

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

## **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended September 30, 2020**



Prepared by the Finance Staff



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**Village of Estero, Florida**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended September 30, 2020**

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# Introductory Section



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May 25, 2021

Joanne Ribble  
District One

Larry Fiesel  
District Two

Jon McLain  
Vice Mayor  
District Three

Katy Errington  
Mayor  
District Four

Jim Boesch  
District Five

Jim Ward  
District Six

Jim Wilson  
District Seven

Steve Sarkozy  
Village Manager

Burt Saunders  
Village Attorney

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

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

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, 2020. 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, 2020. 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 and serve for a two-year term. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring both the Village Manager and Attorney. The Village Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the Village, and for appointing the heads of the various departments.

The Village provides the following services: streets and roads, 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. In the lone case of debt for the purchase of land any sale of all or a portion of the land has all proceeds dedicated to retiring a portion of that debt.

### **Economic condition and outlook**

The continued construction of residential, multi-family and commercial property resulted in a 2.4% increase in taxable property values over the prior year. The median home value is projected to increase 10% over the next five years (Lee County Economic Development-Community Profile). The Village has benefitted by the construction of a new 150,000 square foot medical clinic developed by the Lee Health Medical System. In addition, Estero is the epicenter of new residential development with over 15,000 single family homes recently permitted and in various stages of construction on our outskirts. The entirety of this new construction views Estero as their home community. These new facilities are anticipated to provide significant employment opportunities as well as economic support for existing residential, commercial and retail properties. As a result, the Village’s taxable property values are predicted to increase for the next few fiscal years; however, growth may slow as the Village nears build-out of vacant land.

The COVID-19 pandemic impacted the local economy. The unemployment rate in 2020 for Lee County was 6.1% compared to 7.2% in Florida and 7.9% 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**

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

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

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

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

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

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

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

## Awards and Acknowledgements

The Government Financial Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Estero for fiscal year ended September 30, 2019. 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,

A handwritten signature in blue ink, appearing to read "Steven R. Sarkozy", is positioned above a horizontal line.

Steven R. Sarkozy  
Village Manager



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Village of Estero  
Florida**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

September 30, 2019

*Christopher P. Morill*

Executive Director/CEO

# *Village of Estero, Florida*

## **VILLAGE OFFICIALS**

**As of September 30, 2020**



***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***

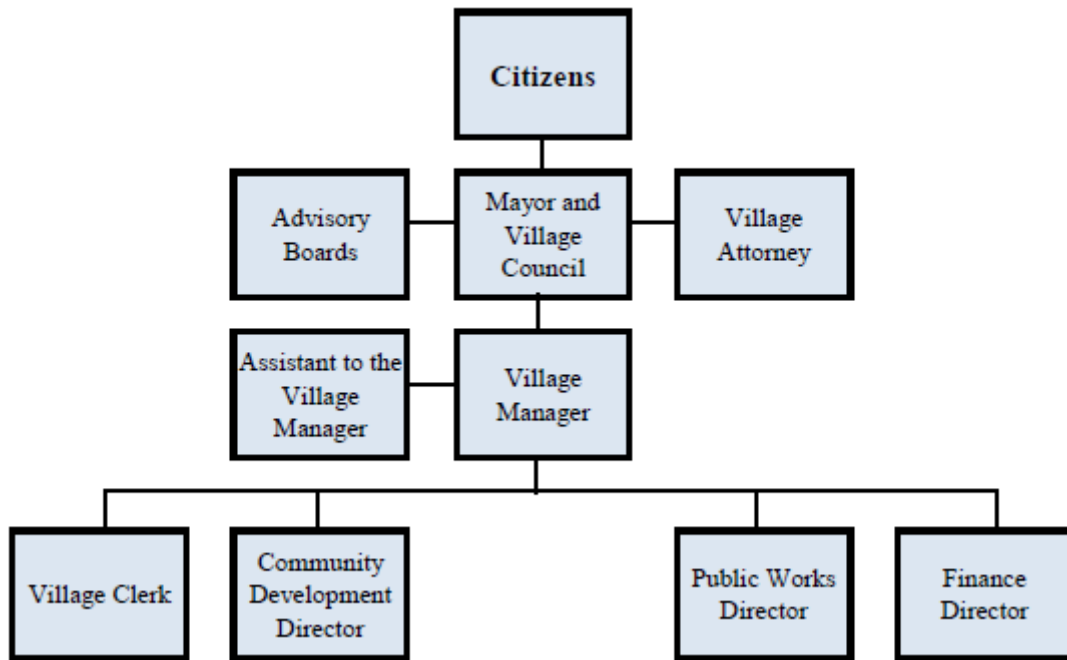
Steven R. Sarkozy, Village Manager

Burt L. Saunders, Village Attorney

Carol Sacco, Village Clerk

# *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, 2020, 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, 2020, 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 schedules and statistical section as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Village Council  
Village of Estero


Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village's basic financial statements. The Management's Response to Independent Auditor's Report to Management on page 82 and the Impact Fee Affidavit on page 83 are not a required part of the basic financial statements but are required by Government Auditing Standards and Rules of the Auditor General Section 10.557(3)(m), respectively. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

***Other Reporting Required by Section 218.415, Florida Statutes***

In accordance with Section 218.415, Florida Statutes, we have also issued a report dated May 25, 2021, on our consideration of the Village of Estero's compliance with provisions of Section 218.415, Florida Statutes. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and to provide an opinion on compliance with the aforementioned Statute. That report is an integral part of an audit performed in accordance with Sections 218.39 and 218.415, Florida Statutes in considering the Village of Estero's compliance with Section 218.415, Florida Statutes.

***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated May 25, 2021, 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 "Tuscán & Company, P.A." in a cursive, flowing script.

TUSCAN & COMPANY, P.A.  
Fort Myers, Florida  
May 25, 2021

## ***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, 2020. 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, 2020 the Village's assets exceeded its liabilities, resulting in net position of \$75,035,485, all of which is related to governmental activities. Of this amount, \$24,724,400 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 \$10,152,918, or 15.6%.
- Total general and program revenues were \$18,664,000 and increased \$1,821,122.
- Total expenses were \$8,511,082 and increased \$724,943.
- The fund balance of the governmental funds increased by \$161,400.
- The governmental funds reported total ending fund balance of \$36,209,504 as of September 30, 2020 of which \$11,742,357 was restricted, \$15,201 was non-spendable, \$6,044,700 was committed, \$4,179,199 was assigned and \$14,228,047 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 \$20,272,747, or 436.5% of total General Fund expenditures and 157.8% of total General Fund revenue.
- The Village's total long term debt had a net decrease of \$1,641,295.

### **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 exceeded liabilities by \$75,035,485 at the close as of September 30, 2020.

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

	Governmental Activities	
	2020	2019
<i>Assets:</i>		
Current and other assets	\$ 38,874,941	\$ 36,863,968
Capital assets	<u>56,635,996</u>	<u>48,320,592</u>
Total assets	95,510,937	85,184,560
<i>Liabilities:</i>		
Other liabilities	2,856,423	1,057,781
Long-term liabilities	<u>17,619,029</u>	<u>19,244,212</u>
Total liabilities	20,475,452	20,301,993
<i>Net position:</i>		
Investment in capital assets	38,568,728	29,089,008
Restricted	11,742,357	12,243,096
Unrestricted	<u>24,724,400</u>	<u>23,550,463</u>
Total net position	<u>\$ 75,035,485</u>	<u>\$ 64,882,567</u>

The largest portion of net position \$38,568,728 (51.4%) 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 construction in progress changes mostly on the Estero Parkway Improvement project and purchase of the Williams Road property and reduction in related debt.

The restricted net position amount of \$11,742,357 (15.6% of total net position) represents assets that are subject to external restrictions on how they are used. The remaining balance of unrestricted net position (\$24,724,400; 33.0% of total net position), may be used to meet the government's ongoing obligations to citizens and creditors.

At fiscal year ended September 2020, 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.

