

Village of Estero, Florida

Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2019



Prepared by the Finance Staff



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**Village of Estero, Florida
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2019**

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Introductory Section





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January 31, 2020

William Ribble
Mayor
District One

Howard Levitan
District Two

Jon McLain
District Three

Katy Errington
Vice Mayor
District Four

Jim Boesch
District Five

Nick Batos
District Six

Jim Wilson
District Seven

Steve Sarkozy
Village Manager

Burt Saunders
Village Attorney

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

Dear Mayor and Members of Village Council:

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, 2019. 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.

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.

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 independently audited by Tuscan & Company, PA, a firm of licensed certified public accountants. The independent auditor has issued an unmodified ("clean") opinion on the Village's financial statements for the fiscal year ended September 30, 2019. The independent auditor's 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 auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The Village, incorporated on December 31, 2014, is located in the southwest part of the State in Lee County. The Village currently occupies a land area of 30 square miles and serves a population of 32,412. The Village is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by State Statute to extend its corporate limits by annexation, which may occur periodically when deemed appropriate by the governing council.

The Village operates under the Village Council-Manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor, vice-mayor and five council members, all elected on a non-partisan basis. For the initial elections, the four council members that received the highest number of votes served four year terms and the other three council members served a two year term. Thereafter, council members serve four-year staggered terms, with three or four council members elected every two years. The mayor, vice-mayor and five council members are elected-at-large from seven districts. The mayor and vice-mayor are elected by a majority vote of the council members. 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.

Relevant Financial Policies

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

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

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

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

Economic condition and outlook

The continued construction of residential, multi-family and commercial property resulted in a 2.6% increase in taxable property values over the prior year. The median home value is projected to increase 5.8%-over the next five years (Lee County Economic Development-Community Profile). The Village is excited that it will be home to two new hospitals as approved by Florida regulators. These new facilities are anticipated to provide significant employment opportunities as well as economic support for existing residential, commercial and retail properties. As a result, the Village’s taxable property values are predicted to increase for the next few fiscal years; however, growth may slow as the Village nears build-out of vacant land.

The unemployment rate in 2019 for Lee County was 3.4% compared to 3.6% in Florida and 3.9% 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 has completed or is nearing completion on 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 has developed and adopted a five year capital improvement program in fiscal year ending September 30, 2019. This five-year capital budget will provide data as to when major cash infusions will be necessary. These infusions may come from the issuance of debt, grants, new revenue sources, impact fees and/or a build-up of fund balance. 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, 2018. 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, Tuscan & Company, PA, for their assistance and to the Mayor and Village Council members for their unfailing support for maintaining the highest standards of professionalism in the management of the Village of Estero finances.

Respectfully submitted,



Steven R. Sarkozy
Village Manager



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, 2018

Christopher P. Morill

Executive Director/CEO

Village of Estero, Florida

VILLAGE OFFICIALS

As of September 30, 2019



Mayor Bill Ribble, District 1

Vice-Mayor Katy Errington, District 4

Village Council

Howard Levitan, District 2

Jon McLain, District 3

Jim Boesch, District 5

Nick Batos, District 6

Jim Wilson, District 7

Village Administration

Steven R. Sarkozy, Village Manager

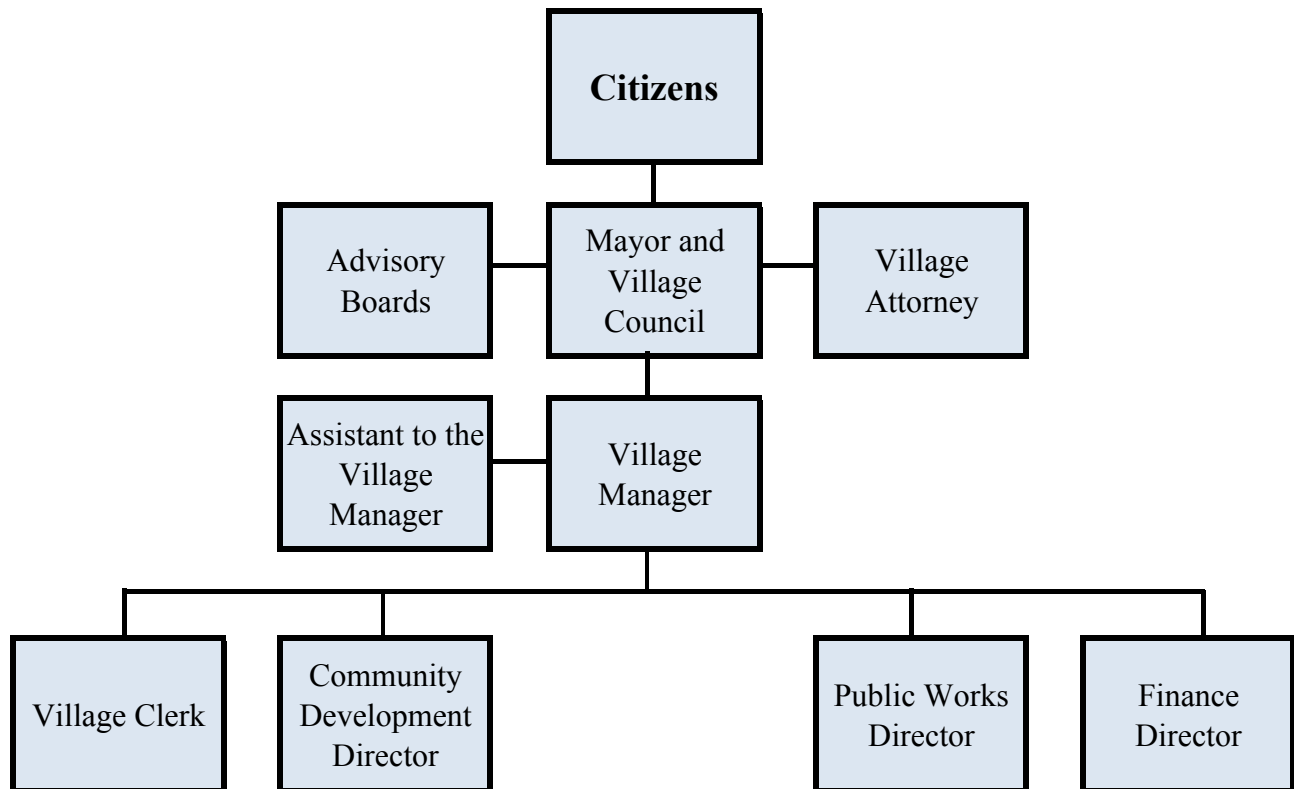
Burt L. Saunders, Village Attorney

Kathleen Hall, Village Clerk

Lisa Griggs Roberson, CPA, Finance Director

Village of Estero, Florida

Organizational Chart



Financial Section



INDEPENDENT AUDITOR'S REPORT

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

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 (the "Village") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Village'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.

Auditor's 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 of America. 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 auditor's 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 Village'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 Village'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, based on our audit, 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 as of September 30, 2019, 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 (MD&A) on pages 5-14, budgetary comparison for the general fund and building fee fund on pages 46-48, and schedule of changes in the net OPEB liability and related ratios GASB 75 and notes to the schedule on page 49, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information - management's discussion and analysis (MD&A) on pages 5-14, budgetary comparison for the general fund and building fee fund on pages 46-48, and schedule of changes in the net OPEB liability and related ratios GASB 75 and related notes to the schedule on page 49, as listed in the table of contents, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information - management's discussion and analysis (MD&A) on pages 5-14, budgetary comparison for the general fund and building fee fund on pages 46-48, and schedule of changes in the net OPEB liability and related ratios GASB 75 and related notes to the schedule on page 49, as listed in the table of contents, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The introductory section, individual fund financial 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.

Village Council
Village of Estero

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village's basic financial statements. The Exhibit - Management's Response to Independent Auditor's Report to Management is not a required part of the basic financial statements but is required by Government Auditing Standards. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Section 218.415, Florida Statutes

In accordance with Section 218.415, Florida Statutes, we have also issued a report dated January 31, 2020, on our consideration of the Village of Estero's compliance with provisions of Section 218.415, Florida Statutes. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and to provide an opinion on compliance with the aforementioned Statute. That report is an integral part of an audit performed in accordance with Sections 218.39 and 218.415, Florida Statutes in considering the Village of Estero's compliance with Section 218.415, Florida Statutes.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 31, 2020, on our consideration of the Village of Estero's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Village of Estero's internal control over financial reporting and compliance.

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

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
January 31, 2020

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, 2019. 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, 2019 the Village's assets exceeded its liabilities, resulting in net position of \$64,882,567, all of which is related to governmental activities. Of this amount, \$23,550,463 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 \$9,056,739, or 16.2%.
- Total general and program revenues were \$16,842,878 and decreased \$965,933.
- Total expenses were \$7,786,139 and decreased \$1,236,181.
- The fund balance of the governmental funds increased by \$5,062,103 as amounts were accumulated for debt reduction as well as funding for capital projects in future years.
- The governmental funds reported total ending fund balance of \$36,048,104 as of September 30, 2019 of which \$12,243,096 was restricted, \$14,633 was non-spendable, \$5,124,700 was committed, \$4,040,555 was assigned and \$14,625,120 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 \$19,749,820, or 455.6% of total General Fund expenditures and 147.7% of total General Fund revenue.
- The Village's total long term debt had a net increased of \$19,234,052 primarily as the result of a new loan for \$20,000,000 to fund the acquisition of 62 acres of real estate along the Estero River.

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 four (4) governmental funds, the General Fund, Building Fee Fund, Capital Projects Fund and the Debt Service 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 \$64,882,567 at the close as of September 30, 2019.

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

| | Governmental Activities | |
|------------------------------|-------------------------|----------------------|
| | 2019 | 2018 |
| <i>Assets:</i> | | |
| Current and other assets | \$ 36,863,968 | \$ 31,896,609 |
| Capital assets | <u>48,320,592</u> | <u>24,798,963</u> |
| Total assets | 85,184,560 | 56,695,572 |
| <i>Liabilities:</i> | | |
| Other liabilities | 1,057,781 | 859,584 |
| Long-term liabilities | <u>19,244,212</u> | <u>10,160</u> |
| Total liabilities | 20,301,993 | 869,744 |
| <i>Net position:</i> | | |
| Investment in capital assets | 29,089,008 | 24,798,963 |
| Restricted | 12,243,096 | 9,714,291 |
| Unrestricted | <u>23,550,463</u> | <u>21,312,574</u> |
| Total net position | <u>\$ 64,882,567</u> | <u>\$ 55,825,828</u> |

The largest portion of net position \$29,089,008 (44.8%) 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 increase in the investment in capital assets is primarily the result of an acquisition of 62 acres of real estate along the Estero River which was funded in part by a new loan for \$20,000,000.

The restricted net position amount of \$12,243,096 (18.9% of total net position) represents assets that are subject to external restrictions on how they are used. The remaining balance of unrestricted net position (\$23,550,463; 36.3% of total net position), may be used to meet the government's ongoing obligations to citizens and creditors.

At fiscal year ended September 2019, 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.

