Village of Estero, Florida

Comprehensive Annual Financial Report

For the Nine Months Ended September 30, 2015

-TENTATIVE REPORT-
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION

Prepared by the Finance Staff

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Comprehensive Annual Financial Report
For the Nine Months Ended September 30, 2015

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Introductory Section

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William Ribble
District One

Howard Levitan
Vice Mayor
District Two

Donald Brown
District Three

Katy Errington
District Four

Jim Boesch
District Five

Nick Batos
Mayor
District Six

Jim Wilson
District Seven

Steve Sarkozy
Village Manager

Burt Saunders
Village Attorney

March 31, 2016

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

Dear Mayor and Members of Village Council:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Village of Estero, Florida (Village) for the nine months ended September 30, 2015. Chapter 218.39 Florida Statutes requires that a complete set of financial statements be published within one year 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 audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The independent auditor has issued an unmodified ("clean") opinion on the Village's financial statements for the nine months ended September 30, 2015. The independent auditors' report is presented as the first component of the financial section of this report.

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

Profile of the Government

The Village, incorporated on December 31, 2014, is located in the southwest part of the state and located in Lee County. The Village currently occupies a land area of 30 square miles and serves a population of 30,118. 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.

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

From inception to September 30, 2015, all services were provided by Lee County. Effective October 1, 2015, the Village will provide the following services: streets and roads, development services including community development, code enforcement, and general and administrative services. The Village of Estero uses the "government lite" concept of outsourcing Village services to minimize expenditures and provide exemplary services to the community.

On May 15, 2015, the Council adopted the initial budget for the nine months ended September 30, 2015. Thereafter, the Council is required to adopt a final budget by no later than the close of the fiscal year. The annual budget serves as the foundation for the Village's financial planning and control. The budget is prepared by fund, function (e.g., public safety) and department (e.g., community development).

The Village Manager may transfer resources among programs within a department, fund, service, strategy, or organizational unit and shall report such transfers to the council, in writing, in a timely manner. The Village Council may provide for the transfer of all or part of any unencumbered appropriations balance from one department, fund, service, strategy or organizational unit to the appropriation for other departments or organizational units or a new appropriation. Budget-to-actual comparisons are provided in this report for the general fund and for the special revenue funds that are considered major funds, if applicable. For the nine months ended September 30, 2015, the Village does not have any special revenue funds and the no budget was adopted for the capital projects fund. The general fund comparisons is presented on pages 36-37 respectively as part of the required supplementary information.

Economic condition and outlook

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

In 2013, Estero was selected as the world headquarters for Hertz and the new facility was completed in 2015. The Village is also home to two regional malls with an additional hotel and assisted living facility scheduled for next fiscal year.

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.

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Long-term financial planning

In the fiscal year ending September 30, 2016, the Village plans to complete the initial five-year financial forecast and a five-year capital budget. This will help recognize when major cash infusions will be necessary. These infusions may come from the issuance of debt, grants, new revenue sources, impact fees and/or a build-up of fund balance. Any or all of these methods may be utilized. Not as obvious, but just as important is the increase in services, with the costs associated with these services, requested by citizens or mandated by external forces.

Awards and Acknowledgements

The Government Financial Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to local governments for their comprehensive annual financial report. 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 another certificate.

The preparation of this Comprehensive Annual Financial Report would not have been possible without the efficient and dedicated service of the Village staff. Also, special thanks should be expressed to Renee Lynch for her assistance. We sincerely appreciate and commend them for their contributions.

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

Respectfully submitted,

Steven R. Sarkozy
Village Manager

Lisa Griggs Pace, CPA
Finance Director

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Village of Estero, Florida

VILLAGE OFFICIALS

As of September 30, 2015

Mayor Nick Batos, District 6

Vice-Mayor Howard Levitan, District 2

Village Council

Bill Ribble, District 1

Donald Brown, District 3

Katy Errington, District 4

Jim Boesch, District 5

Jim Wilson, District 7

Village Administration

Steven R. Sarkozy, Village Manager
Burt L. Saunders, Village Attorney
Kathleen Hall, Village Clerk
Lisa Griggs Pace, CPA, Finance Director
Mary Gibbs, Community Development Director

