | -   | -                          | -                                 |
| 2010 <sup>1</sup> | -                                 | -                          | -   | -   | -                          | -                                 |
| 2011 <sup>1</sup> | -                                 | -                          | -   | -   | -                          | -                                 |
| 2012 <sup>1</sup> | -                                 | -                          | -   | -   | -                          | -                                 |
| 2013 <sup>1</sup> | -                                 | -                          | -   | -   | -                          | -                                 |
| 2014 <sup>1</sup> | -                                 | -                          | -   | -   | -                          | -                                 |
| 2015 <sup>1</sup> | 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%                              |
| 2017              | 30,945                            | 698,185                    | 35,534,824  | 50,896  | 60.2                       | 4.6%                              |

<sup>1</sup> 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:*

<sup>2</sup> Village of Estero statistics unattainable.

<sup>3</sup> The Florida Legislature Office of Economic and Demographic Research, University of Florida.

<sup>4</sup> Determined by multiplying population by per capita income.

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

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

## Principal Employers <sup>2</sup>

Current Fiscal Year and Nine Fiscal Years Ago

### Schedule 14

| Employer                      | 2017          |      |  | 2008 <sup>1</sup> |      |  |
|-------------------------------|---------------|------|--|-------------------|------|--|
|                               | Employees     | Rank | Percentage<br>of Total<br>County<br>Employment | Employees         | Rank | Percentage<br>of Total<br>County<br>Employment |
| Lee Memorial Health Systems   | 11,800        | 1    | 3.76%  | 8,600             | 2    | 3.02%  |
| Lee County School District    | 11,000        | 2    | 3.51%  | 12,650            | 1    | 4.45%  |
| Publix Super Markets          | 5,100         | 3    | 1.63%  | 4,215             | 3    | 1.48%  |
| Wal-Mart Corporation          | 3,146         | 4    | 1.00%  | 2,400             | 5    | 0.84%  |
| Lee County Government         | 2,597         | 5    | 0.83%  | 2,610             | 4    | 0.92%  |
| City of Cape Coral            | 1,800         | 6    | 0.57%  | 2,056             | 6    | 0.72%  |
| Winn Dixie                    | 1,561         | 7    | 0.50%  | -                 | -    | -  |
| Lee County Sheriff's Office   | 1,543         | 8    | 0.49%  | 1,470             | 7    | 0.52%  |
| Chico's FAS Inc.              | 1,426         | 9    | 0.45%  | 1,120             | 10   | 0.39%  |
| Florida Gulf Coast University | 1,253         | 10   | 0.40%  | 1,292             | 9    | 0.45%  |
| United States Postage Service | -             | -    | -  | 1,397             | 8    | 0.49%  |
|                               | -             |      | -  | -                 |      | -  |
| Total                         | <u>41,226</u> |      | <u>13.14%</u>                                  | <u>37,810</u>     |      | <u>13.28%</u>                                  |

<sup>1</sup> 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 as data becomes available.

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

<sup>2</sup> Information listed is for Lee County as statistics for Village of Estero are unavailable.

**Full-Time Equivalent Village Government Employees By Function**

Last Ten Fiscal Years

**Schedule 15**

| Function           | Full-time Equivalent Employees as of September 30 |                   |                   |                   |                   |                   |                   |      |      |      |
|--------------------|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------|------|------|
|                    | 2008 <sup>1</sup>                                 | 2009 <sup>1</sup> | 2010 <sup>1</sup> | 2011 <sup>1</sup> | 2012 <sup>1</sup> | 2013 <sup>1</sup> | 2014 <sup>1</sup> | 2015 | 2016 | 2017 |
| General Government | -   | -                 | -                 | -                 | -                 | -                 | -                 | 5.0  | 7.0  | 8.5  |
| Total              | -   | -                 | -                 | -                 | -                 | -                 | -                 | 5.0  | 7.0  | 8.5  |

Source: Village of Estero Annual Budget as amended.