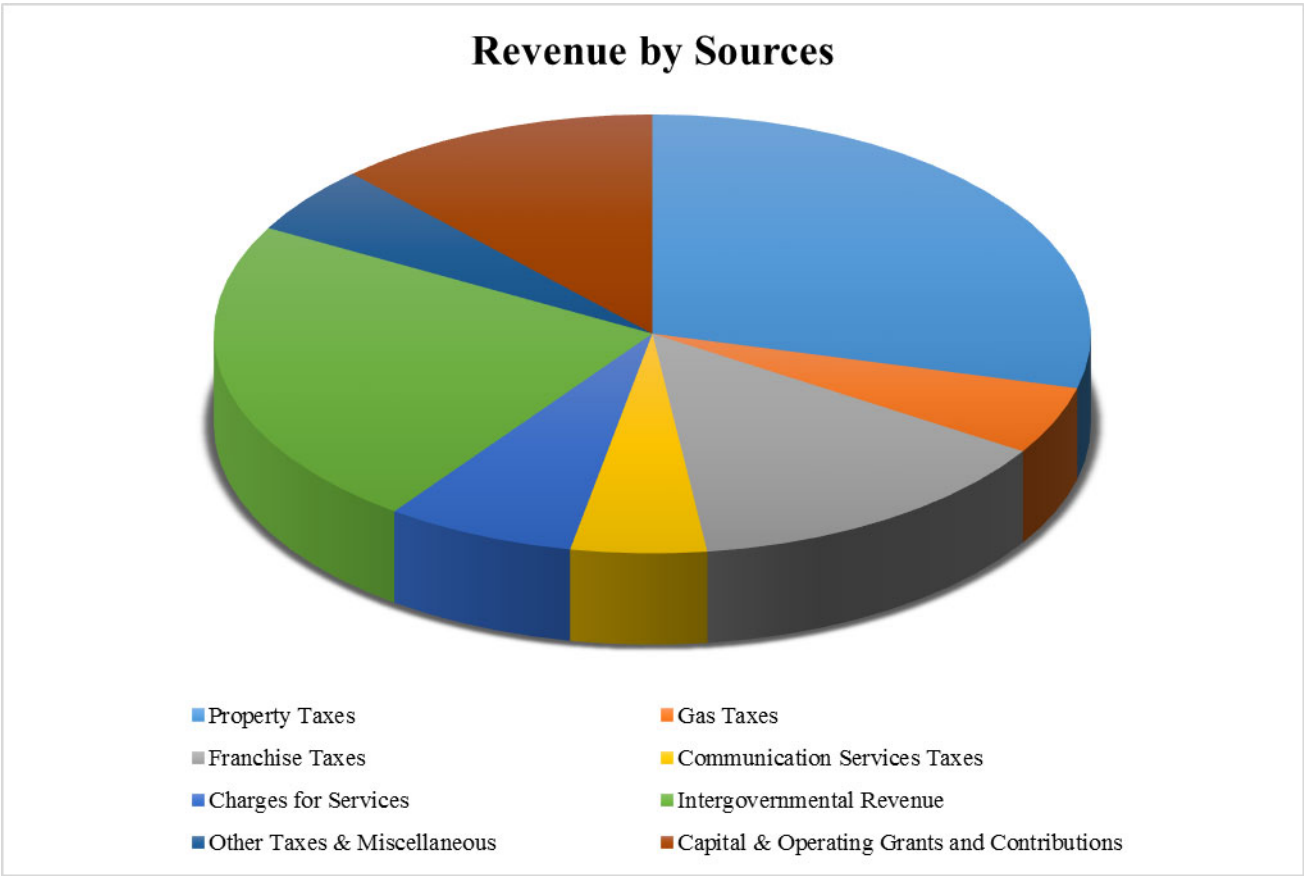
Governmental Activities. The governmental activities increased the Village's total assets by \$28,488,988, increased the Village's total liabilities by \$19,432,249, and increased the total net position by \$9,056,739. The increase in net position resulting from governmental activities is 16.2% in comparison to prior fiscal year. The increase in the governmental activities' net investment in capital assets is \$4,290,045, or 17.3%, in comparison prior fiscal year. The increases in assets is primarily the result of an acquisition of 62 acres of real estate along the Estero River which was partially funded by a new loan. The increase net position is primarily the result of revenues exceeding operating expenses. Also, we experienced lower than expected capital projects expenses as the time line for Estero Parkway Improvements was extended due to a longer than expected planning and design phase.

The following schedule compares the key elements of the changes in net position for the primary government for the fiscal years ended September 30, 2019 and 2018:

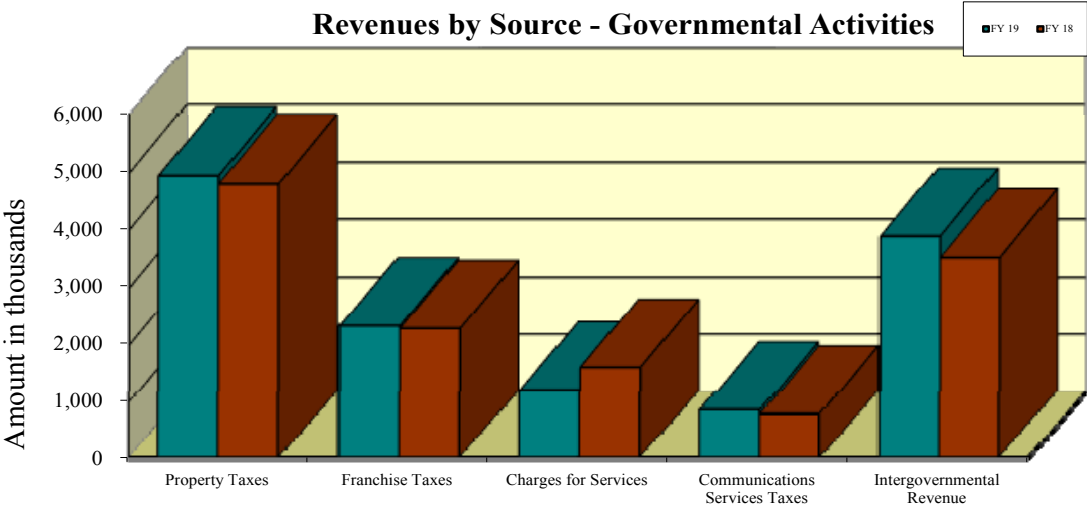
Village of Estero, Florida
Changes in Net Position

| | Governmental Activities | |
|---|-------------------------|----------------------|
| | 2019 | 2018 |
| <i>Revenues:</i> | | |
| Program Revenues: | | |
| Charges for services | \$ 1,216,668 | \$ 1,613,705 |
| Operating grants and contributions | 176,336 | 177,777 |
| Impact fees & other assessments | 1,830,982 | 3,322,274 |
| General Revenues: | | |
| Property taxes, levied for general purposes | 4,955,863 | 4,819,043 |
| Gas taxes | 759,317 | 749,468 |
| Franchise taxes | 2,333,614 | 2,288,523 |
| Communications services taxes | 866,260 | 794,969 |
| Other taxes | 23,047 | 22,561 |
| Intergovernmental revenue | 3,894,401 | 3,522,911 |
| Investment earnings | 680,027 | 407,796 |
| Miscellaneous | 106,363 | 89,784 |
| Total revenues | <u>16,842,878</u> | <u>17,808,811</u> |
| <i>Expenses:</i> | | |
| General government | 3,401,752 | 2,788,737 |
| Public safety | 1,085,537 | 1,196,671 |
| Physical environment | 115,558 | 345,096 |
| Transportation | 2,412,108 | 2,196,698 |
| Human services | 33,879 | 22,756 |
| Culture and recreation | 129,032 | - |
| Interest on long-term debt | 608,273 | - |
| Total expenses | <u>7,786,139</u> | <u>6,549,958</u> |
| Increase in net position | 9,056,739 | 11,258,853 |
| Net position - beginning | <u>55,825,828</u> | <u>44,566,975</u> |
| Net position - ending | <u>\$ 64,882,567</u> | <u>\$ 55,825,828</u> |

The following is a chart of revenues by source for governmental activities with percent of total revenues for fiscal year ended September 30, 2019:



The following chart shows the significant revenues by source for governmental activities for fiscal year ended September 30, 2019 and 2018.

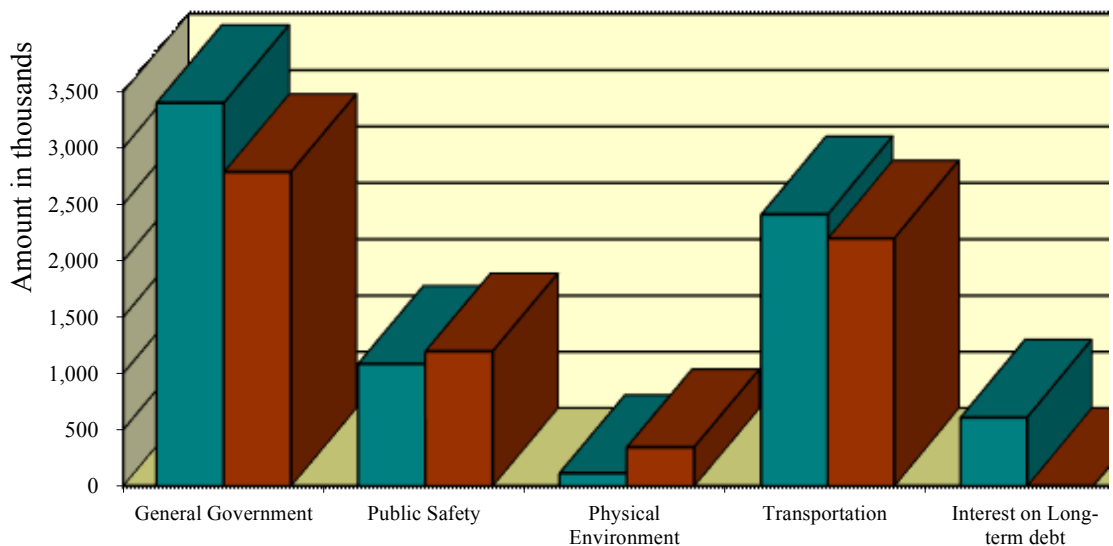


Revenues:

- *Charges for services* were lower in the current year as a result of a decrease in new construction activity when compared to the prior year.
- *Impact fees and other assessments* decreased in the current fiscal year as a result of a decline in new construction. Also, in the prior year several significant developments paid bonus density and other assessments which will fund park improvements and open space land acquisition.
- *Intergovernmental revenues* were up in the current year as the Village received additional cost share revenue for maintenance of 427 new street lights on US 41 and funds were received from FEMA for Hurricane Irma.

The following is a chart of expenses by program for governmental activities for fiscal year ended September 30, 2019 and 2018.

Expenses by Program - Governmental Activities



Expenses:

- *General government* expenses increased \$613,015, 22.0%, primarily related to the increase in legal fees related to a comprehensive plan legal challenge. Also, capital outlay funded were expended in the prior year related to the build out of office space which was not a recurring expense.
- *Physical environment* decreased \$229,538, 66.5%, as the result of completion of the storm water master plan. Additionally a change to a private provider was completed for natural resources allowing the Village to manage the timing of projects completed which resulted in lower current year cost.
- *Interest on long-term debt* increased \$608,273, 100.0%, as a loan agreement was executed in January 2019 to purchase 62 acres of real estate along Estero River.

Financial Analysis of the Village's Governmental Funds

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

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

Governmental funds reported an ending fund balance of \$36,048,104. \$14,625,120 is unassigned fund balance which is available for spending at the Village's discretion, \$12,243,096 is legally restricted as to use, \$14,633 in non-spendable deposits, \$5,124,700 was committed and \$4,040,555 was assigned.

The total ending fund balance of governmental funds reflects the increase of \$5,062,103. This increase is due to revenues exceeding expenditures net of capital projects, debt proceeds and debt service payments.

Major Governmental Funds

General Fund-The fund balance of the general fund had a net decrease of \$1,507,257. Revenues of \$13,374,615 exceeded expenditures of \$4,335,277 which resulted in an excess of revenues over expenditures of \$9,039,338. However, transfers for capital projects were \$5,488,307 and \$5,058,288 to the debt service fund which resulted in a reduction in fund balance.

The revenue increase was the result of a rise in investment earnings, an increase in cost share revenue for maintenance of 427 new street lights and a Federal Emergency Management Agency (FEMA) reimbursement which is non-recurring revenue. Expenditures were up from the prior year due to timing of non-recurring projects such as the storm water and parks master plans and the comprehensive plan.

Transfers to capital projects included funding of \$4,610,181 for a portion of the 62 acre purchase along Estero River, the creation of a \$4,000,000 debt reduction fund and the initial year of debt service payments.

The Village adopted an ordinance establishing reserve accounts which are presented as committed fund balance.

Building Fee Fund-The fund balance of the building fee activity had a net increase of \$124,665 as revenues of \$1,023,569 exceeded the expenditures of \$898,904. In the current fiscal year, permit activity and related revenue for new construction was lower when compared to the prior year. The fund balance will be carried forward to provide funding for future inspections and investment in new software. The building fee funds are restricted for use on building code compliance.