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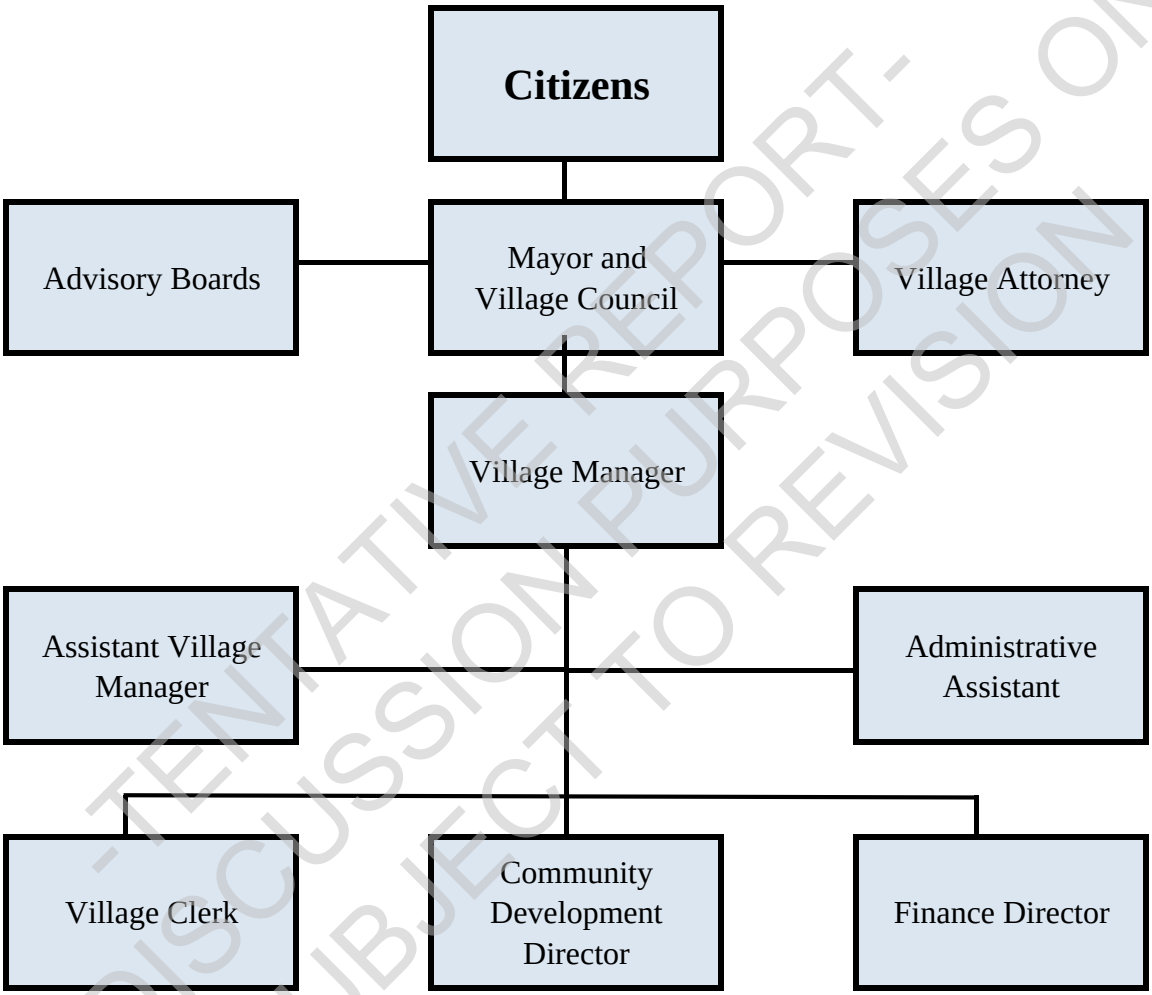
Village of Estero, Florida

Organizational Chart



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Financial Section

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INDEPENDENT AUDITORS' REPORT

Village Council
Village of Estero, Florida
Estero, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Village of Estero, Florida, as of and for the nine months ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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Village Council
Village of Estero, Florida

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general fund and the capital projects fund of the Village of Estero, Florida as of September 30, 2015, and the respective changes in financial position for the nine months 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 and budgetary comparison for the general fund on pages 5 - 12 and 36 - 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Estero, Florida's basic financial statements. The introductory section 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 introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2016, on our consideration of the Village of Estero, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Estero, Florida's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Fort Myers, Florida
March 8, 2016

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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 nine months ended September 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which precedes the Management's Discussion and Analysis.