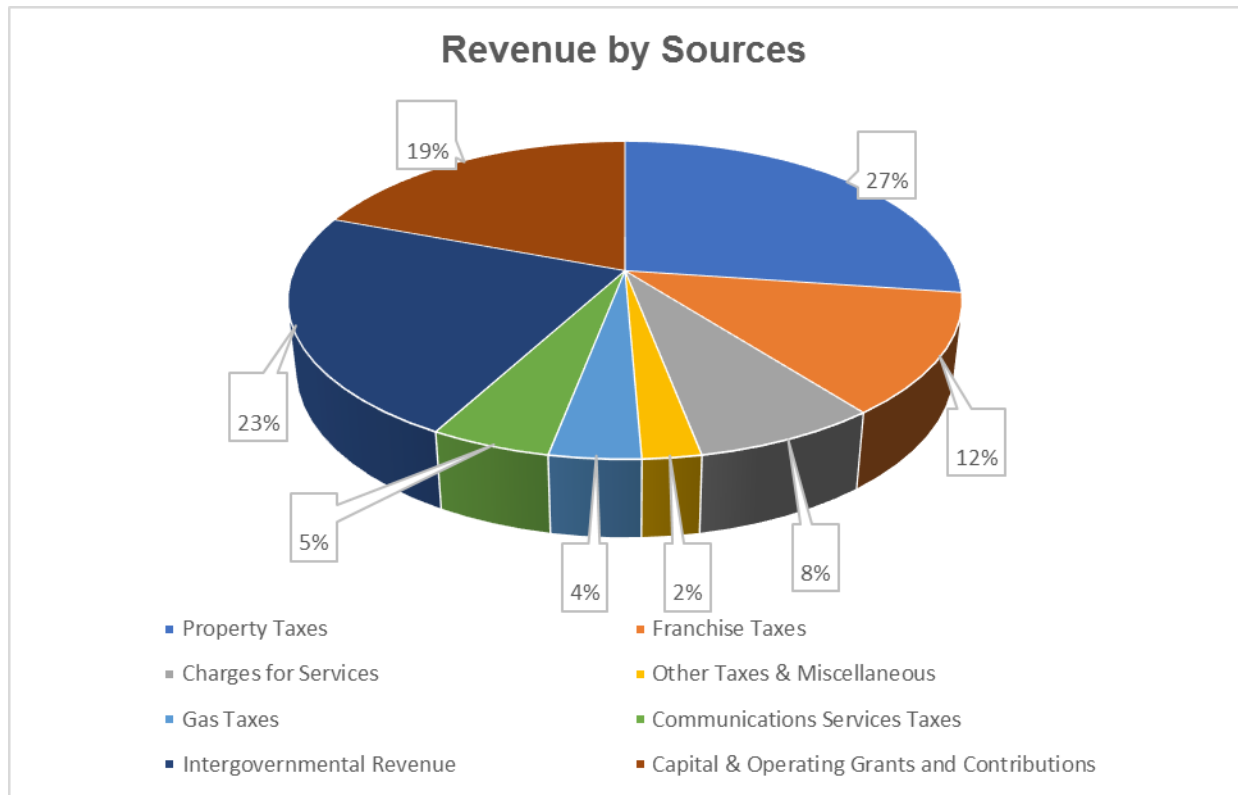
**Governmental Activities.** The governmental activities increased the Village's total assets by \$10,326,377, increased the Village's total liabilities by \$173,459, and increased the total net position by \$10,152,918. The increase in net position resulting from governmental activities is 15.6% in comparison to prior fiscal year. The increase in the governmental activities' net investment in capital assets is \$9,479,720, or 32.6%, in comparison prior fiscal year. The increases in assets is primarily the result of construction in progress changes mostly on the Estero Parkway Improvement project and purchase of the Williams Road property. The increase net position is primarily the result of revenues exceeding operating expenses.

The following schedule compares the key elements of the changes in net position for the primary government for the fiscal years ended September 30, 2020 and 2019:

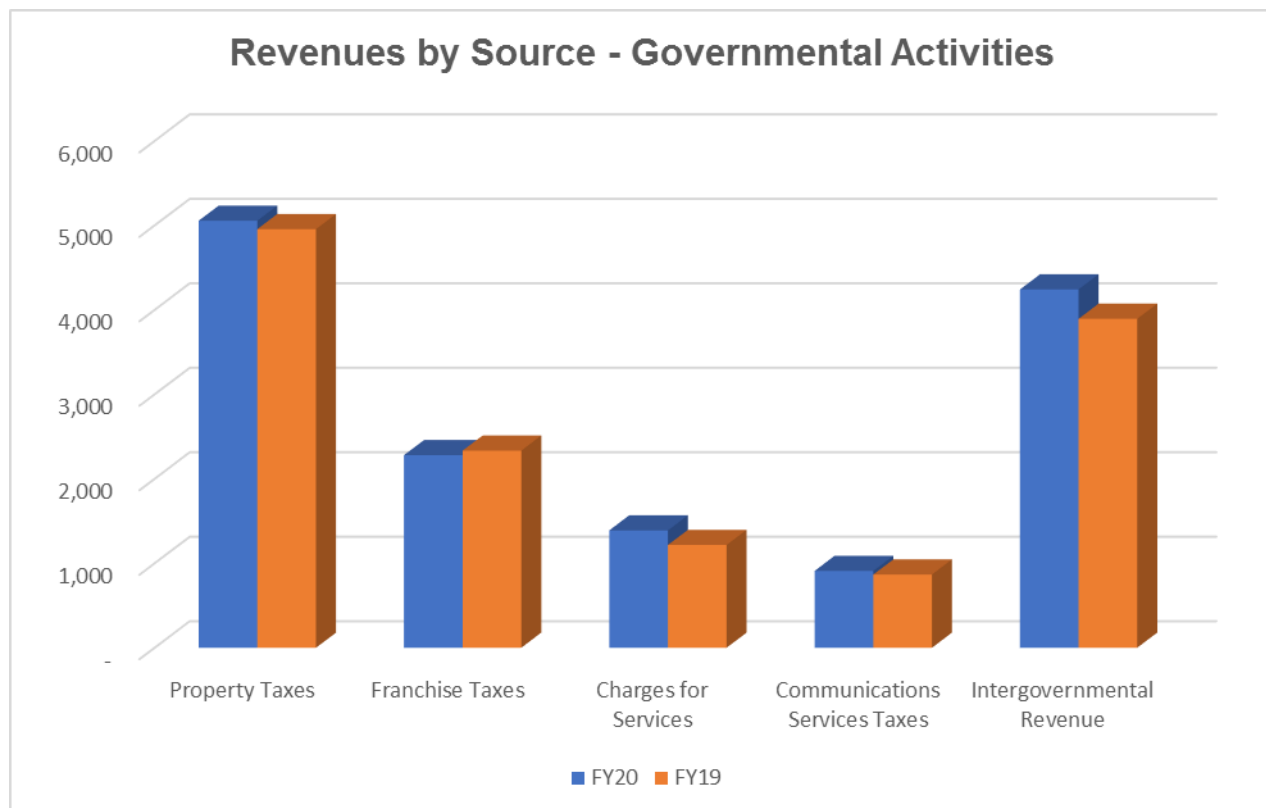
*Village of Estero, Florida*  
**Changes in Net Position**

	Governmental Activities	
	2020	2019
<i>Revenues:</i>		
Program Revenues:		
Charges for services	\$ 1,389,221	\$ 1,216,668
Operating grants and contributions	212,849	176,336
Impact fees & other assessments	3,360,893	1,830,982
General Revenues:		
Property taxes, levied for general purposes	5,054,886	4,955,863
Gas taxes	686,769	759,317
Franchise taxes	2,280,032	2,333,614
Communications services taxes	909,318	866,260
Other taxes	19,624	23,047
Intergovernmental revenue	4,241,552	3,894,401
Investment earnings	319,602	680,027
Gain on sale of capital assets	86,685	-
Miscellaneous	102,569	106,363
Total revenues	18,664,000	16,842,878
<i>Expenses:</i>		
General government	3,203,219	3,401,752
Public safety	1,322,971	1,085,537
Physical environment	191,691	115,558
Transportation	2,904,122	2,412,108
Human services	37,932	33,879
Culture and recreation	88,794	129,032
Interest on long-term debt	762,353	608,273
Total expenses	8,511,082	7,786,139
Increase in net position	10,152,918	9,056,739
Net position - beginning	64,882,567	55,825,828
Net position - ending	<u>\$ 75,035,485</u>	<u>\$ 64,882,567</u>

The following is a chart of revenues by source for governmental activities with percent of total revenues for fiscal year ended September 30, 2020:



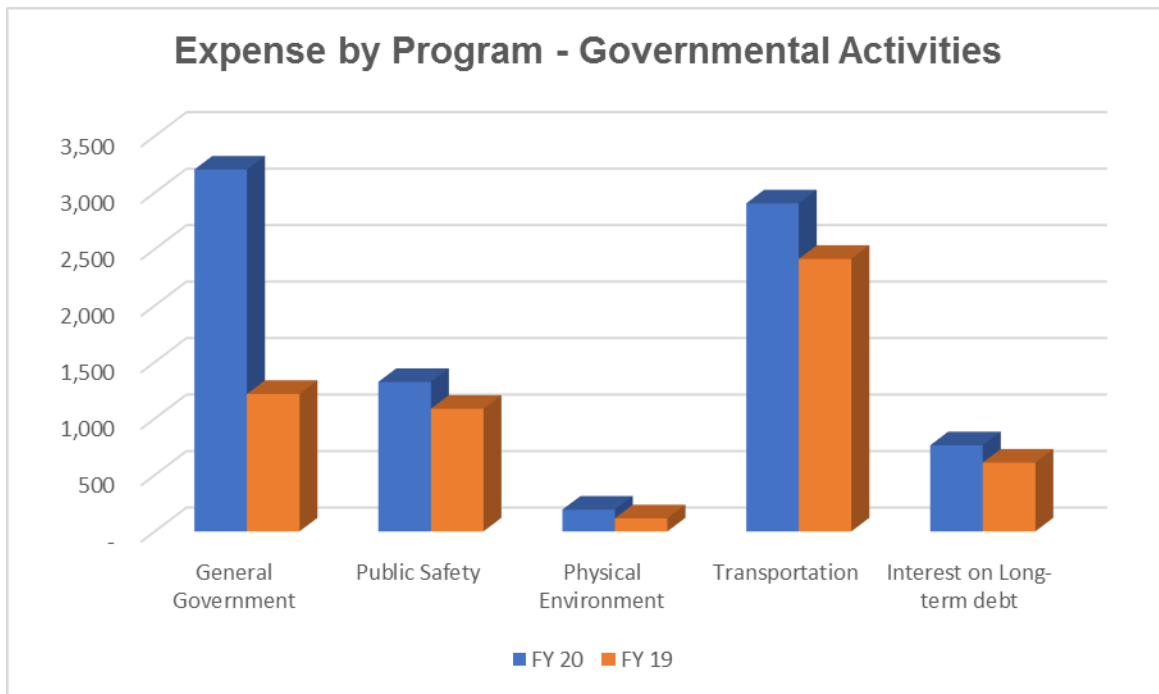
The following chart shows the significant revenues by source for governmental activities for fiscal year ended September 30, 2020 and 2019.



Revenues:

- *Charges for services* were higher in the current year as a result of an increase in code compliance and contractor license activity when compared to the prior year.
- *Impact fees and other assessments* increased in the current fiscal year as a result of an increase in new construction.
- *Intergovernmental revenues* were up in the current year as the Village received additional cost share revenue for US 41 landscape enhancement.