Capital Projects Fund-The fund balance of the capital projects had a net increase of \$2,404,140 as revenues of \$2,404,139 exceeded the expenditures of \$25,488,306 and the transfers in from the general fund and debt service fund of \$25,488,307. The capital projects fund balance is increasing as planned in order to provide funding for capital projects in future years. The Village completed its initial land purchase of 62 acres of real estate along the Estero River for \$24,562,500 which was funded by debt proceeds and general funds. Also, the Estero Parkway and US 41 Landscape Improvements capital project time lines were extended due to a longer than expected planning and design phase. The capital project funds are restricted for use on road and park capital improvements and land acquisitions.

Debt Service Fund-The fund balance had a net increase of \$4,040,555 as transfers in for debt service and debt reduction of \$5,058,288 exceeded the expenditures of \$1,058,288. A loan agreement was executed in January 2019 to finance a portion of the purchase of 62 acres of real estate along the Estero River. Funding from the general fund created a debt reduction set-aside as well as the payment of the initial year of debt service.

General Fund Budgetary Highlights

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

| <u>Revenue source</u> | <u>Final budget</u> | <u>Actual revenues</u> | <u>Difference</u> |
|----------------------------|---------------------|----------------------------|-------------------|
| Intergovernmental revenues | \$ 3,590,570 | \$ 3,894,401 | \$ 303,831 |
| Investment earnings | 80,000 | 456,947 | 376,947 |

- *Intergovernmental revenues* funds were received from FEMA for Hurricane Irma this fiscal year which were not budgeted as the result of uncertainty with respect to amounts and timing.
- *Investment earnings* increase is the result of the growth in cash and investment account balances as funding is accumulated to provide operating and disaster reserves as well as funding for capital projects in future years

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

| <u>Expenditures</u> | <u>Final budget</u> | <u>Actual expenditures</u> | <u>Difference</u> |
|---|---------------------|--------------------------------|-------------------|
| General government, non-departmental | \$ 3,076,840 | \$ 2,360,221 | \$ 716,619 |
| General government, community development | 1,203,300 | 865,622 | 337,678 |
| Physical environment, non-departmental | 354,400 | 112,001 | 242,399 |
| Transportation, non-departmental | 1,071,900 | 673,435 | 398,465 |
| Culture and recreation | 225,000 | 124,032 | 100,968 |

- *General government, non-departmental* services were less than budgeted amounts in various line items. Significant savings were noted in contractual services as projects were delayed as well as operating contingencies which were not needed for this fiscal year.
- *General government, community development* expenditures were lower than budgeted as capital outlay budgeted for acquisition of new software was delayed and budgeted in the next fiscal year. Also, timing of the land development code professional services was later than anticipated.
- *Public safety, community development* services in the current fiscal year were less than budget primarily as the result of a contractual administration staff vacant position in code enforcement.
- *Transportation, non-departmental* actual cost were less than budgeted as both the landscape improvements and street resurfacing projects were delayed.
- *Culture and recreation* services for a parks master plan were delayed and budgeted in the following fiscal year.

Original Budget Compared to Final Budget-General Fund.

No significant differences were noted from the original budget as compared to the final general fund budget.

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, 2019 and 2018:

Village of Estero, Florida

Capital Assets

| | Governmental Activities | |
|-------------------------------------|-------------------------|----------------------|
| | 2019 | 2018 |
| Land | \$ 23,641,689 | \$ - |
| Buildings and building improvements | 1,587,059 | 557,059 |
| Machinery and equipment | 158,285 | 158,285 |
| Infrastructure | 26,778,558 | 26,670,402 |
| Construction in progress | <u>1,111,454</u> | <u>527,742</u> |
| Total capital assets | 53,277,045 | 27,913,488 |
| Accumulated depreciation | <u>(4,956,453)</u> | <u>(3,114,525)</u> |
| Total capital assets, net | <u>\$ 48,320,592</u> | <u>\$ 24,798,963</u> |

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

- *Land* includes purchase of 62 acres of real estate along the Estero River.
- *Building and building improvements* includes the buildings which were located on the 62 acres of real estate purchased on Estero River.

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

Debt Administration

On January 14, 2019, the Village executed a \$20,000,000 loan agreement to fund the purchase of 62 acres of real estate along the Estero River. As of September 30, 2019, \$19,231,584 was outstanding. Additional information on the Village's long-term debt can be found in Note 6 on page 36.

The Other Postemployment Benefits (OPEB) liability at September 30, 2019 and 2018, totaled \$12,628 and \$10,160 respectively. Additional information on the Village's OPEB liability can be found in Note 7 on page 37.

Village of Estero, Florida

Outstanding Debt

| | Governmental Activities | |
|--------------------------------------|-------------------------|------------------|
| | 2019 | 2018 |
| Loan payable, net | \$19,231,584 | \$ - |
| Other postemployment benefits (OPEB) | <u>12,628</u> | <u>10,160</u> |
| | <u>\$19,244,212</u> | <u>\$ 10,160</u> |

Economic Factors and Next Year's Budget Rates

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

- The initial update to the Village's Land Development Code will continue 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.
- In January 2019, the Village purchase of Estero on the River, a 62 acre site, and the master planning process for this site will commence in next fiscal year.
- The Village has developed specific capital improvement projects and will begin to work on the following: Williams Road (Walgreens Entrance) Improvements; Williams Road at Estero High School Improvements; Coconut Road Crosswalk & Drainage Improvements; and Poinciana Ave. & Trailside Dr. resurfacing.
- Planning and design is nearing completion and construction of Estero Parkway Improvements which will include bike lanes, sidewalks and enhanced landscaping are schedule to begin next fiscal year.
- A project will begin to enhance the landscaping on US 41 through a partnership with Florida Department of Transportation.
- Florida Department of Transportation will continue with planning and design on I-75 interchange improvements at Corkscrew Road.
- US41 Median Landscaping Enhancement construction will begin in the fall of 2019 and is expected to take up to six months to complete.
- The Village's branding efforts continue as consultants work to develop the Village's vision and a branding effort and sign theme that portrays that vision.
- In December 2019, the Village received a donation of approximately 5 acres of property along the Estero River which is located adjacent to Estero on the River property owned by the Village.
- 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.

Basic Financial Statements



Village of Estero, Florida
Statement of Net Position
September 30, 2019

| | Governmental Activities |
|---|----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 6,272,913 |
| Investments | 29,768,612 |
| Receivables (net) | 199,410 |
| Due from other governments | 531,916 |
| Prepays | 76,484 |
| Capital assets: | |
| Non-depreciable | 24,753,143 |
| Depreciable (net) | 23,567,449 |
| Deposits | 14,633 |
| Total assets | <u>85,184,560</u> |
| LIABILITIES | |
| Accounts payable | 469,635 |
| Accrued liabilities | 92,362 |
| Accrued interest payable | 318,401 |
| Due to other governments | 70,644 |
| Customer deposits | 106,739 |
| Long-term liabilities: | |
| Due within one year | 644,610 |
| Due in more than one year | 18,599,602 |
| Total liabilities | <u>20,301,993</u> |
| NET POSITION | |
| Net investment in capital assets | 29,089,008 |
| Restricted for: | |
| Culture and recreation capital improvements | 2,047,652 |
| Highways and streets capital improvements | 9,069,091 |
| Parks and public land acquisition | 422,628 |
| Building code compliance | 703,725 |
| Unrestricted | 23,550,463 |
| Total net position | <u>\$ 64,882,567</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, 2019

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|---|---------------------|-------------------------|--|--|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Total Governmental Activities |
| Primary government: | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 3,401,752 | \$ 195,212 | \$ - | \$ - | \$ (3,206,540) |
| Public safety | 1,085,537 | 1,021,456 | - | - | (64,081) |
| Physical environment | 115,558 | - | - | - | (115,558) |
| Transportation | 2,412,108 | - | 176,336 | 1,678,616 | (557,156) |
| Human services | 33,879 | - | - | - | (33,879) |
| Culture and recreation | 129,032 | - | - | 152,366 | 23,334 |
| Interest and closing cost | 608,273 | - | - | - | (608,273) |
| Total governmental activities | <u>\$ 7,786,139</u> | <u>\$ 1,216,668</u> | <u>\$ 176,336</u> | <u>\$ 1,830,982</u> | <u>\$ (4,562,153)</u> |
| General revenues: | | | | | |
| Taxes: | | | | | |
| Property, levied for general purposes | | | | | \$ 4,955,863 |
| Gas | | | | | 759,317 |
| Franchise | | | | | 2,333,614 |
| Communications services | | | | | 866,260 |
| Local business | | | | | 23,047 |
| Intergovernmental revenues, not restricted to specific programs | | | | | 3,894,401 |
| Investment earnings | | | | | 680,027 |
| Miscellaneous | | | | | 106,363 |
| Total general revenues | | | | | <u>13,618,892</u> |
| Change in net position | | | | | 9,056,739 |
| Net position - beginning | | | | | <u>55,825,828</u> |
| Net position - ending | | | | | <u>\$ 64,882,567</u> |

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

Village of Estero, Florida

Balance Sheet

Governmental Funds

September 30, 2019

| | General | Special Revenue Building Fee | Capital Projects | Debt Service | Total Governmental Funds |
|---|---------------------|---------------------------------------|---------------------|---------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 2,737,192 | \$ 779,685 | \$ 2,756,036 | \$ - | \$ 6,272,913 |
| Investments | 16,979,613 | - | 8,748,444 | 4,040,555 | 29,768,612 |
| Receivables (net) | 197,384 | 447 | 1,579 | - | 199,410 |
| Due from other governments | 498,604 | - | 33,312 | - | 531,916 |
| Deposits | 14,633 | - | - | - | 14,633 |
| Total assets | <u>\$20,427,426</u> | <u>\$ 780,132</u> | <u>\$11,539,371</u> | <u>\$ 4,040,555</u> | <u>\$36,787,484</u> |
| LIABILITIES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 399,328 | \$ 70,307 | \$ - | \$ - | \$ 469,635 |
| Accrued liabilities | 92,362 | - | - | - | 92,362 |
| Due to other governments | 64,544 | 6,100 | - | - | 70,644 |
| Customer deposits | 106,739 | - | - | - | 106,739 |
| Total liabilities | <u>662,973</u> | <u>76,407</u> | <u>-</u> | <u>-</u> | <u>739,380</u> |
| Fund balances: | | | | | |
| Nonspendable: | | | | | |
| Deposits | 14,633 | - | - | - | 14,633 |
| Restricted for: | | | | | |
| Culture and recreation capital improvements | - | - | 2,047,652 | - | 2,047,652 |
| Highways and streets capital improvements | - | - | 9,069,091 | - | 9,069,091 |
| Parks and public land acquisition | - | - | 422,628 | - | 422,628 |
| Building code compliance | - | 703,725 | - | - | 703,725 |
| Committed to reserves | 5,124,700 | - | - | - | 5,124,700 |
| Assigned to: | | | | | |
| Debt reduction | - | - | - | 4,040,555 | 4,040,555 |
| Unassigned | 14,625,120 | - | - | - | 14,625,120 |
| Total fund balances | <u>19,764,453</u> | <u>703,725</u> | <u>11,539,371</u> | <u>4,040,555</u> | <u>36,048,104</u> |
| Total liabilities and fund balances | <u>\$20,427,426</u> | <u>\$ 780,132</u> | <u>\$11,539,371</u> | <u>\$ 4,040,555</u> | <u>\$36,787,484</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, 2019