The Village was incorporated December 31, 2014 pursuant to Chapter 2014-249, Laws of Florida and the successful referendum vote held November 4, 2014. Therefore, the financial information contained in these financial statements is for the Village's initial reporting period and represents nine months of operation commencing January 1, 2015 and ending September 30, 2015. Accordingly, no comparative data is available or presented for prior fiscal periods.

Financial Highlights

- At the close of nine months ending September 30, 2015 the Village's assets exceeded its liabilities, resulting in net position of $1,171,534, all of which is related to governmental activities.
- Total net position of the Village's governmental activities increased $1,171,534 since this is the first reporting period of the Village's operation.
- The Village had $582,076 of unrestricted net position available for use at the Village's discretion.
- Total general and program revenues were $1,720,983.
- Total expenses were $549,449.
- The governmental funds reported total ending fund balance of $1,139,909 as of September 30, 2015.
- At nine months ended September 30, 2015, unassigned fund balance for the General Fund was $580,773, or 99.95% of total General Fund expenditures and 47.45% of total General Fund revenue.
- The Village's total debt increased by $153,500.

Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements can be found on pages 14-15 of this report.

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

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

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

The Village has two (2) governmental funds, the General Fund and the Capital Projects Fund which are classified as major funds.

The Village adopts an annual budget for its General Fund only and did not adopt a budget for the Capital Projects fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the adopted and final revised budget.

The basic governmental fund financial statements can be found on pages 16--19 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.

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

Government-wide Overall Financial Analysis

As noted earlier, over time net position may serve as a useful indicator of a government's financial position. In the case of the Village, assets and deferred outflows of resources exceeded liabilities by $1,171,534 at the close of the most recent nine months ended September 2015.

Village of Estero, Florida
Summary of Net Position
September 30, 2015

	Governmental Activities 2015
Assets:	
Current and other assets	$ 1,346,774
Capital assets	30,322
Total assets	1,377,096
Liabilities:	
Other liabilities	205,562
Total liabilities	205,562
Net position:	
Net investment in capital assets	30,322
Restricted	559,136
Unrestricted	582,076
Total net position	$ 1,171,534

The smallest portion of net position (2.6%) reflects investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, furniture), less any related debt to acquire those assets that are still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The restricted net position amount of $559,136 (47.7% of total net position) represents assets that are subject to external restrictions on how they are used. The remaining balance of unrestricted net position ($582,076; 49.7% of total net position), may be used to meet the government's ongoing obligations to citizens and creditors.

At nine months ending September 2015, the Village is able to report positive balances in all three categories of net position.

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Governmental Activities. Since this is the first year of operations, there is no comparative data available or presented for the overall changes in governmental activities.

The following schedule compares the key elements of the changes in net position for the primary government for the current nine months ended September 2015:

Village of Estero, Florida
Changes in Net Position
September 30, 2015

	Governmental Activities 2015
Revenues:	
Program Revenues:	
Charges for services	$ 138
Impact Fees	497,081
General Revenues:	
Other taxes	6,242
Intergovernmental revenue	1,155,305
Investment earnings	190
Total revenues	1,720,983
Expenses:	
General government	541,773
Public safety	1,080
Physical environment	6,596
Total expenses	549,449
Increase in net position	1,171,534
Net position - beginning	-
Net position - ending	$ 1,171,534