The following is a chart of expenses by program for governmental activities for fiscal year ended September 30, 2020 and 2019.



Expenses:

- *General government* expenses decreased \$198,533, 5.8%, primarily related to the decrease in legal fees related to a comprehensive plan legal challenge.
- *Public safety* increased \$237,434, 21.9%, as a result of additional personnel costs related to increased construction and permitting during the year.
- *Physical environment* increased \$76,133, 65.9%, as the result of the implementations of the storm water master plan additional storm water projects on the Estero River and additional water quality monitoring has been completed.

***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 \$36,209,504. \$14,228,047 is unassigned fund balance which is available for spending at the Village's discretion, \$11,742,357 is legally restricted as to use, \$15,201 in non-spendable deposits, \$6,044,700 was committed and \$4,179,199 was assigned for reserves.

The total ending fund balance of governmental funds reflects the increase of \$161,400.

#### ***Major Governmental Funds***

*General Fund*-The fund balance of the general fund had a net increase of \$523,495. Revenues of \$12,844,704 exceeded expenditures of \$4,643,959 which resulted in an excess of revenues over expenditures of \$8,200,745. However, transfers to capital projects were \$7,663,663 and \$13,587 to the debt service fund which resulted in a reduction in fund balance.

Transfers to capital projects included funding of \$4,688,942 for Estero Parkway improvements and \$3,012,288 for the purchase of the Williams Road Property.

*Building Fee Fund*-The fund balance of the building fee activity had a net increase of \$99,514 as revenues of \$1,182,493 exceeded the expenditures of \$1,082,979. In the current fiscal year, permit activity and related revenue for new construction was higher when compared to the prior year. The fund balance will be carried forward to provide funding for future inspections and investment in new software. The building fee funds are restricted for use on building code compliance.

*Capital Projects Fund*-The fund balance of the capital projects had a net decrease of \$600,253 as revenues of \$2,630,771 were exceeded by the expenditures of \$9,393,077 and the transfers in from the general fund and debt service fund of \$8,663,663 and transfers to the debt service fund of \$2,501,610. The capital projects fund balance is decreasing as planned in order to provide funding for current year capital projects. Also, the Estero Parkway and US 41 Landscape Improvements capital project timelines were underway in FY2020 for a total of \$4,688,942 and \$800,988 respectively. 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 \$138,644 as transfers in for debt service, revenues, and proceeds from the sale of a capital asset of \$3,550,527 exceeded the expenditures and transfers out of \$3,411,883. The Debt is being reduced faster as part of the Villages debt reduction strategy. The current debt service level is approximately \$1.4 million annually and currently are contributing an additional \$1 million for principal reduction.

## 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>
Communication services taxes	\$ 807,000	\$ 909,318	\$ 102,318
Franchise taxes	2,226,000	2,280,032	54,032

- *Communication services taxes* are driven directly by direct consumer choices and the Office of Economic & Demographic research estimates for communications service taxes (\$828,495) were also well below the actual revenues.
- *Franchise taxes* increase the result of conservative budgeting with estimating the franchise taxes collected at 97.5% of the full year's actual. Franchise taxes are based on actual usage of electrical and solid waste charges for the village.

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	\$ 2,616,513	\$ 2,129,952	\$ 486,561
General government, community development	1,104,900	834,998	269,902
Physical environment, non-departmental	305,000	191,691	113,309
Transportation, non-departmental	1,411,397	1,131,525	279,872

- *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 professional services were lower than expected. This included reduced costs from the related to the completion of the comprehensive plan review and other miscellaneous fees.
- *Physical environment, non-departmental* services in the current fiscal year were less than budget primarily as the result of reduced expenses related to the river maintenance and drainage improvements.
- *Transportation, non-departmental* actual costs were less than budgeted with the largest savings being in lower landscape maintenance costs and stems from landscape projects being delayed in implementation.

## 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, 2020 and 2019:

### *Village of Estero, Florida*

#### **Capital Assets**

	Governmental Activities	
	2020	2019
Land	\$ 28,092,646	\$ 23,641,689
Buildings and building improvements	1,067,086	1,587,059
Machinery and equipment	158,285	158,285
Infrastructure	26,848,401	26,778,558
Construction in progress	<u>7,197,119</u>	<u>1,111,454</u>
Total capital assets	63,363,537	53,277,045
Accumulated depreciation	<u>(6,727,541)</u>	<u>(4,956,453)</u>
Total capital assets, net	<u>\$ 56,635,996</u>	<u>\$ 48,320,592</u>

Noteworthy capital asset transactions that took place in the current reporting period were as follows:

- *Land* includes purchase of \$3.2 million Williams Road property and a sale of a parcel of real estate on the Estero River.
- *Construction in Progress* includes \$3.5 million of project costs related to the improvements to Estero Parkway.

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

## **Debt Administration**

As of September 30, 2020 and 2019, \$17,590,289 and \$19,231,584 were outstanding, respectively. Additional information on the Village's long-term debt can be found in Note 6 on page 36.

	Governmental Activities	
	2020	2019
Loan payable - direct borrowing	<u>\$ 17,590,289</u>	<u>\$ 19,231,584</u>

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

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

- The Village has commenced the master planning process for Estero on the River. The Village is determining the use of this land through the Parks and Recreation Master Plan and public input.
- The Village has developed specific street lights improvements including the following areas: Sandy Lane St, Broadway Ave East, River Ranch Rd, Williams Rd, and Via Coconut Pt., Three Oaks Parkway, Corkscrew Road, and Coconut Road.
- Estero Parkway Improvements were underway which will include bike lanes, sidewalks and enhanced landscaping and will be completed in the next fiscal year.
- Bicycle and Pedestrian improvements are scheduled to begin for the Sandy Lane and Broadway in FY2020-21.
- The Village continues the improvements in stormwater and drainage issues which exist around the Village. Current projects include the Villages of Country Creek Bypass Swale and Dry Creek Bed Sediment Removal.
- 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.
- The Village had to monitor the effects of the unusual nature of the pandemic related issues and the measures undertaken to contain its spread continue to have significant effects on economic activity in the United States and in Florida related to Covid-19. This has caused close monitoring of anticipated revenues and property values for potential future adjustments. The Village will receive funding from the American Rescue Plan Act of 2021 to assist with the recovery and fund future infrastructure projects.

## **Request for information**

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

## Basic Financial Statements

*Village of Estero, Florida*  
**Statement of Net Position**  
September 30, 2020

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 38,125,325
Investments	24,676
Receivables (net)	202,927
Due from other governments	429,666
Prepays	77,146
Deposits	15,201
Capital assets:	
Non-depreciable	35,289,765
Depreciable (net)	21,346,231
Total assets	<u>95,510,937</u>
<b>LIABILITIES</b>	
Accounts payable	2,157,006
Accrued liabilities	132,377
Accrued interest payable	310,166
Due to other governments	74,703
Customer deposits	182,171
Long-term liabilities:	
Due within one year	670,459
Due in more than one year	16,919,830
Total OPEB Liability	28,740
Total liabilities	<u>20,475,452</u>
<b>NET POSITION</b>	
Net investment in capital assets	38,568,728
Restricted for:	
Culture and recreation capital improvements	628,312
Highways and streets capital improvements	10,167,699
Parks and public land acquisition	143,107
Building code compliance	803,239
Unrestricted	24,724,400
Total net position	<u>\$ 75,035,485</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, 2020

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	\$ 3,203,219	\$ 200,901	\$ -	\$ -	\$ (3,002,318)
Public safety	1,322,971	1,188,320	42,034	-	(92,617)
Physical environment	191,691	-	-	-	(191,691)
Transportation	2,904,122	-	170,815	1,229,213	(1,504,094)
Human services	37,932	-	-	-	(37,932)
Culture and recreation	88,794	-	-	2,131,680	2,042,886
Interest and closing cost	762,353	-	-	-	(762,353)
Total governmental activities	<u>\$ 8,511,082</u>	<u>\$ 1,389,221</u>	<u>\$ 212,849</u>	<u>\$ 3,360,893</u>	<u>\$ (3,548,119)</u>
General revenues:					
Taxes:					
Property, levied for general purposes					\$ 5,054,886
Gas					686,769
Franchise					2,280,032
Communications services					909,318
Local business					19,624
Intergovernmental revenues, not restricted to specific programs					4,241,552
Investment earnings					319,602
Gain on sale of capital assets					86,685
Miscellaneous					<u>102,569</u>
Total general revenues					<u>13,701,037</u>
Change in net position					10,152,918
Net position - beginning					<u>64,882,567</u>
Net position - ending					<u>\$ 75,035,485</u>