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

| | | |
|--|--------------------|----------------------|
| Fund balances - total governmental funds | | \$ 36,048,104 |
| 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 | | 76,484 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds | | |
| Non-depreciable capital assets | \$ 24,753,143 | |
| Depreciable capital assets | 28,523,902 | |
| Less accumulated depreciation | <u>(4,956,453)</u> | 48,320,592 |
| Accrued interest payable that will not be liquidated with current financial resources and, therefore, is not reported in the governmental funds | | (318,401) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds | | |
| Loan payable | (19,231,584) | |
| Other postemployment benefit (OPEB) obligation | <u>(12,628)</u> | <u>(19,244,212)</u> |
| Net position of governmental activities | | <u>\$ 64,882,567</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, 2019

| | General | Special Revenue Building Fee | Capital Projects | Debt Service | Total Governmental Funds |
|---|----------------------|---------------------------------------|----------------------|---------------------|--------------------------------|
| REVENUES | | | | | |
| Taxes | | | | | |
| Property | \$ 4,955,863 | \$ - | \$ - | \$ - | \$ 4,955,863 |
| Gas | 540,668 | - | 394,985 | - | 935,653 |
| Franchise | 2,333,614 | - | - | - | 2,333,614 |
| Communications services | 866,260 | - | - | - | 866,260 |
| Local business | 23,047 | - | - | - | 23,047 |
| Licenses, permits and assessments | 1,450 | 1,019,216 | - | - | 1,020,666 |
| Impact fees | - | - | 1,830,982 | - | 1,830,982 |
| Intergovernmental revenues | 3,894,401 | - | - | - | 3,894,401 |
| Charges for services | 195,212 | - | - | - | 195,212 |
| Fines and forfeitures | 790 | - | - | - | 790 |
| Investment earnings | 456,947 | 4,353 | 178,172 | 40,555 | 680,027 |
| Miscellaneous | | | | | |
| Other income | 106,363 | - | - | - | 106,363 |
| Total revenues | <u>13,374,615</u> | <u>1,023,569</u> | <u>2,404,139</u> | <u>40,555</u> | <u>16,842,878</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | 3,225,843 | - | - | - | 3,225,843 |
| Public safety | 166,087 | 898,904 | - | - | 1,064,991 |
| Physical environment | 112,001 | - | - | - | 112,001 |
| Transportation | 673,435 | - | 111,490 | - | 784,925 |
| Human services | 33,879 | - | - | - | 33,879 |
| Culture and recreation | 124,032 | - | 5,000 | - | 129,032 |
| Capital outlay | - | - | 25,371,816 | - | 25,371,816 |
| Debt service | | | | | |
| Principal retirement | - | - | - | 768,416 | 768,416 |
| Interest | - | - | - | 238,372 | 238,372 |
| Issuance cost | - | - | - | 51,500 | 51,500 |
| Total expenditures | <u>4,335,277</u> | <u>898,904</u> | <u>25,488,306</u> | <u>1,058,288</u> | <u>31,780,775</u> |
| Excess (deficiency) of revenues over expenditures | <u>9,039,338</u> | <u>124,665</u> | <u>(23,084,167)</u> | <u>(1,017,733)</u> | <u>(14,937,897)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | - | 25,488,307 | 5,058,288 | 30,546,595 |
| Transfers out | (10,546,595) | - | - | (20,000,000) | (30,546,595) |
| Proceeds from debt issue | - | - | - | 20,000,000 | 20,000,000 |
| Total other financing sources (uses) | <u>(10,546,595)</u> | <u>-</u> | <u>25,488,307</u> | <u>5,058,288</u> | <u>20,000,000</u> |
| Net change in fund balances | (1,507,257) | 124,665 | 2,404,140 | 4,040,555 | 5,062,103 |
| Fund balances - beginning | 21,271,710 | 579,060 | 9,135,231 | - | 30,986,001 |
| Fund balances - ending | <u>\$ 19,764,453</u> | <u>\$ 703,725</u> | <u>\$ 11,539,371</u> | <u>\$ 4,040,555</u> | <u>\$ 36,048,104</u> |

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

Village of Estero, Florida

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

For the Year Ended September 30, 2019

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

| | |
|--|--------------|
| Net change in fund balances - total governmental funds | \$ 5,062,103 |
|--|--------------|

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 | \$ 25,371,816 | |
| Loss on disposals | (7,708) | |
| Depreciation | <u>(1,842,479)</u> | 23,521,629 |

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

| | | |
|--------------------------|----------------|--------------|
| Proceeds from debt issue | (20,000,000) | |
| Principal retirement | <u>768,416</u> | (19,231,584) |

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.

(2,468)

Expenditures for insurance and similar services extending over more than one accounting period are not allocated between or among accounting periods in the governmental funds, but are accounted for as expenditures of the period of acquisition. This amount represents the increase in prepaids at September 30, 2019 from September 30, 2018.

25,460

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The increase in interest reported in the statement of activities is the result of accruing interest at September 30, 2019.

(318,401)

| | |
|---|---------------------|
| Change in net position of governmental activities | <u>\$ 9,056,739</u> |
|---|---------------------|

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



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Village of Estero, Florida

Notes to the Financial Statements

September 30, 2019

| | | |
|---------|--|----|
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Notes to the Financial Statements

September 30, 2019

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, 2019.

Reporting Entity

The Village was incorporated on December 31, 2014, pursuant to House Bill 1373 and amended on June 30, 2015 by House Bill 983. The Village operates under a Village Council-Manager form of government and consists of seven districts, each represented by an elected council member with each member elected-at-large. The Village Manager is hired by a majority vote of the Council. As of September 30, 2019, 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 or included in the Village’s financial statements.

(a) Government-wide and Fund Financial Statements

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

Notes to the Financial Statements

September 30, 2019

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, 2019

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

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

The *Debt Service Fund* accounts for the accumulation of resources that are committed or assigned for the payment of principal and interest on long-term obligations of governmental funds.

Notes to the Financial Statements

September 30, 2019

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, 2019, the allowance for uncollectible receivables was \$0 as management believes all receivables to be fully collectible.

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, 2019

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, 2019

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, 2019.

Notes to the Financial Statements

September 30, 2019

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Net Position/Fund Balances (Continued)

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

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

Notes to the Financial Statements

September 30, 2019

Note 1 - Summary of Significant Accounting Policies (Continued)

(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.

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, 2019, the carrying amount of the Village's deposits was \$6,272,913, and the bank balance was \$6,492,236. 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 \$29,768,612 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 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 recorded at amortized cost and exempt from the GASB No. 72, Fair Value Measurement and Application.

Notes to the Financial Statements

September 30, 2019

Note 3 - Investments (continued)

(b) Investment Policies

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

Village investment in Florida Prime was made in accordance with the provisions of Section 218.415(17), 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, 2019, is 37 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, 2019, is 85 days.

(e) Foreign Currency Risk Disclosure

Florida Prime was not exposed to any foreign currency risk during the period from October 1, 2018 through September 30, 2019.

(f) Securities Lending Disclosure

Florida Prime did not participate in a securities lending program in the period from October 1, 2018 through September 30, 2019.

Notes to the Financial Statements

September 30, 2019

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

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, 2019, 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, 2019, once the audit is complete. The SBA will not provide financial statements for Florida Prime for the period ending September 30, 2019.

Village of Estero, Florida,
Notes to the Financial Statements
September 30, 2019

Note 4 - Receivables, Prepaids, and Accrued Liabilities

(a) Receivables

Receivables as of September 30, 2019 for the governmental funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

| | General | Building Fee | Capital Projects | Debt Service | Total Governmental Funds |
|--|------------------|-----------------|---------------------|-----------------|--------------------------------|
| <i>Receivables:</i> | | | | | |
| Accounts (gross) | \$197,384 | \$ 447 | \$ 1,579 | \$ - | \$ 199,410 |
| Allowance for uncollectable receivable | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net total receivables | <u>\$197,384</u> | <u>\$ 447</u> | <u>\$ 1,579</u> | <u>\$ -</u> | <u>\$ 199,410</u> |

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

(b) Prepaids

Prepaid assets for the Village total \$76,484 at September 30, 2019.

(c) Accrued Liabilities

Accrued liabilities as of September 30, 2019 are as follows:

| | <u>General</u> |
|-----------------------------|------------------|
| <i>Accrued liabilities:</i> | |
| Wages, benefits and taxes | \$ 27,222 |
| Construction bond deposit | <u>65,140</u> |
| Total accrued liabilities | <u>\$ 92,362</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, 2019 total \$106,739.

Village of Estero, Florida
Notes to the Financial Statements
September 30, 2019

Note 5 - Capital Assets

Capital asset activity for the year ended September 30, 2019 is as follows:

| | Beginning Balance | Increases | Decreases | Transfers/ Reclassifications | Ending Balance |
|---|----------------------|---------------|------------|----------------------------------|-------------------|
| <i>Governmental Activities:</i> | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ - | \$ 23,611,843 | \$ - | \$ 29,846 | \$ 23,641,689 |
| Construction in progress | 527,742 | 728,814 | - | (145,102) | 1,111,454 |
| Total capital assets not being depreciated | 527,742 | 24,340,657 | - | (115,256) | 24,753,143 |
| Capital assets being depreciated: | | | | | |
| Buildings and building improvements | 557,059 | 1,030,000 | - | - | 1,587,059 |
| Machinery and equipment | 158,285 | - | - | - | 158,285 |
| Infrastructure | 26,670,402 | 1,159 | (8,259) | 115,256 | 26,778,558 |
| Total capital assets being depreciated | 27,385,746 | 1,031,159 | (8,259) | 115,256 | 28,523,902 |
| Less accumulated depreciation for: | | | | | |
| Buildings and building improvements | 215,124 | 190,911 | - | - | 406,035 |
| Machinery and equipment | 60,335 | 26,049 | - | - | 86,384 |
| Infrastructure | 2,839,066 | 1,625,519 | (551) | - | 4,464,034 |
| Total accumulated depreciation | 3,114,525 | 1,842,479 | (551) | - | 4,956,453 |
| Total capital assets being depreciated, net | 24,271,221 | (811,320) | (7,708) | 115,256 | 23,567,449 |
| Total governmental activities capital assets, net | \$ 24,798,963 | \$ 23,529,337 | \$ (7,708) | \$ - | \$ 48,320,592 |
| | | | | Less: related debt | 19,231,584 |
| | | | | Net investment in capital assets | \$ 29,089,008 |

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

| | General |
|--|-------------|
| General government | \$ 196,653 |
| Public safety | 20,307 |
| Physical Environment | 3,557 |
| Transportation | 1,621,962 |
| Total depreciation expense-governmental activities | \$1,842,479 |

Notes to the Financial Statements

September 30, 2019

Note 6 - Long-term Debt

The Village entered into a loan agreement providing a taxable revenue note of \$20,000,000 on January 14, 2019 with Capital Bank which later converted to First Horizon Bank. The loan is collateralized by any legally available non-ad valorem or other revenue. The debt service has historically been funded from the General Fund and paid from the Debt Service Fund. Interest payments are due on November 1 and May 1. Principal payments are due annually on November 1. Interest rate is 4.01%. The final payment is due May 1, 2029.

The Village's debt proceeds were used to finance the acquisition of 62 acres of real estate along the Estero River.

The Village's loan agreement establishes certain covenants and representations including the security for the loan repayment, financial recordkeeping, payment of taxes and assessments, compliance with laws and financial reporting. Management believes the Village is in compliance with all significant covenants at September 30, 2019.

The annual debt service requirements to maturity for the loan payable as of September 30, 2019 are as follows:

| <u>Year Ending September 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|----------------------|---------------------|----------------------|
| 2020 | \$ 644,610 | \$ 771,187 | \$ 1,415,797 |
| 2021 | 670,459 | 745,338 | 1,415,797 |
| 2022 | 697,344 | 718,453 | 1,415,797 |
| 2023 | 725,308 | 690,489 | 1,415,797 |
| 2024 | 754,392 | 661,405 | 1,415,797 |
| 2025-2029 | <u>15,739,471</u> | <u>2,828,248</u> | <u>18,567,719</u> |
| | <u>\$ 19,231,584</u> | <u>\$ 6,415,120</u> | <u>\$ 25,646,704</u> |

The changes in long-term debt during fiscal year ended September 30, 2019 are as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|-----------------|------------------------------|---------------------|--------------------|---------------------------|------------------------------------|
| Loan payable | \$ - | \$20,000,000 | \$(768,416) | \$19,231,584 | \$ 644,610 |
| OPEB obligation | <u>10,160</u> | <u>2,468</u> | <u>-</u> | <u>12,628</u> | <u>-</u> |
| | <u>\$ 10,160</u> | <u>\$20,002,468</u> | <u>\$(768,416)</u> | <u>\$19,244,212</u> | <u>\$ 644,610</u> |

Interest expenditures for the year ended September 30, 2019 were \$238,372

Notes to the Financial Statements

September 30, 2019

Note 7 - Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan

Plan Description. The Village administers a single-employer defined benefit plan (the “Plan”) that provides the opportunity to obtain health insurance to its retired full-time employees and their dependents upon reaching the normal retirement age of 70.5. Pursuant to the provisions of section 112.0801, Florida Statutes, former employees and eligible dependents who retire from the Village may continue to participate in the Village’s fully insured health and hospitalization plan for medical and prescription drug coverage. No assets are accumulated in a trust or otherwise that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits provided. The Village does not contribute toward the benefits (insurance premiums) of retired employees and there have been no substantive Plan provision changes since the last full valuation, which was for the fiscal year ending September 30, 2018. An interim valuation was completed for fiscal year ending September 30, 2019 and the next full valuation will be completed for fiscal year ending September 30, 2020.