<sup>1</sup> 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 <sup>2</sup>

Last Ten Fiscal Years

## Schedule 16

| Function           | Fiscal Year       |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                    | 2008 <sup>1</sup> | 2009 <sup>1</sup> | 2010 <sup>1</sup> | 2011 <sup>1</sup> | 2012 <sup>1</sup> | 2013 <sup>1</sup> | 2014 <sup>1</sup> | 2015 <sup>2</sup> | 2016 <sup>2</sup> | 2017 <sup>2</sup> |
| General Government | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| Total              | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |

<sup>1</sup> 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.

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

# **Capital Asset Statistics By Function <sup>2</sup>**

Last Ten Fiscal Years

## **Schedule 17**

| Function           | Fiscal Year       |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                    | 2008 <sup>1</sup> | 2009 <sup>1</sup> | 2010 <sup>1</sup> | 2011 <sup>1</sup> | 2012 <sup>1</sup> | 2013 <sup>1</sup> | 2014 <sup>1</sup> | 2015 <sup>2</sup> | 2016 <sup>2</sup> | 2017 <sup>2</sup> |
| General Government | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| Total              | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |

<sup>1</sup> 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.

<sup>2</sup> 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 Village of Estero, Florida, as of and for the year ended September 30, 2017, 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 26, 2018.

**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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2017-001 that we consider to be a significant deficiency.

### **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*.

### **Village of Estero, Florida's Response to Findings**

Village of Estero, Florida's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. Village of Estero, Florida's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Fort Myers, Florida  
March 26, 2018

### **2017-001 Surcharge Fees**

#### **Criteria:**

Village management is responsible for establishing and maintaining internal controls over the proper recording of all of the Village's transactions and reconciliation and review of the Village's account balances.

#### **Condition:**

In accordance with State law, the Village is required to calculate and collect certain building surcharge fees on building permits to be remitted to the Florida Department of Business and Professional Regulation and Florida Department of Community Affairs. The Village retains 10% of the surcharge fees and records that amount as revenue in the financial statements.

During testing of the permit revenues and associated fees, we noted one instance in which the Florida Department of Business and Professional Regulation and Florida Department of Community Affairs building surcharge fees were assessed on an incorrect total, including certain permit fees not subject to the surcharge fee.

#### **Cause:**

The community development software requires manual calculation of the building surcharge fee base which provides an increased opportunity for error in accessing surcharge fees. The Village does not have internal controls in place to review that the correct surcharge fee base is entered into the system and that the resulting surcharge fee paid by the applicant is calculated correctly.

#### **Effect:**

The Village's revenue is overstated by \$2,428.

#### **Recommendation:**

We recommend that the Village implement policies and procedures to improve the calculation and monthly reconciliation of surcharge fees to ensure that the proper amounts are being charged and remitted to the State of Florida.

#### **Views of Responsible Officials and Planned Corrective Action:**

The Village has requested that the community development software be updated to automate the calculation of the building surcharge fee. The software update is in process and it will be implemented when testing is completed.

In addition, the Village has implemented a monthly review of building surcharge fees.



# 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, 2017, and have issued our report thereon dated March 26, 2018.

### 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 Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 26, 2018, 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. There were no findings or recommendations made in the preceding financial audit report.

### Official Title and Legal Authority

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

### Financial Condition and Management

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

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

### **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the Village for the fiscal year ended September 30, 2017, 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, 2017. 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, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide 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.

### **Additional Matters**

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

### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the 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 26, 2018

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Estero, Florida  
Estero, Florida

We have examined Village of Estero, Florida's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2017. Management of Village of Estero, Florida is responsible for Village of Estero, Florida's compliance with the specified requirements. Our responsibility is to express an opinion on Village of Estero, Florida's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether Village of Estero, Florida complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Village of Estero, Florida complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on Village of Estero, Florida's compliance with specified requirements.

In our opinion, Village of Estero, Florida complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2017.

This report is intended solely for the information and use of the Village of Estero, Florida 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 26, 2018