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

*Village of Estero, Florida*

**Balance Sheet**

**Governmental Funds**

September 30, 2020

	General	Special Revenue Building Fee	Capital Projects	Debt Service	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 21,901,196	\$ 894,958	\$ 11,153,387	\$ 4,175,784	\$ 38,125,325
Investments	14,077	-	7,252	3,347	24,676
Receivables (net)	202,661	15	183	68	202,927
Due from other governments	400,835	-	28,831	-	429,666
Deposits	15,201	-	-	-	15,201
 Total assets	<u>\$ 22,533,970</u>	<u>\$ 894,973</u>	<u>\$ 11,189,653</u>	<u>\$ 4,179,199</u>	<u>\$ 38,797,795</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>					
Liabilities:					
Accounts payable	\$ 1,822,134	\$ 84,337	\$ 250,535	\$ -	\$ 2,157,006
Accrued liabilities	132,377	-	-	-	132,377
Due to other governments	67,306	7,397	-	-	74,703
Customer deposits	182,171	-	-	-	182,171
Total liabilities	<u>2,203,988</u>	<u>91,734</u>	<u>250,535</u>	<u>-</u>	<u>2,546,257</u>
Deferred Inflows of Resources					
Unavailable Revenue	<u>42,034</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,034</u>
Fund balances:					
Nonspendable:					
Deposits	15,201	-	-	-	15,201
Restricted for:					
Culture and recreation capital improvements	-	-	628,312	-	628,312
Highways and streets capital improvements	-	-	10,167,699	-	10,167,699
Parks and public land acquisition	-	-	143,107	-	143,107
Building code compliance	-	803,239	-	-	803,239
Committed to reserves	6,044,700	-	-	-	6,044,700
Assigned to:					
Debt reduction	-	-	-	4,179,199	4,179,199
Unassigned	<u>14,228,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,228,047</u>
Total fund balances	<u>20,287,948</u>	<u>803,239</u>	<u>10,939,118</u>	<u>4,179,199</u>	<u>36,209,504</u>
 Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,533,970</u>	<u>\$ 894,973</u>	<u>\$ 11,189,653</u>	<u>\$ 4,179,199</u>	<u>\$ 38,797,795</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, 2020

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

Fund balances - total governmental funds		\$ 36,209,504
Prepaid expenditures for insurance and similar services extending over more than one accounting period are not allocated between or among accounting periods, but are accounted for as expenditures of the period of acquisition in the governmental funds		77,146
Amounts receivable from other governments are not available to pay for current period expenditures and are reported as unavailable revenues in the funds		42,034
Capital assets used in governmental activities are not financial		
Non-depreciable capital assets	\$ 35,289,765	
Depreciable capital assets	28,073,772	
Less accumulated depreciation	<u>(6,727,541)</u>	56,635,996
Accrued interest payable that will not be liquidated with current financial resources and, therefore, is not reported in the governmental funds		(310,166)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Loan payable	(17,590,289)	
Total other postemployment benefit (OPEB) liability	<u>(28,740)</u>	<u>(17,619,029)</u>
Net position of governmental activities		<u>\$ 75,035,485</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, 2020

	General	Special Revenue Building Fee	Capital Projects	Debt Service	Total Governmental Funds
<b>REVENUES</b>					
Taxes					
Property	\$ 5,054,886	\$ -	\$ -	\$ -	\$ 5,054,886
Gas	496,117	-	361,467	-	857,584
Franchise	2,280,032	-	-	-	2,280,032
Communications services	909,318	-	-	-	909,318
Local business	19,624	-	-	-	19,624
Licenses, permits and assessments	7,958	1,179,442	-	-	1,187,400
Impact fees	-	-	1,432,917	-	1,432,917
Intergovernmental revenues	3,588,986	-	652,566	-	4,241,552
Charges for services	200,901	-	-	-	200,901
Fines and forfeitures	920	-	-	-	920
Investment earnings	183,392	3,051	94,514	38,645	319,602
Contributions from private sources	-	-	89,307	-	89,307
Miscellaneous					
Other income	102,570	-	-	-	102,570
Total revenues	<u>12,844,704</u>	<u>1,182,493</u>	<u>2,630,771</u>	<u>38,645</u>	<u>16,696,613</u>
<b>EXPENDITURES</b>					
Current					
General government	2,964,950	-	-	-	2,964,950
Public safety	223,017	1,082,979	-	-	1,305,996
Physical environment	191,691	-	-	-	191,691
Transportation	1,131,525	-	112,004	-	1,243,529
Human services	37,932	-	-	-	37,932
Culture and recreation	94,844	-	33,250	-	128,094
Capital outlay	-	-	9,247,823	-	9,247,823
Debt service					
Principal retirement	-	-	-	1,641,295	1,641,295
Interest	-	-	-	770,588	770,588
Issuance cost	-	-	-	-	-
Total expenditures	<u>4,643,959</u>	<u>1,082,979</u>	<u>9,393,077</u>	<u>2,411,883</u>	<u>17,531,898</u>
Excess (deficiency) of revenues over	<u>8,200,745</u>	<u>99,514</u>	<u>(6,762,306)</u>	<u>(2,373,238)</u>	<u>(835,285)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	8,663,663	2,515,197	11,178,860
Transfers out	(7,677,250)	-	(2,501,610)	(1,000,000)	(11,178,860)
Net proceeds from sale of capital asset	-	-	-	996,685	996,685
Total other financing sources (uses)	<u>(7,677,250)</u>	<u>-</u>	<u>6,162,053</u>	<u>2,511,882</u>	<u>996,685</u>
Net change in fund balances	523,495	99,514	(600,253)	138,644	161,400
Fund balances - beginning	<u>19,764,453</u>	<u>703,725</u>	<u>11,539,371</u>	<u>4,040,555</u>	<u>36,048,104</u>
Fund balances - ending	<u>\$ 20,287,948</u>	<u>\$ 803,239</u>	<u>\$ 10,939,118</u>	<u>\$ 4,179,199</u>	<u>\$ 36,209,504</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 Governmental Funds to the Statement of Activities**

For the Year Ended September 30, 2020

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

Net change in fund balances - total governmental funds	\$ 161,400
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which expenditures for capital assets exceeded depreciation in the current period.

Expenditures for capital assets	\$ 9,247,823	
Contributed capital assets	1,838,669	
Net proceeds for disposal of capital assets	(996,685)	
Gain on disposition of capital assets	86,685	
Depreciation	<u>(1,861,088)</u>	8,315,404

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

Principal retirement	1,641,295
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Other postemployment benefit (OPEB) expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

	(16,112)
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Expenditures for insurance and similar services extending over more than one accounting period are not allocated between or among accounting periods in the governmental funds, but are accounted for as expenditures of the period of acquisition. This amount represents the increase in prepaids at September 30, 2020 from September 30, 2019.

	662
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds

	42,034
--	--------

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. This amount represents the increase in accrued interest at September 30, 2020 from September 30, 2019.

	<u>8,235</u>
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Change in net position of governmental activities	<u>\$ 10,152,918</u>
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The notes to the financial statements are an integral part of this statement.

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**Notes to the Financial Statements**

September 30, 2020

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**Notes to the Financial Statements**

September 30, 2020

**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, 2020.

**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, 2020, 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, 2020

**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.

**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, 2020

**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, 2020, 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.

**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

**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.

**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, 2020.

**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.

**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, 2020, the carrying amount of the Village's deposits was \$38,125,325, and the bank balance was \$38,267,053. 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 \$24,676 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.

*Village of Estero, Florida*  
**Notes to the Financial Statements**  
September 30, 2020

**Note 3 - Investments (continued)**

(b) Investment Policies

All Florida Prime investment policies can be found at [www.sbafla.com/prime](http://www.sbafla.com/prime).

Village investment in Florida Prime was made in accordance with the provisions of Section 218.415(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, 2020, is 48 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, 2020, is 63 days.

(e) Foreign Currency Risk Disclosure

Florida Prime was not exposed to any foreign currency risk during the period from October 1, 2019 through September 30, 2020.

(f) Securities Lending Disclosure

Florida Prime did not participate in a securities lending program in the period from October 1, 2019 through September 30, 2020.

**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, 2020, 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, 2020, once the audit is complete. The SBA will not provide financial statements for Florida Prime for the period ending September 30, 2020.

*Village of Estero, Florida*  
**Notes to the Financial Statements**  
September 30, 2020

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

(a) Receivables

Receivables as of September 30, 2020 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)	\$ 202,661	\$ 15	\$ 183	\$ 68	\$ 202,927
Allowance for uncollectible receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net total receivables	<u>\$ 202,661</u>	<u>\$ 15</u>	<u>\$ 183</u>	<u>\$ 68</u>	<u>\$ 202,927</u>

(b) Prepaids

Prepaid assets for the Village total \$77,146 at September 30, 2020.

(c) Accrued Liabilities

Accrued liabilities as of September 30, 2020 are as follows:

	General
<i>Accrued liabilities:</i>	
Wages, benefits and taxes	\$ 33,526
Construction bond deposit	<u>98,851</u>
Total accrued liabilities	<u>\$ 132,377</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, 2020 total \$182,171.



*Village of Estero, Florida*  
**Notes to the Financial Statements**  
September 30, 2020

**Note 5 - Capital Assets**

Capital asset activity for the year ended September 30, 2020 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers/ Reclassifications</u>	<u>Ending Balance</u>
<i>Governmental Activities:</i>					
Capital assets not being depreciated:					
Land	\$ 23,641,689	\$ 4,850,957	\$ (400,000)	\$ -	\$ 28,092,646
Construction in progress	<u>1,111,454</u>	<u>6,235,535</u>	<u>-</u>	<u>(149,870)</u>	<u>7,197,119</u>
Total capital assets not being depreciated	24,753,143	11,086,492	(400,000)	(149,870)	35,289,765
Capital assets being depreciated:					
Buildings and building improvements	1,587,059	-	(600,000)	80,027	1,067,086
Machinery and equipment	158,285	-	-	-	158,285
Infrastructure	<u>26,778,558</u>	<u>-</u>	<u>-</u>	<u>69,843</u>	<u>26,848,401</u>
Total capital assets being depreciated	<u>28,523,902</u>	<u>-</u>	<u>(600,000)</u>	<u>149,870</u>	<u>28,073,772</u>
Less accumulated depreciation for:					
Buildings and building improvements	406,035	209,081	(90,000)	-	525,116
Machinery and equipment	86,384	25,801	-	-	112,185
Infrastructure	<u>4,464,034</u>	<u>1,626,206</u>	<u>-</u>	<u>-</u>	<u>6,090,240</u>
Total accumulated depreciation	<u>4,956,453</u>	<u>1,861,088</u>	<u>(90,000)</u>	<u>-</u>	<u>6,727,541</u>
Total capital assets being depreciated, net	<u>23,567,449</u>	<u>(1,861,088)</u>	<u>(510,000)</u>	<u>149,870</u>	<u>21,346,231</u>
Total governmental activities capital assets, net	<u>\$ 48,320,592</u>	<u>\$ 9,225,404</u>	<u>\$ (910,000)</u>	<u>\$ -</u>	<u>\$ 56,635,996</u>

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

	<u>General</u>
General government	\$ 211,786
Public safety	20,308
Transportation	<u>1,628,994</u>
Total depreciation expense-governmental activities	<u>\$ 1,861,088</u>

During the year end September 30, 2020, the Village sold excess land and buildings for net proceeds in the amount of \$996,685. The proceeds from the sale were used to make an additional principal payment on the related debt in accordance with the debt agreement.