Employees covered by benefits terms. The Village has 8 full-time active employees with 7 currently covered by the benefit terms, no inactive employees currently receive benefits and no inactive employees are entitled to receive benefits.

The Village has elected to use the alternative measurement method and engaged an actuary to determine the liability using the alternative measurement method for postemployment healthcare benefits other than pensions as of September 30, 2019 which was the fourth year healthcare benefits were provided to employees.

Funding Policy. The Village OPEB benefits are unfunded and recorded on the “pay as you go” basis. As of September 30, 2019, there are no retirees receiving this benefit, and with the availability of more cost effective health insurance plans, it is not anticipated that there will be future participation that would be a material cost to the Village. This liability, which is no longer considered a likely cost, is not being funded by the Village. Therefore, the Plan does not issue a publicly available financial report and all required disclosures are presented herein.

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

The Village’s total OPEB liability of \$12,628 was measured as of September 30, 2019 and was determined by an actuarial valuation as of that date. The change in the OPEB liability was an increase of \$2,468 which was recognized during the fiscal year ended September 30, 2019.

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

Total OPEB Liability

Actuarial Methods and Assumptions. The total OPEB liability in the September 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs were applied to all periods included in the measurement:

| | |
|---|--|
| Inflation | 2.6% |
| Salary increases (payroll growth) | 3.25% |
| Discount rate | 3.58% (2019) 4.15% (2018) |
| Health care trend rates | 7.5% for 2020; decreasing 0.5% per year to an ultimate rate of 5.0% for 2025 and later years |
| Retirees' share of benefit-related cost | 100% |

The discount rate was based upon a yield for 20-year tax-exempt general obligation municipal bonds with average rating of AA/Aa or higher.

The actuarial assumptions used in the September 30, 2019 valuation represent a reasonable long-term expectation of future OPEB outcomes. As national economic and Village experience change over time, the assumptions will be tested for ongoing reasonableness and, if necessary, updated.

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

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

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

Notes to the Financial Statements

September 30, 2019

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

Changes in the total OPEB liability.

| | <u>Amounts</u> |
|---|------------------|
| Total OPEB liability at beginning of year | \$ 10,160 |
| Changes for the year: | |
| Service cost | 1,484 |
| Interest | 483 |
| Changes of benefit terms | - |
| Changes in assumptions and other inputs | 501 |
| Benefit payments | <u>-</u> |
| Net change in total OPEB liability | <u>2,468</u> |
| Total OPEB liability at end of year | <u>\$ 12,628</u> |

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58% as of October 1, 2018 and 4.15% as of September 30, 2019. The discount rate was updated from the prior valuation rate and will be updated annually to reflect market conditions as of the Measurement Date. This change resulted in a slight increase in liabilities.

Sensitivity of the total OPEB liability to change in the discount rate. The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be in it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current discount rate:

| | <u>1% Decrease (2.58%)</u> | <u>Discount Rate (3.58%)</u> | <u>1% Increase (4.58%)</u> |
|----------------------|--------------------------------|----------------------------------|--------------------------------|
| Total OPEB Liability | \$ 13,553 | \$ 12,628 | \$ 11,762 |

Sensitivity of the total OPEB liability to change in the healthcare cost trend rates. The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be in it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.50% decreasing to 4.00%) or 1-percentage-point higher (8.50% decreasing to 6.00%) than the current healthcare cost trend rates:

| | <u>1% Decrease (6.50% decreasing to 4.00%)</u> | <u>Healthcare Cost Trend Rates (7.50% decreasing to 5.00%)</u> | <u>1% Increase (8.50% decreasing to 6.00%)</u> |
|----------------------|--|--|--|
| Total OPEB Liability | \$ 11,370 | \$ 12,628 | \$ 14,062 |

Notes to the Financial Statements

September 30, 2019

Note 8 - Retirement Plans

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

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

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

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

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

For fiscal year ended September 30, 2019, the Village’s retirement contribution reported as expenditures were \$76,824 or 9.5% of covered payroll. The employee requirement was 2.5% of applicable compensation.

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

Notes to the Financial Statements

September 30, 2019

Note 9 - Interfund Transfers

Interfund transfers for the year ended September 30, 2019, consisted of the following:

| <i>Transfer In Funds:</i> | | | | |
|----------------------------|-------------|-----------------------------|---------------------|--------------------------------|
| | General | Capital Projects Fund | Debt Service | Total Governmental Funds |
| <i>Transfer Out Funds:</i> | | | | |
| General | \$ - | \$ 5,488,307 | \$ 5,058,288 | \$ 10,546,595 |
| Debt Service | - | 20,000,000 | - | 20,000,000 |
| | <u>\$ -</u> | <u>\$ 25,488,307</u> | <u>\$ 5,058,288</u> | <u>\$ 30,546,595</u> |

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

Note 10 - Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Village participates in the public entity risk pool administered by the Florida League of Cities, Inc. for general/professional liability, property, health insurance and workers compensation. The Village pays an annual premium for these insurance programs. Participation in this risk pool is non-assessable. There were no significant reductions in insurance coverage since the inception of the Village nor were there any settlements that exceed insurance coverage amounts for the fiscal year ended September 30, 2019.

The Florida League of Cities, Inc. published financial report for the year ended September 30, 2019 can be obtained from the Florida League of Cities, Inc., Public Risk Service, 135 East Colonial Drive, Orlando, Florida 32801.

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

Notes to the Financial Statements

September 30, 2019

Note 11 - Operating Leases

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, 2019 were as follows:

| <u>Year ending September 30</u> | <u>Governmental Activities</u> |
|---------------------------------|------------------------------------|
| 2020 | \$ 203,630 |
| 2021 | 206,989 |
| 2022 | 208,957 |
| 2023 | 210,189 |
| 2024 | <u>88,478</u> |
| Total | \$ <u>918,243</u> |

Rent expense for the fiscal year ended September 30, 2019 totaled \$198,637.

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 February 28, 2021.

As of September 30, 2019, the monthly rent for office space is \$16,031 plus common area maintenance estimated with annual increases of the greater of 2.5% or consumer price index.

Note 12 - Stewardship, Compliance and Accountability

Property Taxes

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

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

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

For the year September 30, 2019, the total tax rate was .7750 mills per \$1,000 of assessed taxable property value. For the fiscal year ended September 30, 2019, the levy is based on taxable property values totaling \$6,649,259,073. 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 2019 are included in the accompanying financial statements since taxes are levied for the subsequent fiscal year and are not considered available at September 30, 2019.

At September 30, 2019, delinquent property taxes are not material to the basic financial statements of the Village and, therefore, have not been accrued as taxes receivable.

Note 13 - Commitments and Contingencies

Litigation. The Village is party to a legal challenge of the comprehensive plan. Village officials believe it is too speculative to determine whether some of the legal proceedings will have a material adverse effect in the Village's financial position. Therefore, no related liability has been recorded at September 30, 2019.

Contracts. The Village had outstanding commitment for professional service contracts totaling \$477,824 at September 30, 2019. These projects are for planning, engineering and legal services and are reported in the General Fund and Capital Projects Fund. There are no outstanding commitments in any other governmental funds.



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Required Supplementary Information



Village of Estero, Florida

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

General Fund

For the Year Ended September 30, 2019

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|--------------------------------------|-------------------------|-----------------------|----------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | <u>Final Budget</u> |
| REVENUES | | | | |
| Taxes | | | | |
| Property | \$ 4,910,000 | \$ 4,910,000 | \$ 4,955,863 | \$ 45,863 |
| Gas Tax | 535,000 | 535,000 | 540,668 | 5,668 |
| Franchise | 2,226,000 | 2,226,000 | 2,333,614 | 107,614 |
| Communications services | 807,000 | 807,000 | 866,260 | 59,260 |
| Local business | 22,500 | 22,500 | 23,047 | 547 |
| Licenses and permits | 2,400 | 2,400 | 1,450 | (950) |
| Intergovernmental revenues | 3,590,570 | 3,590,570 | 3,894,401 | 303,831 |
| Charges for services | 211,100 | 211,100 | 195,212 | (15,888) |
| Fines and forfeitures | 300 | 300 | 790 | 490 |
| Investment earnings | 80,000 | 80,000 | 456,947 | 376,947 |
| Miscellaneous | | | | |
| Other | 25,000 | 25,000 | 106,363 | 81,363 |
| Total revenues | <u>12,409,870</u> | <u>12,409,870</u> | <u>13,374,615</u> | <u>964,745</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | | | | |
| Non-departmental | 3,076,840 | 3,076,840 | 2,360,221 | 716,619 |
| Community development | 1,203,300 | 1,203,300 | 865,622 | 337,678 |
| Public safety | | | | |
| Non-departmental | 10,000 | 10,000 | 12,575 | (2,575) |
| Community development | 178,200 | 178,200 | 153,512 | 24,688 |
| Physical environment | | | | |
| Non-departmental | 354,400 | 354,400 | 112,001 | 242,399 |
| Transportation | | | | |
| Non-departmental | 1,071,900 | 1,071,900 | 673,435 | 398,465 |
| Human services | | | | |
| Non-departmental | 34,000 | 34,000 | 33,879 | 121 |
| Culture and recreation | 225,000 | 225,000 | 124,032 | 100,968 |
| Total expenditures | <u>6,153,640</u> | <u>6,153,640</u> | <u>4,335,277</u> | <u>1,818,363</u> |
| Excess of revenues over expenditures | <u>6,256,230</u> | <u>6,256,230</u> | <u>9,039,338</u> | <u>2,783,108</u> |
| OTHER FINANCING USES | | | | |
| Transfers out | (13,441,900) | (13,626,500) | (10,546,595) | 3,079,905 |
| Total other financing uses | <u>(13,441,900)</u> | <u>(13,626,500)</u> | <u>(10,546,595)</u> | <u>3,079,905</u> |
| Net change in fund balances | <u>\$ (7,185,670)</u> | <u>\$ (7,370,270)</u> | <u>(1,507,257)</u> | <u>\$ 5,863,013</u> |
| Fund balances - beginning | | | 21,271,710 | |
| Fund balances - ending | | | <u>\$ 19,764,453</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, 2019

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|--|-------------------------|--------------------|-------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | <u>Final Budget</u> |
| REVENUES | | | | |
| Licenses and permits | \$ 1,142,400 | \$ 1,142,400 | \$ 1,019,216 | \$ (123,184) |
| Investment earnings | <u>600</u> | <u>600</u> | <u>4,353</u> | <u>3,753</u> |
| Total revenues | <u>1,143,000</u> | <u>1,143,000</u> | <u>1,023,569</u> | <u>(119,431)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety | | | | |
| Community development | <u>1,179,460</u> | <u>1,179,460</u> | <u>898,904</u> | <u>280,556</u> |
| Total expenditures | <u>1,179,460</u> | <u>1,179,460</u> | <u>898,904</u> | <u>280,556</u> |
| Excess (deficiency) of revenues over expenditures | <u>(36,460)</u> | <u>(36,460)</u> | <u>124,665</u> | <u>161,125</u> |
| Net change in fund balances | <u>\$ (36,460)</u> | <u>\$ (36,460)</u> | <u>124,665</u> | <u>\$ 161,125</u> |
| Fund balances - beginning | | | <u>579,060</u> | |
| Fund balances - ending | | | <u>\$ 703,725</u> | |

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, 2019

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 Village Council may establish or terminate departments by ordinance. As of September 30, 2019, the Council has established one department for community development.

For the year ended September 30, 2019, the Village of Estero adopted a budget for the General Fund, Building Fee Fund, Capital Projects Fund and the Debt Service 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.

Village of Estero, Florida

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

Last Ten Fiscal Years

| | 2010 ¹ | 2011 ¹ | 2012 ¹ | 2013 ¹ | 2014 ¹ | 2015 ¹ | 2016 ¹ | 2017 ¹ | 2018 | 2019 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|
| Total OPEB Liability | | | | | | | | | | |
| Service cost | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,650 | \$ 1,484 |
| Interest | - | - | - | - | - | - | - | - | 580 | 483 |
| Changes of benefit terms | - | - | - | - | - | - | - | - | - | - |
| Differences between expected and actual experience | - | - | - | - | - | - | - | - | (3,719) | - |
| Changes in assumptions and other inputs | - | - | - | - | - | - | - | - | (2,677) | 501 |
| Benefit payments | - | - | - | - | - | - | - | - | - | - |
| Net change in total OPEB liability | - | - | - | - | - | - | - | - | (3,166) | 2,468 |
| Total OPEB liability - beginning | - | - | - | - | - | - | - | - | 13,326 | 10,160 |
| Total OPEB liability - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 10,160</u> | <u>\$ 12,628</u> |
| Covered-employee payroll | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$688,093 | \$830,408 |
| Total OPEB liability as a percentage of covered-employee payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 1.48% | 1.52% |

¹ The Village of Estero was incorporated December 31, 2014. Fiscal year 2015 is the first year of operations and 2016 was the initial year of healthcare benefits and OPEB liabilities. Data is not available for years prior to 2018.

Notes to the schedule:

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

Changes of Benefit Terms. The Village does not contribute toward the benefits (insurance premiums) of retired employees and there have been no substantive plan provision changes since inception of the plan.

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

| | 2010 ¹ | 2011 ¹ | 2012 ¹ | 2013 ¹ | 2014 ¹ | 2015 ¹ | 2016 ¹ | 2017 ¹ | 2018 | 2018 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------|---------|
| Measurement date | - | - | - | - | - | - | - | - | 9/30/18 | 9/30/19 |
| Active employees covered by benefit terms | - | - | - | - | - | - | - | - | 7 | 7 |
| Inactive employees currently receiving benefits | - | - | - | - | - | - | - | - | 0 | 0 |
| Inactive employees entitled to receive benefits | - | - | - | - | - | - | - | - | 0 | 0 |
| Inflation | - | - | - | - | - | - | - | - | 2.60% | 2.60% |
| Salary Increases | - | - | - | - | - | - | - | - | 3.25% | 3.25% |
| Discount Rate | - | - | - | - | - | - | - | - | 4.15% | 3.58% |



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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, 2019

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|--|-------------------------|---------------------|----------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | <u>Final Budget</u> |
| REVENUES | | | | |
| Taxes | | | | |
| Gas taxes | \$ 393,000 | \$ 393,000 | \$ 394,985 | \$ 1,985 |
| Impact fee | 1,554,520 | 1,554,520 | 1,830,982 | 276,462 |
| Intergovernmental revenues | 2,962,000 | 2,962,000 | - | (2,962,000) |
| Investment earnings | 50,000 | 50,000 | 178,172 | 128,172 |
| Total revenues | <u>4,959,520</u> | <u>4,959,520</u> | <u>2,404,139</u> | <u>(2,555,381)</u> |
| EXPENDITURES | | | | |
| Transportation | | | | |
| Non-departmental | 11,099,020 | 11,283,620 | 111,490 | 11,172,130 |
| Culture and recreation | | | | |
| Non-departmental | - | - | 5,000 | (5,000) |
| Capital outlay | | | | |
| Non-departmental | <u>26,000,000</u> | <u>26,000,000</u> | <u>25,371,816</u> | <u>628,184</u> |
| Total expenditures | <u>37,099,020</u> | <u>37,283,620</u> | <u>25,488,306</u> | <u>11,795,314</u> |
| Deficiency of revenues under expenditures | <u>(32,139,500)</u> | <u>(32,324,100)</u> | <u>(23,084,167)</u> | <u>9,239,933</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | <u>32,841,900</u> | <u>33,026,500</u> | <u>25,488,307</u> | <u>(7,538,193)</u> |
| Total other financing sources | <u>32,841,900</u> | <u>33,026,500</u> | <u>25,488,307</u> | <u>(7,538,193)</u> |
| Net change in fund balances | <u>\$ 702,400</u> | <u>\$ 702,400</u> | 2,404,140 | <u>\$ 1,701,740</u> |
| Fund balances - beginning | | | 9,135,231 | |
| Fund balances - ending | | | <u>\$ 11,539,371</u> | |

Village of Estero, Florida

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Debt Service Fund

For the Year Ended September 30, 2019

| | Budgeted Amounts | | Actual | Variance with |
|--|------------------|--------------|--------------|---|
| | Original | Final | Amounts | Final Budget- Positive (Negative) |
| REVENUES | | | | |
| Investment earnings | \$ - | \$ - | \$ 40,555 | \$ 40,555 |
| Total revenues | - | - | 40,555 | 40,555 |
| EXPENDITURES | | | | |
| Debt service | | | | |
| Principal retirement | 875,000 | 875,000 | 768,416 | 106,584 |
| Interest and fiscal charges | 725,000 | 725,000 | 289,872 | 435,128 |
| Total expenditures | 1,600,000 | 1,600,000 | 1,058,288 | 541,712 |
| Deficiency of revenues under expenditures | (1,600,000) | (1,600,000) | (1,017,733) | 582,267 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,600,000 | 1,600,000 | 5,058,288 | 3,458,288 |
| Transfers out | (21,000,000) | (21,000,000) | (20,000,000) | 1,000,000 |
| Proceeds from debt issue | 21,000,000 | 21,000,000 | 20,000,000 | (1,000,000) |
| Total other financing sources (uses) | 1,600,000 | 1,600,000 | 5,058,288 | 3,458,288 |
| Net change in fund balances | \$ - | \$ - | 4,040,555 | \$ 4,040,555 |
| Fund balances - beginning | | | - | |
| Fund balances - ending | | | \$ 4,040,555 | |

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



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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> | 57 |
| 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> | 60 |
| These schedules contain information to help the reader assess the Village’s most significant local revenue source, the property tax. | |
| <i>Debt Capacity</i> | 65 |
| 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> | 69 |
| 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> | 71 |
| 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 | | | | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|---------------------|---------------------|----------------------|
| | 2010 ¹ | 2011 ¹ | 2012 ¹ | 2013 ¹ | 2014 ¹ | 2015 | 2016 | 2017 | 2018 | 2019 |
| Governmental/Primary | | | | | | | | | | |
| Government Activities | | | | | | | | | | |
| Investment in capital assets | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 30,322 | \$ 471,087 | \$25,896,783 | \$24,798,963 | \$ 29,089,008 |
| Restricted | - | - | - | - | - | 559,136 | 2,312,410 | 5,514,939 | 9,714,291 | 12,243,096 |
| Unrestricted | - | - | - | - | - | 582,076 | 5,503,844 | 13,155,253 | 21,312,574 | 23,550,463 |
| Total governmental activities/ primary government net position | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$1,171,534</u> | <u>\$8,287,341</u> | <u>\$44,566,975</u> | <u>\$55,825,828</u> | <u>\$ 64,882,567</u> |

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

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

Village of Estero, Florida

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

Schedule 2

| | 2010 ¹ | 2011 ¹ | 2012 ¹ | 2013 ¹ | 2014 ¹ | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|--------------|--------------|---------------|---------------|--------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 536,623 | \$ 2,289,683 | \$ 2,617,224 | \$ 2,788,737 | \$ 3,401,752 |
| Public safety | - | - | - | - | - | 1,080 | 887,642 | 1,317,701 | 1,196,671 | 1,085,537 |
| Physical environment | - | - | - | - | - | 6,596 | 306,643 | 436,856 | 345,096 | 115,558 |
| Transportation | - | - | - | - | - | - | 2,548,077 | 2,237,548 | 2,196,698 | 2,412,108 |
| Human services | - | - | - | - | - | - | 48,428 | 48,428 | 22,756 | 33,879 |
| Culture and recreation | - | - | - | - | - | - | - | - | - | 129,032 |
| Interest and issuance cost | - | - | - | - | - | 5,150 | - | - | - | 608,273 |
| Total governmental activities/primary government expenses | - | - | - | - | - | 549,449 | 6,080,473 | 6,657,757 | 6,549,958 | 7,786,139 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | - | - | - | - | - | 138 | 168,073 | 313,409 | 279,144 | 195,212 |
| Public safety | - | - | - | - | - | - | 685,873 | 1,306,426 | 1,334,561 | 1,021,456 |
| Operating grants and contributions | - | - | - | - | - | 62,027 | - | 176,414 | 177,777 | 176,336 |
| Capital grants and contributions | - | - | - | - | - | 497,081 | 1,431,918 | 29,267,345 | 3,322,274 | 1,830,982 |
| Total governmental activities/primary government program revenues | - | - | - | - | - | 559,246 | 2,285,864 | 31,063,594 | 5,113,756 | 3,223,986 |
| General Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property, levied for general purposes | - | - | - | - | - | - | 4,589,279 | 4,699,042 | 4,819,043 | 4,955,863 |
| Gas | - | - | - | - | - | - | 892,944 | 734,682 | 749,468 | 759,317 |
| Franchise | - | - | - | - | - | - | 1,713,134 | 2,224,309 | 2,288,523 | 2,333,614 |
| Communication services | - | - | - | - | - | - | 340,416 | 719,940 | 794,969 | 866,260 |
| Local business taxes | - | - | - | - | - | 6,242 | 22,640 | 22,028 | 22,561 | 23,047 |
| Intergovernmental revenues | - | - | - | - | - | 1,155,305 | 3,329,066 | 3,326,662 | 3,522,911 | 3,894,401 |
| Investment earnings | - | - | - | - | - | 190 | 18,481 | 119,081 | 407,796 | 680,027 |
| Miscellaneous | - | - | - | - | - | - | 4,456 | 28,053 | 89,784 | 106,363 |
| Total governmental activities/primary government | - | - | - | - | - | 1,161,737 | 10,910,416 | 11,873,797 | 12,695,055 | 13,618,892 |
| Change in Net Position | | | | | | | | | | |
| Total governmental activities/primary government | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,171,534 | \$ 7,115,807 | \$ 36,279,634 | \$ 11,258,853 | \$ 9,056,739 |

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

Village of Estero, Florida

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Schedule 3

| | Fiscal Year | | | | | | | | | |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|---------------------|---------------------|----------------------|
| | 2010 ¹ | 2011 ¹ | 2012 ¹ | 2013 ¹ | 2014 ¹ | 2015 | 2016 | 2017 | 2018 | 2019 |
| General Fund | | | | | | | | | | |
| Non-spendable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 14,533 | \$ 14,633 | \$ 14,633 | \$ 14,633 |
| Restricted | - | - | - | - | - | 62,027 | - | - | - | - |
| Committed | - | - | - | - | - | - | - | - | - | 5,124,700 |
| Unassigned | - | - | - | - | - | 580,773 | 5,568,981 | 13,118,237 | 21,257,077 | 14,625,120 |
| Total General Fund | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 642,800</u> | <u>\$5,583,514</u> | <u>\$13,132,870</u> | <u>\$21,271,710</u> | <u>\$ 19,764,453</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Restricted | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 497,109 | \$2,312,410 | \$ 5,514,939 | \$ 9,714,291 | \$ 12,243,096 |
| Assigned, reported in: | | | | | | | | | | |
| Debt service fund | - | - | - | - | - | - | - | - | - | 4,040,555 |
| Unassigned | - | - | - | - | - | - | (101,439) | - | - | - |
| Total all other governmental funds | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 497,109</u> | <u>\$2,210,971</u> | <u>\$ 5,514,939</u> | <u>\$ 9,714,291</u> | <u>\$ 16,283,651</u> |