*Village of Estero, Florida*  
**Notes to the Financial Statements**  
September 30, 2020

**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 revenues. The debt service has historically been funded by 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 May 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 and contain a provision that in an event of default, outstanding amounts become immediately due if the Village is unable to make payment. Management believes the Village is in compliance with all significant covenants at September 30, 2020.

The annual debt service requirements to maturity for the direct borrowing as of September 30, 2020 are as follows:

Year Ending September 30	Governmental Activities		
	Notes from Direct Borrowing		
	Principal	Interest	Total
2021	\$ 670,459	\$ 721,690	\$ 1,392,149
2022	697,344	678,485	1,375,829
2023	725,308	650,522	1,375,830
2024	754,392	621,437	1,375,829
2025	784,644	591,186	1,375,830
2026-2029	<u>13,958,142</u>	<u>2,037,229</u>	<u>15,995,371</u>
	<u>\$ 17,590,289</u>	<u>\$ 5,300,549</u>	<u>\$ 22,890,838</u>

The changes in long-term debt during fiscal year ended September 30, 2020 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities					
Notes payable - direct borrowing	<u>\$ 19,231,584</u>	<u>\$ -</u>	<u>\$ (1,641,295)</u>	<u>\$ 17,590,289</u>	<u>\$ 670,459</u>
Total Governmental Activities	<u>\$ 19,231,584</u>	<u>\$ -</u>	<u>\$ (1,641,295)</u>	<u>\$ 17,590,289</u>	<u>\$ 670,459</u>

Interest expenditures for the year ended September 30, 2020 were \$770,588.

**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, 2020. Therefore, there is no explicit subsidy. A full valuation was completed for fiscal year ending September 30, 2020.

*Employees covered by benefits terms.* The Village has 8 full-time active employees with 6 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, 2020 which was the fifth 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, 2020, 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 \$28,740 was measured as of September 30, 2020 and was determined by an actuarial valuation as of that date. The change in the OPEB liability was an increase of \$16,112 which was recognized during the fiscal year ended September 30, 2020.

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

**Total OPEB Liability**

*Actuarial Methods and Assumptions.* The total OPEB liability in the September 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs were applied to all periods included in the measurement:

Measurement Date	September 30, 2020
Inflation	2.6%
Salary increases (payroll growth)	3.25%
Discount rate	2.41% (2020) 3.58% (2019)
Health care trend rates	8.0% for 2020; decreasing 0.5% per year to an ultimate rate of 4.5% for 2028 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, 2020 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.

*Village of Estero, Florida*  
**Notes to the Financial Statements**  
September 30, 2020

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

*Changes in the total OPEB liability.*

	<u>Amounts</u>
Total OPEB liability at beginning of year	\$ 12,628
Changes for the year:	
Service cost	1,653
Interest	511
Changes in assumptions and other inputs	6,566
Difference between expected and actual experience	<u>7,382</u>
Net change in total OPEB liability	<u>16,112</u>
Total OPEB liability at end of year	<u>\$ 28,740</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58% as of October 1, 2019 and 2.41% as of September 30, 2020. The discount rate was updated from the prior valuation rate and will be updated annually to reflect market conditions as of the Measurement Date.

*Sensitivity of the total OPEB liability to change in the discount rate.* The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be in it were calculated using a discount rate that is 1-percentage-point lower (1.41%) or 1-percentage-point higher (3.41%) than the current discount rate:

	<u>1% Decrease (1.41%)</u>	<u>Discount Rate (2.41%)</u>	<u>1% Increase (3.41%)</u>
Total OPEB Liability	\$ 30,625	\$ 28,740	\$ 26,964

*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 (7.00% decreasing to 3.50%) or 1-percentage-point higher (9.00% decreasing to 5.50%) than the current healthcare cost trend rates:

	<u>1% Decrease (7.00% decreasing to 3.50%)</u>	<u>Healthcare Cost Trend Rates (8.00% decreasing to 4.50%)</u>	<u>1% Increase 9.00% decreasing to 5.50%)</u>
Total OPEB Liability	\$ 26,274	\$ 28,740	\$ 31,587

**Notes to the Financial Statements**

September 30, 2020

**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, 2020, the Village’s retirement contribution reported as expenditures were \$78,712 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.

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

*Village of Estero, Florida*  
**Notes to the Financial Statements**  
September 30, 2020

**Note 9 - Interfund Transfers**

Interfund transfers for the year ended September 30, 2020, consisted of the following:

	<i>Transfer In Funds:</i>			
	General	Capital Projects Fund	Debt Service	Total Governmental Funds
<i>Transfer Out Funds:</i>				
General	\$ -	\$ 7,663,663	\$ 13,587	\$ 7,677,250
Capital Projects	-	-	2,501,610	2,501,610
Debt Service	-	1,000,000	-	1,000,000
	<u>\$ -</u>	<u>\$ 8,663,663</u>	<u>\$ 2,515,197</u>	<u>\$ 11,178,860</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, 2020 or the prior three years.

The Florida League of Cities, Inc. published financial report for the year ended September 30, 2020 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.

*Village of Estero, Florida*  
**Notes to the Financial Statements**  
September 30, 2020

**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, 2020 were as follows:

<u>Years ending September 30</u>	<u>Governmental Activities</u>
2021	\$ 208,129
2022	209,432
2023	210,189
2024	88,478
Total	<u>\$ 716,228</u>

Rent expense for the fiscal year ended September 30, 2020 totaled \$203,630.

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.

As of September 30, 2020, the monthly rent for office space is \$16,432 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



**Notes to the Financial Statements**

September 30, 2020

**Note 12 - Stewardship, Compliance and Accountability (Continued)**

For the year September 30, 2020, the total tax rate was .7726 mills per \$1,000 of assessed taxable property value. For the fiscal year ended September 30, 2020, the levy is based on taxable property values totaling \$6,808,708,418. 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 2020 are included in the accompanying financial statements since taxes are levied for the subsequent fiscal year and are not considered available at September 30, 2020.

At September 30, 2020, 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, 2020.

*Contracts.* The Village has outstanding commitments for professional service contracts for planning, engineering and legal services and are reported in the General Fund and Capital Projects Fund at September 30, 2020. The outstanding commitment at September 30, 2020 is as follows:

<u>Contract Amount</u>	<u>Incurred to Date</u>	<u>Retainable</u>	<u>Balance to Complete</u>
\$ 8,731,182	\$ 4,391,922	\$ 439,192	\$ 4,339,260
400,695	377,862	37,786	22,833
448,800	405,565	40,557	43,235
<u>\$ 9,580,677</u>	<u>\$ 5,175,349</u>	<u>\$ 517,535</u>	<u>\$ 4,405,328</u>

*COVID-19.* During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Village, COVID-19 may impact various parts of its 2021 operations and financial results. Management believes the Village is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

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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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Taxes				
Property	\$ 5,006,000	\$ 5,006,000	\$ 5,054,886	\$ 48,886
Gas Tax	535,000	535,000	496,117	(38,883)
Franchise	2,226,000	2,226,000	2,280,032	54,032
Communications services	807,000	807,000	909,318	102,318
Local business	22,500	22,500	19,624	(2,876)
Licenses and permits	2,400	2,400	7,958	5,558
Intergovernmental revenues	3,645,880	3,645,880	3,588,986	(56,894)
Charges for services	158,500	158,500	200,901	42,401
Fines and forfeitures	300	300	920	620
Investment earnings	300,000	300,000	183,392	(116,608)
Miscellaneous				
Other	90,000	90,000	102,570	12,570
Total revenues	<u>12,793,580</u>	<u>12,793,580</u>	<u>12,844,704</u>	<u>51,124</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Non-departmental	2,731,960	2,616,513	2,129,952	486,561
Community development	1,104,900	1,104,900	834,998	269,902
Public safety				
Non-departmental	31,860	31,860	74,172	(42,312)
Community development	171,200	171,200	148,845	22,355
Physical environment				
Non-departmental	305,000	305,000	191,691	113,309
Transportation				
Non-departmental	1,147,950	1,411,397	1,131,525	279,872
Human services				
Non-departmental	38,000	38,000	37,932	68
Culture and recreation				
Non-departmental	65,800	65,800	94,844	(29,044)
Total expenditures	<u>5,596,670</u>	<u>5,744,670</u>	<u>4,643,959</u>	<u>1,100,711</u>
Excess of revenues over expenditures	<u>7,196,910</u>	<u>7,048,910</u>	<u>8,200,745</u>	<u>1,151,835</u>
<b>OTHER FINANCING USES</b>				
Transfers out	(9,864,160)	(10,419,200)	(7,677,250)	2,741,950
Total other financing uses	<u>(9,864,160)</u>	<u>(10,419,200)</u>	<u>(7,677,250)</u>	<u>2,741,950</u>
Net change in fund balances	<u>\$ (2,667,250)</u>	<u>\$ (3,370,290)</u>	523,495	<u>\$ 3,893,785</u>
Fund balances - beginning			19,764,453	
Fund balances - ending			<u>\$ 20,287,948</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Licenses and permits	\$ 1,017,700	\$ 1,017,700	\$ 1,179,442	\$ 161,742
Investment earnings	<u>2,400</u>	<u>2,400</u>	<u>3,051</u>	<u>651</u>
Total revenues	<u>1,020,100</u>	<u>1,020,100</u>	<u>1,182,493</u>	<u>162,393</u>
<b>EXPENDITURES</b>				
Current:				
Public safety				
Community development	<u>1,138,830</u>	<u>1,138,830</u>	<u>1,082,979</u>	<u>55,851</u>
Total expenditures	<u>1,138,830</u>	<u>1,138,830</u>	<u>1,082,979</u>	<u>55,851</u>
Excess (deficiency) of revenues over expenditures	<u>(118,730)</u>	<u>(118,730)</u>	<u>99,514</u>	<u>218,244</u>
Net change in fund balances	<u>\$ (118,730)</u>	<u>\$ (118,730)</u>	<u>99,514</u>	<u>\$ 218,244</u>
Fund balances - beginning			<u>703,725</u>	
Fund balances - ending			<u><u>\$ 803,239</u></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, 2020

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, 2020, the Council has established one department for community development.

For the year ended September 30, 2020, 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

	2018	2019	2020
<b>Total OPEB Liability</b>			
Service cost	\$ 2,650	\$ 1,484	\$ 1,653
Interest	580	483	511
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(3,719)	-	7,382
Changes in assumptions and other inputs	(2,677)	501	6,566
Benefit payments	<u>-</u>	<u>-</u>	<u>-</u>
Net change in total OPEB liability	(3,166)	2,468	16,112
Total OPEB liability - beginning	<u>13,326</u>	<u>10,160</u>	<u>12,628</u>
Total OPEB liability - ending	<u>\$ 10,160</u>	<u>\$ 12,628</u>	<u>\$ 28,740</u>
 Covered-employee payroll	 \$ 688,093	 \$ 830,408	 \$ 682,386
Total OPEB liability as a percentage of covered-employee payroll	1.48%	1.52%	4.21%

**Notes to the schedule:**

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

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

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

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# **Individual Fund Financial Schedules**

*Village of Estero, Florida***Schedule of Revenues, Expenditures and Changes in Fund Balances****Budget and Actual****Capital Projects Fund**

For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Taxes				
Gas taxes	\$ 393,000	\$ 393,000	\$ 361,467	\$ (31,533)
Impact fee	3,030,700	3,030,700	1,432,917	(1,597,783)
Intergovernmental revenues	2,962,000	2,962,000	652,566	(2,309,434)
Investment earnings	70,000	70,000	94,514	24,514
Contributions from private sources	-	-	89,307	89,307
Total revenues	<u>6,455,700</u>	<u>6,455,700</u>	<u>2,630,771</u>	<u>(3,824,929)</u>
<b>EXPENDITURES</b>				
Transportation				
Non-departmental	-	-	112,004	(112,004)
Culture and recreation				
Non-departmental	-	-	33,250	(33,250)
Capital outlay				
Non-departmental	<u>12,258,160</u>	<u>16,395,020</u>	<u>9,247,823</u>	<u>7,147,197</u>
Total expenditures	<u>12,258,160</u>	<u>16,395,020</u>	<u>9,393,077</u>	<u>7,001,943</u>
Deficiency of revenues under expenditures	<u>(5,802,460)</u>	<u>(9,939,320)</u>	<u>(6,762,306)</u>	<u>3,177,014</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	7,348,360	8,903,400	8,663,663	(239,737)
Transfers out	-	-	(2,501,610)	(2,501,610)
Total other financing sources	<u>7,348,360</u>	<u>8,903,400</u>	<u>6,162,053</u>	<u>(2,741,347)</u>
Net change in fund balances	<u>\$ 1,545,900</u>	<u>\$ (1,035,920)</u>	<u>(600,253)</u>	<u>\$ 435,667</u>
Fund balances - beginning			11,539,371	
Fund balances - ending			<u>\$ 10,939,118</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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ 38,645	\$ 38,645
Total revenues	-	-	38,645	38,645
<b>EXPENDITURES</b>				
Debt service				
Principal retirement	644,610	1,641,300	1,641,295	5
Interest and fiscal charges	771,190	771,190	770,588	602
Total expenditures	1,415,800	2,412,490	2,411,883	607
Deficiency of revenues under expenditures	(1,415,800)	(2,412,490)	(2,373,238)	39,252
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,515,197	2,515,197	2,515,197	-
Transfers out	-	(1,000,000)	(1,000,000)	-
Net proceeds from sale of capital asset	-	996,690	996,685	(5)
Total other financing sources (uses)	2,515,197	2,511,887	2,511,882	(5)
Net change in fund balances	\$ 1,099,397	\$ 99,397	\$ 138,644	\$ 39,247
Fund balances - beginning			4,040,555	
Fund balances - ending			\$ 4,179,199	

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# Statistical Section

**Statistical Section**

(unaudited)

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**

*Financial Trends* 57

These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.

*Revenue Capacity* 60

These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.

*Debt Capacity* 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.

*Demographic and Economic Information* 69

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.

*Operating Information* 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									
	2011 <sup>1</sup>	2012 <sup>1</sup>	2013 <sup>1</sup>	2014 <sup>1</sup>	2015	2016	2017	2018	2019	2020
<b>Governmental/Primary Government Activities</b>										
Investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ 30,322	\$ 471,087	\$ 25,896,783	\$ 24,798,963	\$ 29,089,008	\$ 38,568,728
Restricted	-	-	-	-	559,136	2,312,410	5,514,939	9,714,291	12,243,096	11,742,357
Unrestricted	-	-	-	-	582,076	5,503,844	13,155,253	21,312,574	23,550,463	24,724,400
Total governmental activities/ primary government net position	<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>	<u>\$ 75,035,485</u>

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

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

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

**Schedule 2**

	2011 <sup>1</sup>	2012 <sup>1</sup>	2013 <sup>1</sup>	2014 <sup>1</sup>	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Governmental activities:										
General government	\$ -	\$ -	\$ -	\$ -	\$ 536,623	\$ 2,289,683	\$ 2,617,224	\$ 2,788,737	\$ 3,401,752	\$ 3,203,219
Public safety	-	-	-	-	1,080	887,642	1,317,701	1,196,671	1,085,537	1,322,971
Physical environment	-	-	-	-	6,596	306,643	436,856	345,096	115,558	191,691
Transportation	-	-	-	-	-	2,548,077	2,237,548	2,196,698	2,412,108	2,904,122
Human services	-	-	-	-	-	48,428	48,428	22,756	33,879	37,932
Culture and recreation	-	-	-	-	-	-	-	-	129,032	88,794
Interest and issuance cost	-	-	-	-	5,150	-	-	-	608,273	762,353
Total governmental activities/primary government expenses	-	-	-	-	549,449	6,080,473	6,657,757	6,549,958	7,786,139	8,511,082
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	-	-	-	-	138	168,073	313,409	279,144	195,212	200,901
Public safety	-	-	-	-	-	685,873	1,306,426	1,334,561	1,021,456	1,188,320
Operating grants and contributions	-	-	-	-	62,027	-	176,414	177,777	176,336	212,849
Capital grants and contributions	-	-	-	-	497,081	1,431,918	29,267,345	3,322,274	1,830,982	3,360,893
Total governmental activities/primary government program revenues	-	-	-	-	559,246	2,285,864	31,063,594	5,113,756	3,223,986	4,962,963
<b>General Revenues</b>										
Governmental activities:										
Taxes										
Property, levied for general purposes	-	-	-	-	-	4,589,279	4,699,042	4,819,043	4,955,863	5,054,886
Gas	-	-	-	-	-	892,944	734,682	749,468	759,317	686,769
Franchise	-	-	-	-	-	1,713,134	2,224,309	2,288,523	2,333,614	2,280,032
Communication services	-	-	-	-	-	340,416	719,940	794,969	866,260	909,318
Local business taxes	-	-	-	-	6,242	22,640	22,028	22,561	23,047	19,624
Intergovernmental revenues	-	-	-	-	1,155,305	3,329,066	3,326,662	3,522,911	3,894,401	4,241,552
Investment earnings	-	-	-	-	190	18,481	119,081	407,796	680,027	319,602
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	86,685
Miscellaneous	-	-	-	-	-	4,456	28,053	89,784	106,363	102,569
Total governmental activities/primary government	-	-	-	-	1,161,737	10,910,416	11,873,797	12,695,055	13,618,892	13,701,037
<b>Change in Net Position</b>										
Total governmental activities/primary government	\$ -	\$ -	\$ -	\$ -	\$ 1,171,534	\$ 7,115,807	\$ 36,279,634	\$ 11,258,853	\$ 9,056,739	\$ 10,152,918

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



*Village of Estero, Florida*

**Fund Balances of Governmental Funds**

**Last Ten Fiscal Years**

(modified accrual basis of accounting)

**Schedule 3**

	Fiscal Year									
	2011 <sup>1</sup>	2012 <sup>1</sup>	2013 <sup>1</sup>	2014 <sup>1</sup>	2015	2016	2017	2018	2019	2020
<b>General Fund</b>										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,533	\$ 14,633	\$ 14,633	\$ 14,633	\$ 15,201
Restricted	-	-	-	-	62,027	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	5,124,700	6,044,700
Unassigned	-	-	-	-	580,773	5,568,981	13,118,237	21,257,077	14,625,120	14,228,047
Total General Fund	<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>	<u>\$ 20,287,948</u>
<b>All Other Governmental Funds</b>										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ 497,109	\$ 2,312,410	\$ 5,514,939	\$ 9,714,291	\$ 12,243,096	\$ 11,742,357
Assigned, reported in:										
Debt service fund	-	-	-	-	-	-	-	-	4,040,555	4,179,199
Unassigned	-	-	-	-	-	(101,439)	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 15,921,556</u>