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

Changes In Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Schedule 4

| | Fiscal Year | | | | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|--------------|--------------|---------------|---------------|--------------|
| | 2010 ¹ | 2011 ¹ | 2012 ¹ | 2013 ¹ | 2014 ¹ | 2015 | 2016 | 2017 | 2018 | 2019 |
| Revenues | | | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 6,242 | \$ 7,558,413 | \$ 8,576,415 | \$ 8,852,341 | \$ 9,114,437 |
| Licenses and permits | - | - | - | - | - | - | 685,873 | 1,306,158 | 1,854,018 | 1,020,666 |
| Impact fees | - | - | - | - | - | 497,081 | 1,431,918 | 2,596,943 | 2,802,274 | 1,830,982 |
| Intergovernmental | - | - | - | - | - | 1,217,332 | 3,329,066 | 3,326,662 | 3,522,911 | 3,894,401 |
| Charges for services | - | - | - | - | - | - | 167,589 | 313,409 | 279,144 | 195,212 |
| Fines and forfeitures | - | - | - | - | - | 138 | 484 | 268 | 543 | 790 |
| Investment earnings | - | - | - | - | - | 190 | 18,481 | 119,081 | 407,796 | 680,027 |
| Miscellaneous | | | | | | | | | | |
| Other | - | - | - | - | - | - | 4,456 | 28,053 | 89,784 | 106,363 |
| Total revenues | - | - | - | - | - | 1,720,983 | 13,196,280 | 16,266,989 | 17,808,811 | 16,842,878 |
| Expenditures | | | | | | | | | | |
| General government | - | - | - | - | - | 537,675 | 2,264,950 | 2,534,379 | 2,737,183 | 3,225,843 |
| Public safety | - | - | - | - | - | 1,080 | 875,992 | 1,300,626 | 1,177,337 | 1,064,991 |
| Physical environment | - | - | - | - | - | 6,596 | 306,643 | 436,856 | 433,352 | 112,001 |
| Transportation | - | - | - | - | - | - | 2,548,077 | 1,021,378 | 457,090 | 784,925 |
| Human services | - | - | - | - | - | - | 48,428 | 48,428 | 22,756 | 33,879 |
| Culture/recreation | - | - | - | - | - | - | - | - | - | 129,032 |
| Capital outlay | - | - | - | - | - | 30,573 | 497,614 | 71,998 | 642,901 | 25,371,816 |
| Debt service | | | | | | | | | | |
| Principal | - | - | - | - | - | - | - | - | - | 768,416 |
| Interest and issuance cost | - | - | - | - | - | 5,150 | - | - | - | 289,872 |
| Total expenditures | - | - | - | - | - | 581,074 | 6,541,704 | 5,413,665 | 5,470,619 | 31,780,775 |
| Excess (deficiency) of revenues over expenditures | - | - | - | - | - | 1,139,909 | 6,654,576 | 10,853,324 | 12,338,192 | (14,937,897) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | 90,849 | 494,611 | 30,546,595 |
| Transfers out | - | - | - | - | - | - | - | (90,849) | (494,611) | (30,546,595) |
| Proceeds from debt | - | - | - | - | - | - | - | - | - | 20,000,000 |
| Total other financing sources | - | - | - | - | - | - | - | - | - | 20,000,000 |
| Net change in fund balances | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,139,909 | \$ 6,654,576 | \$ 10,853,324 | \$ 12,338,192 | \$ 5,062,103 |
| Debt service as a percentage of noncapital expenditures | - | - | - | - | - | 0.9% | 0.0% | 0.0% | 0.0% | 16.5% |

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

Village of Estero, Florida

Assessed Value And Estimated Actual Value Of Taxable Property

Last Ten Fiscal Years

Schedule 5

| Fiscal Year Ended September 30 | Real Property | | | Personal Property | Less: Allowable Exemptions ² | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Market (Just) Value | Taxable Assessed Value as a Percentage of Actual Value |
|---|-------------------------|------------------------|-------------------|----------------------|--|---------------------------------|-----------------------------|--|--|
| | Residential Property | Commercial Property | Other Property | | | | | | |
| 2010 ¹ | - | - | - | - | - | - | - | - | - |
| 2011 ¹ | - | - | - | - | - | - | - | - | - |
| 2012 ¹ | - | - | - | - | - | - | - | - | - |
| 2013 ¹ | - | - | - | - | - | - | - | - | - |
| 2014 ¹ | - | - | - | - | - | - | - | - | - |
| 2015 ¹ | - | - | - | - | - | - | - | - | - |
| 2016 | 5,962,856,036 | 690,966,701 | 158,665,392 | 150,308,030 | 1,284,789,616 | 5,675,825,842 | 0.8398 | 6,960,615,458 | 81.54% |
| 2017 | 6,443,023,813 | 782,939,531 | 192,602,734 | 166,973,374 | 1,459,920,847 | 6,097,421,427 | 0.7998 | 7,557,342,274 | 80.68% |
| 2018 | 6,889,049,163 | 741,778,217 | 213,442,459 | 180,814,659 | 1,539,523,465 | 6,484,202,557 | 0.7798 | 8,023,726,022 | 80.81% |
| 2019 | 6,869,267,079 | 741,713,355 | 206,437,254 | 189,025,467 | 1,386,361,871 | 6,649,259,073 | 0.7750 | 8,035,620,944 | 82.75% |

Source: Lee County Property Appraiser.

Note: Real property is reassessed every year.

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

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

Village of Estero, Florida

Property Tax Rates - Direct And Overlapping Governments

(Per \$1,000 of Assessed Value)

Last Ten Fiscal Years

Schedule 6

| Fiscal Year | Village of Estero, Florida | | | Overlapping Rates ² | | | | | | | | Total Direct & Overlapping Rates |
|-------------------|----------------------------|--------------------|-----------------------------|--------------------------------|-----------------|------------------|----------------|--------------|-----------------|---|--------------------|---|
| | Debt | | Total Village Millage | Lee County | | | School | | | Estero Fire District ³ | Other ⁴ | |
| | Operating Millage | Service Millage | | General Revenue | Library Fund | Total Lee Cty | Local Board | State Law | Total School | | | |
| 2010 ¹ | - | - | - | - | - | - | - | - | - | | - | - |
| 2011 ¹ | - | - | - | - | - | - | - | - | - | | - | - |
| 2012 ¹ | - | - | - | - | - | - | - | - | - | | - | - |
| 2013 ¹ | - | - | - | - | - | - | - | - | - | | - | - |
| 2014 ¹ | - | - | - | - | - | - | - | - | - | | - | - |
| 2015 ¹ | - | - | - | - | - | - | - | - | - | | - | - |
| 2016 | 0.8398 | - | 0.8398 | 4.1506 | 0.5956 | 4.7462 | 2.2480 | 5.0370 | 7.2850 | 2.1881 | 0.6605 | 15.7196 |
| 2017 | 0.7998 | - | 0.7998 | 4.0506 | 0.5956 | 4.6462 | 2.2480 | 4.7410 | 6.9890 | 2.1500 | 0.6361 | 15.2211 |
| 2018 | 0.7798 | - | 0.7798 | 4.0506 | 0.5956 | 4.6462 | 2.2480 | 4.4310 | 6.6790 | 2.1300 | 0.6542 | 14.8892 |
| 2018 | 0.7750 | - | 0.7750 | 4.0506 | 0.4956 | 4.5462 | 2.2480 | 4.1530 | 6.4010 | 2.1300 | 0.6205 | 14.4727 |

Source: Lee County Property Appraiser.

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

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

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

³ The Village of Estero has three Fire Districts within its boundaries. Estero Fire Rescue District, 2.1300 millage rate, San Carlos Park Fire District, 2.9000 millage rate, and Bonita Springs Fire District 2.3100 millage rate.

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

Principal Property Taxpayers

Current Fiscal Year and Nine Fiscal Years Ago

Schedule 7

| Taxpayer | 2019 | | | 2010 ¹ | | |
|-------------------------------|------------------------|------|--|------------------------|------|--|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Miromar Outlet West LLC | 118,585,173 | 1 | 1.78% | - | - | - |
| Coconut Point Developers LLC | 112,811,192 | 2 | 1.70% | - | - | - |
| Hertz Corporation | 59,425,232 | 3 | 0.89% | - | - | - |
| CV Fort Myers Borrower LLC | 52,753,820 | 4 | 0.79% | | | |
| Fort Myers Reef Acquisitions | 51,981,980 | 5 | 0.78% | | | |
| Passco Longitude | 43,225,629 | 6 | 0.65% | - | - | - |
| Florida Power & Light Company | 43,173,662 | 7 | 0.65% | - | - | - |
| Miromar Outlet East LLC | 38,588,276 | 8 | 0.58% | - | - | - |
| Continental 376 Fund LLC | 22,441,148 | 9 | 0.34% | | | |
| Coconut Point DE LLC | 22,110,180 | 10 | 0.33% | | | |
| Total | <u>\$ 565,096,292</u> | | <u>6.71%</u> | <u>\$ -</u> | | <u>0.00%</u> |

Source: Lee County Property Appraiser.

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

Property Tax Levies And Collections

Last Ten Fiscal Years

Schedule 8

| Fiscal Year Ended Sep 30 | Total Tax Levy For Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|-----------------------------------|--------------------------------------|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
| | | Amount ² | Percentage of Levy | | Amount | Percentage of Levy |
| 2010 ¹ | - | - | 0.00% | - | - | 0.00% |
| 2011 ¹ | - | - | 0.00% | - | - | 0.00% |
| 2012 ¹ | - | - | 0.00% | - | - | 0.00% |
| 2013 ¹ | - | - | 0.00% | - | - | 0.00% |
| 2014 ¹ | - | - | 0.00% | - | - | 0.00% |
| 2015 ¹ | - | - | 0.00% | - | - | 0.00% |
| 2016 | 4,766,559 | 4,588,424 | 96.26% | (14,372) | 4,574,052 | 95.96% |
| 2017 | 4,876,718 | 4,699,042 | 96.36% | (29,960) | 4,669,082 | 95.74% |
| 2018 | 5,056,381 | 4,819,043 | 95.31% | 44,332 | 4,863,375 | 96.18% |
| 2019 | 5,153,176 | 4,954,539 | 96.17% | 1,324 | 4,955,863 | 96.17% |

Source: Lee County Tax Collector.

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

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

Ratios Of Outstanding Debt By Type

Last Ten Fiscal Years

Schedule 9

| Fiscal Year | Governmental Activities | | | Total Primary Government | Percentage of Personal Income ² | Per Capita ² |
|-------------------|--------------------------------|------------------|---|--------------------------------|--|----------------------------|
| | General Obligation Bonds | Revenue Bonds | Notes, Loans and Agreements Payable | | | |
| 2010 ¹ | - | - | - | - | - | - |
| 2011 ¹ | - | - | - | - | - | - |
| 2012 ¹ | - | - | - | - | - | - |
| 2013 ¹ | - | - | - | - | - | - |
| 2014 ¹ | - | - | - | - | - | - |
| 2015 ¹ | - | - | - | - | - | - |
| 2016 | - | - | - | - | - | - |
| 2017 | - | - | - | - | - | - |
| 2018 | - | - | - | - | - | - |
| 2019 | - | - | 19,231,584 | 19,231,584 | 0.0% | 593 |

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

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

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

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Schedule 10

| Fiscal Year | General Bonded Debt Outstanding | | | Percentage of Estimated Actual Taxable Value of Property | Per Capita |
|-------------------|---------------------------------|--|-------|---|---------------|
| | General Obligation Bonds | Less: Amounts Available in Debt Service Fund | Total | | |
| 2010 ¹ | - | - | - | 0.00% | - |
| 2011 ¹ | - | - | - | 0.00% | - |
| 2012 ¹ | - | - | - | 0.00% | - |
| 2013 ¹ | - | - | - | 0.00% | - |
| 2014 ¹ | - | - | - | 0.00% | - |
| 2015 ¹ | - | - | - | 0.00% | - |
| 2016 | - | - | - | 0.00% | - |
| 2017 | - | - | - | 0.00% | - |
| 2018 | - | - | - | 0.00% | - |
| 2019 | - | - | - | 0.00% | - |

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

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

Direct And Overlapping Governmental Activities Debt

As of September 30, 2019

Schedule 11

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable</u> | <u>Estimated Share of Overlapping Debt</u> |
|-----------------------------------|-----------------------------|--|--|
| Debt repaid with property taxes | | | |
| Lee County | \$ 229,483,000 ¹ | 8.5% ² | \$ 19,506,055 |
| Village direct debt | | | <u>19,231,584 ³</u> |
| Total direct and overlapping debt | | | <u><u>\$ 38,737,639</u></u> |

¹ Lee County Clerk of Court, Finance Division

² Determined by dividing:

"Total Taxable Assessed Valuation" from Schedule 5

\$ 6,649,259,073

by the "Total Taxable Assessed Value" of Lee County

\$ 78,471,856,444 ⁴

³ See Schedule 9 herein.