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

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

**Schedule 4**

	Fiscal Year									
	2011 <sup>1</sup>	2012 <sup>1</sup>	2013 <sup>1</sup>	2014 <sup>1</sup>	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 6,242	\$ 7,558,413	\$ 8,576,415	\$ 8,852,341	\$ 9,114,437	\$ 9,121,444
Licenses and permits	-	-	-	-	-	685,873	1,306,158	1,854,018	1,020,666	1,187,400
Impact fees	-	-	-	-	497,081	1,431,918	2,596,943	2,802,274	1,830,982	1,432,917
Intergovernmental	-	-	-	-	1,217,332	3,329,066	3,326,662	3,522,911	3,894,401	4,241,552
Charges for services	-	-	-	-	-	167,589	313,409	279,144	195,212	200,901
Fines and forfeitures	-	-	-	-	138	484	268	543	790	920
Investment earnings	-	-	-	-	190	18,481	119,081	407,796	680,027	319,602
Contributions from private sources	-	-	-	-	-	-	-	-	-	89,307
Miscellaneous										
Other	-	-	-	-	-	4,456	28,053	89,784	106,363	102,570
Total revenues	-	-	-	-	1,720,983	13,196,280	16,266,989	17,808,811	16,842,878	16,696,613
<b>Expenditures</b>										
General government	-	-	-	-	537,675	2,264,950	2,534,379	2,737,183	3,225,843	2,964,950
Public safety	-	-	-	-	1,080	875,992	1,300,626	1,177,337	1,064,991	1,305,996
Physical environment	-	-	-	-	6,596	306,643	436,856	433,352	112,001	191,691
Transportation	-	-	-	-	-	2,548,077	1,021,378	457,090	784,925	1,243,529
Human services	-	-	-	-	-	48,428	48,428	22,756	33,879	37,932
Culture/recreation	-	-	-	-	-	-	-	-	129,032	128,094
Capital outlay	-	-	-	-	30,573	497,614	71,998	642,901	25,371,816	9,247,823
Debt service										
Principal	-	-	-	-	-	-	-	-	768,416	1,641,295
Interest and issuance cost	-	-	-	-	5,150	-	-	-	289,872	770,588
Total expenditures	-	-	-	-	581,074	6,541,704	5,413,665	5,470,619	31,780,775	17,531,898
Excess (deficiency) of revenues over expenditures	-	-	-	-	1,139,909	6,654,576	10,853,324	12,338,192	(14,937,897)	(835,285)
<b>Other Financing Sources (Uses)</b>										
Transfers in	-	-	-	-	-	-	90,849	494,611	30,546,595	11,178,860
Transfers out	-	-	-	-	-	-	(90,849)	(494,611)	(30,546,595)	(11,178,860)
Proceeds from debt	-	-	-	-	-	-	-	-	20,000,000	996,685
Total other financing sources	-	-	-	-	-	-	-	-	20,000,000	996,685
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ 1,139,909	\$ 6,654,576	\$ 10,853,324	\$ 12,338,192	\$ 5,062,103	\$ 161,400
Debt service as a percentage of noncapital expenditures	-	-	-	-	0.9%	0.0%	0.0%	0.0%	16.5%	29.1%

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

*Village of Estero, Florida*

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

Last Ten Fiscal Years

**Schedule 5**

Fiscal Year Ended September 30	Real Property			Personal Property	Less: Allowable Exemptions <sup>2</sup>	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						
2011 <sup>1</sup>	-	-	-	-	-	-	-	-	-
2012 <sup>1</sup>	-	-	-	-	-	-	-	-	-
2013 <sup>1</sup>	-	-	-	-	-	-	-	-	-
2014 <sup>1</sup>	-	-	-	-	-	-	-	-	-
2015 <sup>1</sup>	-	-	-	-	-	-	-	-	-
2016	5,962,856,036	690,966,701	158,665,392	150,308,030	1,284,789,616	5,675,825,842	0.8398	6,960,615,458	81.54%
2017	6,443,023,813	782,939,531	192,602,734	166,973,374	1,459,920,847	6,097,421,427	0.7998	7,557,342,274	80.68%
2018	6,889,049,163	741,778,217	213,442,459	180,814,659	1,539,523,465	6,484,202,557	0.7798	8,023,726,022	80.81%
2019	6,869,267,079	741,713,355	206,437,254	189,025,467	1,386,361,871	6,649,259,073	0.7750	8,035,620,944	82.75%
2020	6,916,404,302	762,528,773	352,626,099	203,210,714	1,474,537,084	6,808,708,418	0.7726	8,283,245,502	82.20%

Source: Lee County Property Appraiser.

Note: Real property is reassessed every year.

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

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

*Village of Estero, Florida*

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

(Per \$1,000 of Assessed Value)

Last Ten Fiscal Years

**Schedule 6**

Fiscal Year	Village of Estero, Florida			Overlapping Rates <sup>2</sup>								Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total Village Millage	Lee County			School			Estero Fire District <sup>3</sup>	Other <sup>4</sup>	
				General Revenue	Library Fund	Total Lee Cty	Local Board	State Law	Total School			
2011 <sup>1</sup>	-	-	-	-	-	-	-	-	-	-	-	-
2012 <sup>1</sup>	-	-	-	-	-	-	-	-	-	-	-	-
2013 <sup>1</sup>	-	-	-	-	-	-	-	-	-	-	-	-
2014 <sup>1</sup>	-	-	-	-	-	-	-	-	-	-	-	-
2015 <sup>1</sup>	-	-	-	-	-	-	-	-	-	-	-	-
2016	0.8398	-	0.8398	4.1506	0.5956	4.7462	2.2480	5.0370	7.2850	2.1881	0.6605	15.7196
2017	0.7998	-	0.7998	4.0506	0.5956	4.6462	2.2480	4.7410	6.9890	2.1500	0.6361	15.2211
2018	0.7798	-	0.7798	4.0506	0.5956	4.6462	2.2480	4.4310	6.6790	2.1300	0.6542	14.8892
2019	0.7750	-	0.7750	4.0506	0.4956	4.5462	2.2480	4.1530	6.4010	2.1300	0.6205	14.4727
2020	0.7726	-	0.7726	4.0506	0.4956	4.5462	2.2480	3.8990	6.1470	2.1300	0.5958	14.1916

Source: Lee County Property Appraiser.

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

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

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

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

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

**Village of Estero, Florida**  
**Principal Property Taxpayers**  
Current Fiscal Year and Nine Fiscal Years Ago

**Schedule 7**

Taxpayer	2020			2011 <sup>1</sup>		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Coconut Point Developers LLC	\$ 115,736,419	1	1.70%	-	-	-
Miromar Outlet West LLC	104,417,998	2	1.53%	-	-	-
Hertz Corporation	61,666,519	3	0.91%	-	-	-
Fort Myers Reef Acquisitions	50,241,490	4	0.74%	-	-	-
Passco Longitude	44,164,412	5	0.65%	-	-	-
CV Fort Myers Borrower LLC	41,936,115	6	0.62%	-	-	-
Miromar Outlet East LLC	29,334,327	7	0.43%	-	-	-
Continental 376 Fund LLC	22,821,678	8	0.34%	-	-	-
Coconut Point DE LLC	21,178,928	9	0.31%	-	-	-
Focus Estero Partners LLC	18,693,893	10	0.27%	-	-	-
Total	<u>\$ 510,191,779</u>		<u>7.50%</u>	<u>\$ -</u>		<u>0.00%</u>

Source: Lee County Property Appraiser.

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

*Village of Estero, Florida*  
**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 <sup>2</sup>	Percentage of Levy		Amount	Percentage of Levy
2011 <sup>1</sup>	-	-	0.00%	-	-	0.00%
2012 <sup>1</sup>	-	-	0.00%	-	-	0.00%
2013 <sup>1</sup>	-	-	0.00%	-	-	0.00%
2014 <sup>1</sup>	-	-	0.00%	-	-	0.00%
2015 <sup>1</sup>	-	-	0.00%	-	-	0.00%
2016	4,766,559	4,588,424	96.26%	(14,372)	4,574,052	95.96%
2017	4,876,718	4,699,042	96.36%	(29,960)	4,669,082	95.74%
2018	5,056,381	4,819,043	95.31%	44,332	4,863,375	96.18%
2019	5,153,176	4,954,539	96.17%	1,324	4,955,863	96.17%
2020	5,260,408	4,955,863	94.21%	-	4,955,863	94.21%

Source: Lee County Tax Collector.