⁴ Lee County Property Appraiser

Legal Debt Margin Information

Last Ten Fiscal Years

Schedule 12

| | 2010 ¹ | 2011 ¹ | 2012 ¹ | 2013 ¹ | 2014 ¹ | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|-------------|-------------|-------------|-------------|
| Legal debt limit ² | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total net debt applicable to limit | - | - | - | - | - | 153,500 | - | - | - | 19,231,584 |
| 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 as a percentage of debt limit | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

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

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

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

Schedule 13

| Fiscal Year | Population | | Lee County ² | Village of Estero | | Lee County ² |
|-------------------|-----------------------------------|----------------------------|---|---|----------------------------|-----------------------------------|
| | Village of Estero ³ | Lee County ³ | Total Personal Income (in thousands) ⁴ | Per Capita Personal Income ⁵ | Median Age ⁵ | Unemployment Rate ⁶ |
| 2010 ¹ | - | - | - | - | - | - |
| 2011 ¹ | - | - | - | - | - | - |
| 2012 ¹ | - | - | - | - | - | - |
| 2013 ¹ | - | - | - | - | - | - |
| 2014 ¹ | - | - | - | - | - | - |
| 2015 ¹ | 30,118 | 665,562 | 29,096,374 | 43,717 | 60.2 | 5.1% |
| 2016 | 30,565 | 680,255 | 29,738,708 | 43,717 | 60.2 | 4.5% |
| 2017 | 30,945 | 698,185 | 35,534,824 | 50,896 | 60.2 | 4.6% |
| 2018 | 31,806 | 713,618 | 37,787,500 | 52,952 | 61.0 | 4.0% |
| 2019 | 32,412 | 734,890 | 39,146,855 | 53,269 | 61.7 | 3.4% |

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

Data Sources:

² Village of Estero statistics unattainable.

³ The Florida Legislature Office of Economic and Demographic Research, University of Florida.

⁴ Determined by multiplying population by per capita income.

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

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

Principal Employers ²

Current Fiscal Year and Nine Fiscal Years Ago

Schedule 14

| Employer | 2019 | | | 2010 ¹ | | |
|------------------------------------|---------------|------|--|-------------------|------|--|
| | Employees | Rank | Percentage of Total County Employment | Employees | Rank | Percentage of Total County Employment |
| Lee Memorial Health Systems | 13,595 | 1 | 3.92% | - | - | 0.00% |
| Lee County School District | 12,936 | 2 | 3.73% | - | - | 0.00% |
| Lee County Government | 9,038 | 3 | 2.61% | - | - | 0.00% |
| Publix Super Markets | 4,624 | 4 | 1.33% | - | - | 0.00% |
| Florida Gulf Coast University | 3,430 | 5 | 0.99% | - | - | 0.00% |
| Wal-Mart Corporation | 3,067 | 6 | 0.88% | - | - | 0.00% |
| City of Cape Coral | 2,253 | 7 | 0.65% | - | - | 0.00% |
| Hope Hospice | 1,630 | 8 | 0.47% | - | - | 0.00% |
| McDonald's | 1,482 | 9 | 0.43% | - | - | 0.00% |
| Florida Southwestern State College | 1,441 | 10 | 0.42% | - | - | 0.00% |
| | - | | - | - | | - |
| Total | <u>53,496</u> | | <u>15.43%</u> | <u>-</u> | | <u>0.00%</u> |

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

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

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

Full-Time Equivalent Village Government Employees By Function

Last Ten Fiscal Years

Schedule 15

| Function | Full-time Equivalent Employees as of September 30 | | | | | | | | | |
|--------------------|---|-------------------|-------------------|-------------------|-------------------|------|------|------|------|------|
| | 2010 ¹ | 2011 ¹ | 2012 ¹ | 2013 ¹ | 2014 ¹ | 2015 | 2016 | 2017 | 2018 | 2019 |
| General Government | - | - | - | - | - | 5.0 | 7.0 | 8.5 | 10.5 | 11.0 |
| Total | - | - | - | - | - | 5.0 | 7.0 | 8.5 | 10.5 | 11.0 |

Source: Village of Estero Annual Budget as amended.

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

Operating Indicators By Function ²

Last Ten Fiscal Years

Schedule 16

| Function | Fiscal Year | | | | | | | | | |
|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2010 ¹ | 2011 ¹ | 2012 ¹ | 2013 ¹ | 2014 ¹ | 2015 ² | 2016 ² | 2017 ² | 2018 ² | 2019 ² |
| General Government | - | - | - | - | - | - | - | - | - | - |
| Total | - | - | - | - | - | - | - | - | - | - |

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

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

Capital Asset Statistics By Function ²

Last Ten Fiscal Years

Schedule 17

| Function | Fiscal Year | | | | | | | | | |
|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2010 ¹ | 2011 ¹ | 2012 ¹ | 2013 ¹ | 2014 ¹ | 2015 ² | 2016 ² | 2017 ² | 2018 ² | 2019 ² |
| General Government | - | - | - | - | - | - | - | - | - | - |
| Total | - | - | - | - | - | - | - | - | - | - |

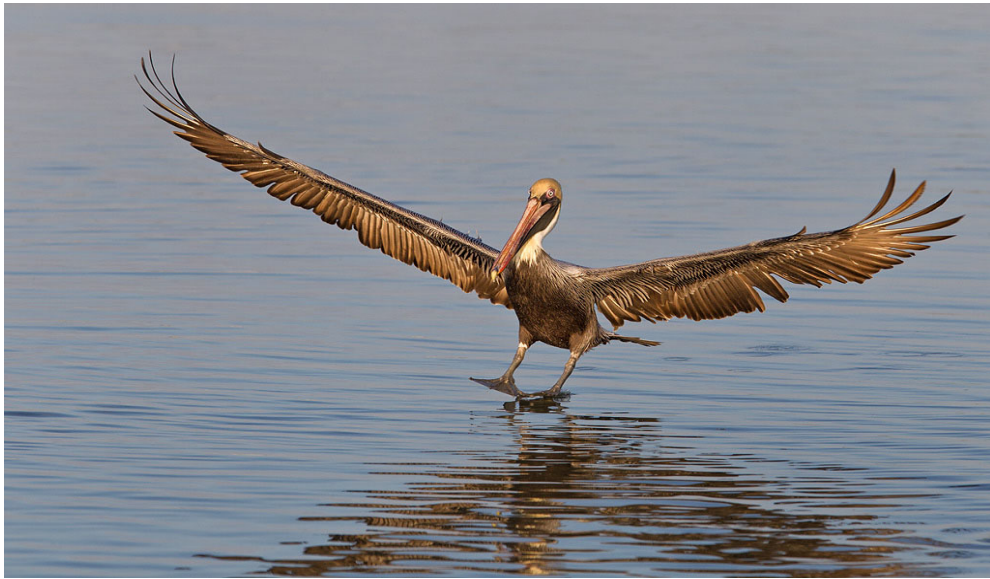
¹ The Village of Estero was incorporated December 31, 2014. Therefore, fiscal year 2015 is the first year of operations. Ten-year historic data will be accumulated and reflected in future year's financial statements.

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



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Other Supplementary Information



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America, the basic financial statements of the governmental activities and each major fund of the Village of Estero (the "Village") as of and for the year ended September 30, 2019, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents and have issued our report thereon dated January 31, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses may exist that have not been identified. We, however, noted a certain other item that we reported in our Report to Management dated January 31, 2020.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Estero's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 that are required to be reported under Government Auditing Standards.

Purpose of This Report

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

A handwritten signature in black ink that reads "TUSCAN & COMPANY, P.A." with a stylized flourish at the end.

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

January 31, 2020

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

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

We have examined the Village of Estero's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2019. Management is responsible for the Village of Estero's compliance with those requirements. Our responsibility is to express an opinion on the Village of Estero's compliance based on our examination.

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

In our opinion, the Village of Estero complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

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



TUSCAN & COMPANY, P.A.
Fort Myers, Florida
January 31, 2020

Management Letter





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INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT

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

We have audited the accompanying basic financial statements of the Village of Estero (the "Village") as of and for the year ended September 30, 2019 and have issued our report thereon dated January 31, 2020.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an audit of the financial statements performed in accordance with Government Auditing Standards and Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports, which were dated January 31, 2020, should be considered in conjunction with this report to management.

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

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The prior year report contained one financially significant comment. There were no financially significant prior year comments noted.

- Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. No such recommendations were noted to improve financial management.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address violations or noncompliance with provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Village discloses this information in the notes to the financial statements.
- Section 10.554(1)(i)5.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Village did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.554(1)(i)5.b and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures pursuant to Rule 10.556(8). It is management's responsibility to monitor the Village's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management.
- Pursuant to Section 10.554(1)(i)5.b.2, Rules of the Auditor General, if a deteriorating financial condition(s) is noted then a statement is so required along with the conditions causing the auditor to make such a conclusion. No such conditions were noted.
- Pursuant to Section 10.554(1)(i)5.c., Rules of the Auditor General, requires a statement indicating a failure, if any, of a component unit to provide financial information necessary to a proper reporting of the component unit within the audited financial statements of this entity (F.S. Section 218.39(3)(b)). There are no known component units required to report or included within these financial statements.

Section 10.556(10)(a), Rules of the Auditor General, requires that the scope of our audit to determine the entity's compliance with the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Village complied with Section 218.415, Florida Statutes as reported in our Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes dated January 31, 2020, included herein.

PRIOR YEAR COMMENTS:

There were no financially significant prior year comments.

CURRENT YEAR COMMENTS:

2019-01 Contracted Service Provider Reporting Must be Improved

During the year ended September 30, 2019, we noted several programming and administrative issues with the proprietary software developed and maintained by the community development department's contract service provider.

Specifically, the following issues were noted with the service provider's proprietary software:

- 1) Community development staff members were permitted to remove fees and issue permits prior to payment of fees in the software without documentations of approval.
- 2) Certain administrative fees were set up to calculate incorrectly in the software.
- 3) A software update allowed multiple credit card payments for the same permit on the public portal; however, fee payments were not recorded in the proprietary community development software.
- 4) No printable log of historical system errors and/or overrides was stored or available.

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



TUSCAN & COMPANY, P.A.

Fort Myers, Florida

January 31, 2020

William Ribble
Mayor
District One

March 3, 2020

Howard Levitan
District Two

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

Jon McLain
District Three

Re: **Management Letter for Fiscal Year Ended September 30, 2019**

Katy Errington
Vice Mayor
District Four

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

Jim Boesch
District Five

In accordance with the Management Letter, the Village has made the following requests of the community development contract service provider to address issues with their proprietary software:

Nick Batos
District Six

Jim Wilson
District Seven

1) The software will be updated to prohibit staff from changing or removing a fee or issuing a permit prior to fee payment. If fees were assessed in error and need to be removed, a credit may be recorded to adjust the amount due upon approval and a printable log of such activity must be maintained.

Steve Sarkozy
Village Manager

2) All new or updated fees will be reviewed in a testing environment and will not be updated until review has been completed along with written authorization to release.

Burt Saunders
Village Attorney

3) Updates to software need to be tested extensively prior to release. With the recent update, errors continued to occur for several months which required at least three different programming corrections.

4) A system log must be stored and printable of all system errors and overrides.

The Village has budgeted in 2019-2020 to purchase new software for the community development operations. The software will be selected from those specifically designed for local governments and will be developed and maintained by the software manufacturer. Also, administrative rights will be restricted to non-community development staff.



Steven R. Sarkozy
Village Manager



Lisa Griggs Roberson, CPA
Finance Director