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

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

*Village of Estero, Florida*

**Ratios of Outstanding Debt by Type**

Last Ten Fiscal Years

**Schedule 9**

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income <sup>2</sup>	Per Capita <sup>2</sup>
	General Obligation Bonds	Revenue Bonds	Notes, Loans and Agreements Payable			
2011 <sup>1</sup>	-	-	-	-	-	-
2012 <sup>1</sup>	-	-	-	-	-	-
2013 <sup>1</sup>	-	-	-	-	-	-
2014 <sup>1</sup>	-	-	-	-	-	-
2015 <sup>1</sup>	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	19,231,584	19,231,584	0.0%	593
2020	-	-	17,590,289	17,590,289	0.0%	531

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

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

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

**Ratios of General Bonded Debt Outstanding**

Last Ten Fiscal Years

**Schedule 10**

Fiscal 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		
2011 <sup>1</sup>	-	-	-	0.00%	-
2012 <sup>1</sup>	-	-	-	0.00%	-
2013 <sup>1</sup>	-	-	-	0.00%	-
2014 <sup>1</sup>	-	-	-	0.00%	-
2015 <sup>1</sup>	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2017	-	-	-	0.00%	-
2018	-	-	-	0.00%	-
2019	-	-	-	0.00%	-
2020	-	-	-	0.00%	-

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

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



*Village of Estero, Florida*

**Direct And Overlapping Governmental Activities Debt**

As of September 30, 2020

**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	\$ 227,778,000 <sup>1</sup>	8.2% <sup>2</sup>	\$ 18,566,583
Village direct debt			<u>17,590,289 <sup>3</sup></u>
Total direct and overlapping debt			<u><u>\$ 36,156,872</u></u>

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

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

"Total Taxable Assessed Valuation" from Schedule 5

\$ 6,808,708,418

by the "Total Taxable Assessed Value" of Lee County

\$ 83,530,395,050 <sup>4</sup>

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

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

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

**Schedule 12**

	2011 <sup>1</sup>	2012 <sup>1</sup>	2013 <sup>1</sup>	2014 <sup>1</sup>	2015	2016	2017	2018	2019	2020
Legal debt limit <sup>2</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total net debt applicable to limit	-	-	-	-	153,500	-	-	-	19,231,584	17,590,289
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%

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

<sup>2</sup> No legal debt limit has been established for the Village.

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

**Schedule 13**

Fiscal Year	Population		Lee County <sup>2</sup>	Village of Estero		Lee County <sup>2</sup>	
	Village of Estero <sup>3</sup>	Lee County <sup>3</sup>	Total Personal Income (in thousands) <sup>4</sup>	Per Capita Personal Income <sup>5</sup>	Median Age <sup>5</sup>	School Enrollment (2)	Unemployment Rate <sup>6</sup>
2011 <sup>1</sup>	-	-	-	-	-	79,446	-
2012 <sup>1</sup>	-	-	-	-	-	79,446	-
2013 <sup>1</sup>	-	-	-	-	-	79,446	-
2014 <sup>1</sup>	-	-	-	-	-	79,446	-
2015 <sup>1</sup>	30,118	665,562	29,096,374	43,717	60.2	79,446	5.1%
2016	30,565	680,255	29,738,708	43,717	60.2	79,446	4.5%
2017	30,945	698,185	35,534,824	50,896	60.2	79,446	4.6%
2018	31,806	713,618	37,787,500	52,952	61.0	79,446	4.0%
2019	32,412	734,890	39,146,855	53,269	61.7	79,446	3.4%
2020	33,120	750,493	40,284,963	53,678	64.2	95,578	6.4%

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

*Data Sources:*

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

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

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

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

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

*Village of Estero, Florida*

**Principal Employers <sup>2</sup>**

Current Fiscal Year and Nine Fiscal Years Ago

**Schedule 14**

Employer	2020			2011 <sup>1</sup>		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lee Memorial Health Systems	13,595	1	4.25%	-	-	0.00%
Lee County School District	12,936	2	4.04%	-	-	0.00%
Lee County Government	9,038	3	2.82%	-	-	0.00%
Publix Super Markets	4,624	4	1.44%	-	-	0.00%
Florida Gulf Coast University	3,430	5	1.07%	-	-	0.00%
Wal-Mart Corporation	3,067	6	0.96%	-	-	0.00%
City of Cape Coral	2,253	7	0.70%	-	-	0.00%
Hope Hospice	1,630	8	0.51%	-	-	0.00%
McDonald's	1,482	9	0.46%	-	-	0.00%
Florida Southwestern State College	1,441	10	0.45%	-	-	0.00%
Total	<u>53,496</u>		<u>16.70%</u>	<u>-</u>		<u>0.00%</u>

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

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

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

*Village of Estero, Florida*

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

Last Ten Fiscal Years

**Schedule 15**

Function	Full-time Equivalent Employees as of September 30									
	2011 <sup>1</sup>	2012 <sup>1</sup>	2013 <sup>1</sup>	2014 <sup>1</sup>	2015	2016	2017	2018	2019	2020
General Government	-	-	-	-	5.0	7.0	8.5	10.5	11.0	12.0
Total	-	-	-	-	5.0	7.0	8.5	10.5	11.0	12.0

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

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

*Village of Estero, Florida*

**Operating Indicators By Function <sup>2</sup>**

Last Ten Fiscal Years

**Schedule 16**

Function	Fiscal Year									
	2011 <sup>1</sup>	2012 <sup>1</sup>	2013 <sup>1</sup>	2014 <sup>1</sup>	2015 <sup>2</sup>	2016 <sup>2</sup>	2017 <sup>2</sup>	2018 <sup>2</sup>	2019 <sup>2</sup>	2020 <sup>2</sup>
General Government	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

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

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

*Village of Estero, Florida*  
**Capital Asset Statistics By Function <sup>2</sup>**  
 Last Ten Fiscal Years

**Schedule 17**

Function	Fiscal Year									
	2011 <sup>1</sup>	2012 <sup>1</sup>	2013 <sup>1</sup>	2014 <sup>1</sup>	2015 <sup>2</sup>	2016 <sup>2</sup>	2017 <sup>2</sup>	2018 <sup>2</sup>	2019 <sup>2</sup>	2020 <sup>2</sup>
General Government	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

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

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

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# Compliance Section



**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, 2020, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents and have issued our report thereon dated May 25, 2021.

**Internal Control Over Financial Reporting**

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

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

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

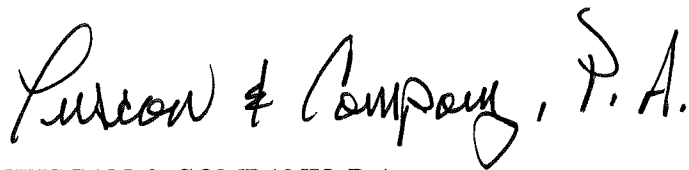
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village of Estero's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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." in a cursive, stylized font.

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

May 25, 2021

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

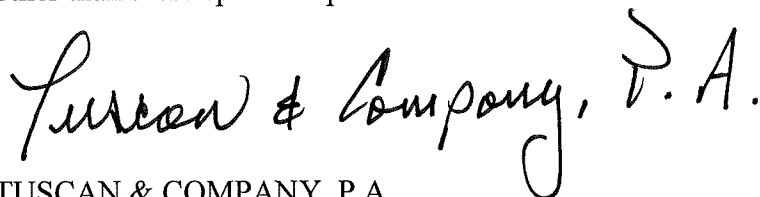
Village Council  
Village of Estero  
9401 Corkscrew Palms Circle  
Estero, Florida 33928

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, 2020. 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, 2020.

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  
May 25, 2021

## **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, 2020 and have issued our report thereon dated May 25, 2021.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an audit of the financial statements performed in accordance with Government Auditing Standards and Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports, which were dated May 25, 2021, 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. That comment appears to have been resolved in the current fiscal year.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. No such recommendations were noted to improve financial management.

- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address violations or noncompliance with provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Village discloses this information in the notes to the financial statements.
- Section 10.554(1)(i)5.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Village did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.554(1)(i)5.b and 10.556(7), Rules of the Auditor General, we have applied financial condition assessment procedures pursuant to Rule 10.556(8). It is management's responsibility to monitor the Village's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. In connection with our audit, we determined that the Village did not meet any of the criteria of a deteriorating financial condition described in Auditor General Rule Section 10.554(1)(i)(6).c.
- 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.

· Section 10.557(3)(m), Rules of the Auditor General, requires a notarized affidavit, related to impact fees, signed and sworn to by the Chief Financial officer be included in the audit report. Such affidavit is included as page 83 of the Comprehensive Annual Financial Report.

**PRIOR 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.


Current year addendum:

The prior year comment appears to have been resolved in the current year.

**CURRENT YEAR COMMENTS:**

No financially significant comments noted.

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

  
TUSCAN & COMPANY, P.A.  
Fort Myers, Florida  
May 25, 2021



May 27, 2021

Joanne Ribble  
District One

Larry Fiesel  
District Two

Jon McLain  
Vice Mayor  
District Three

Katy Errington  
Mayor  
District Four

Jim Boesch  
District Five

Jim Ward  
District Six

Jim Wilson  
District Seven

Steve Sarkozy  
Village Manager

Burt Saunders  
Village Attorney

Mr. Jeffery M. Tuscan, CPA  
Tuscan & Company, PA  
12621 World Plaza Lane  
Building 55  
Fort Myers, Florida 33907

Re: Management Letter for Fiscal Year Ended September 30, 2020

Dear Mr. Tuscan:

This letter will confirm receipt of your management letter reviewed by us. In accordance with the Management Letter, the Village of Estero did not note any current year comments for which a response was required.

Steven R. Sarkozy  
Village Manager





May 27, 2021

Joanne Ribble  
District One

Larry Fiesel  
District Two

Jon McLain  
Vice Mayor  
District Three

Katy Errington  
Mayor  
District Four

Jim Boesch  
District Five

Jim Ward  
District Six

Jim Wilson  
District Seven

Steve Sarkozy  
Village Manager

Burt Saunders  
Village Attorney

BEFORE ME, the undersigned authority, personally appeared Steven Sarkozy, who being duly sworn, deposes and says on oath that:

1. I am the Village Manager of the Village of Estero which is a local government entity of the State of Florida;
2. The governing body of the Village of Estero adopted Ordinance No. 2018-09 and No. 2018-10 implementing an impact fee; and
3. The Village of Estero has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

  
Village Manager, in lieu of a Chief Financial Officer

STATE OF FLORIDA  
COUNTY OF LEE

SWORN TO AND SUBSCRIBED before me this 22nd day of June, 2021.



NOTARY PUBLIC

Print Name LISA REITBAUER

Personally known X or produced identification \_\_\_\_\_

Type of identification produced:

\_\_\_\_\_

My Commission Expires:

\_\_\_\_\_