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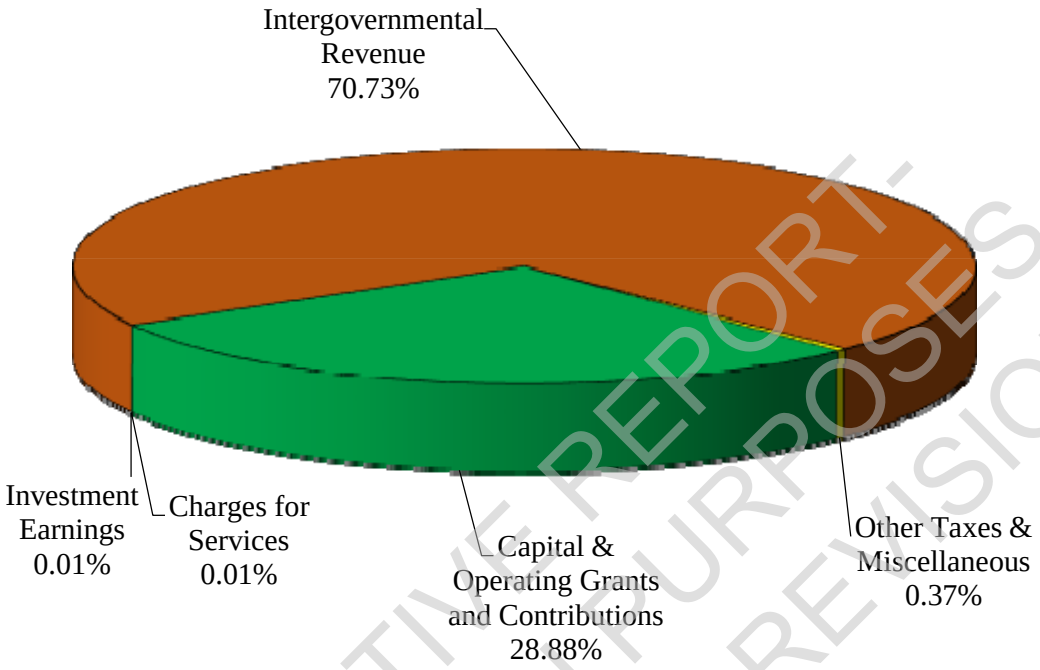
The following is a chart of revenues by source for governmental activities by percent of total revenues for nine months ended September 30, 2015:

Revenues by Source - Governmental Activities



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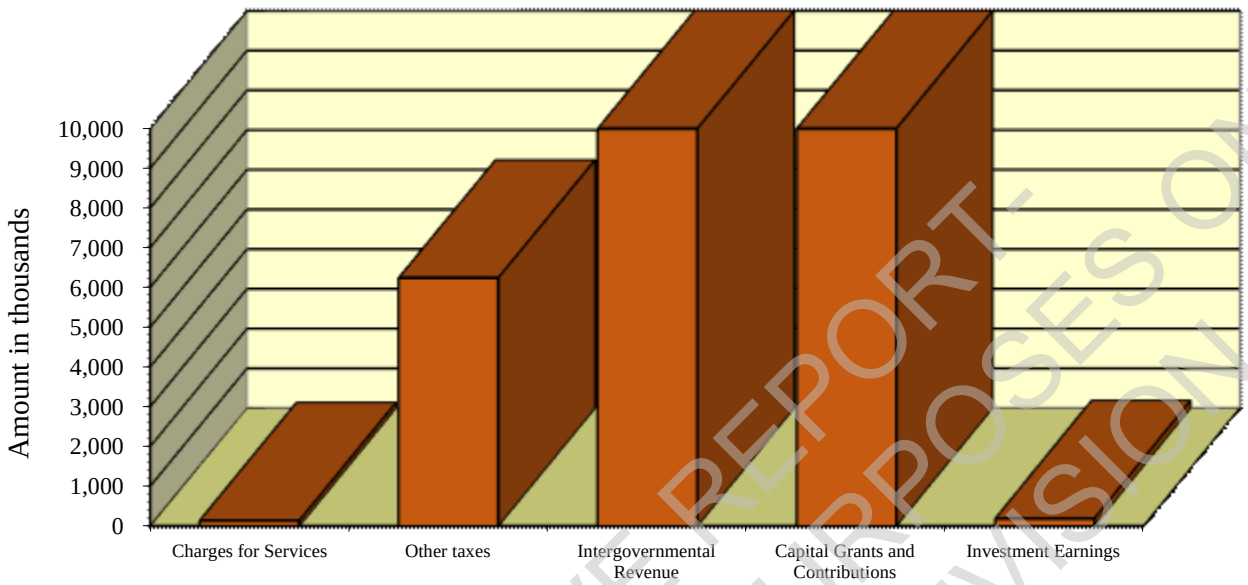
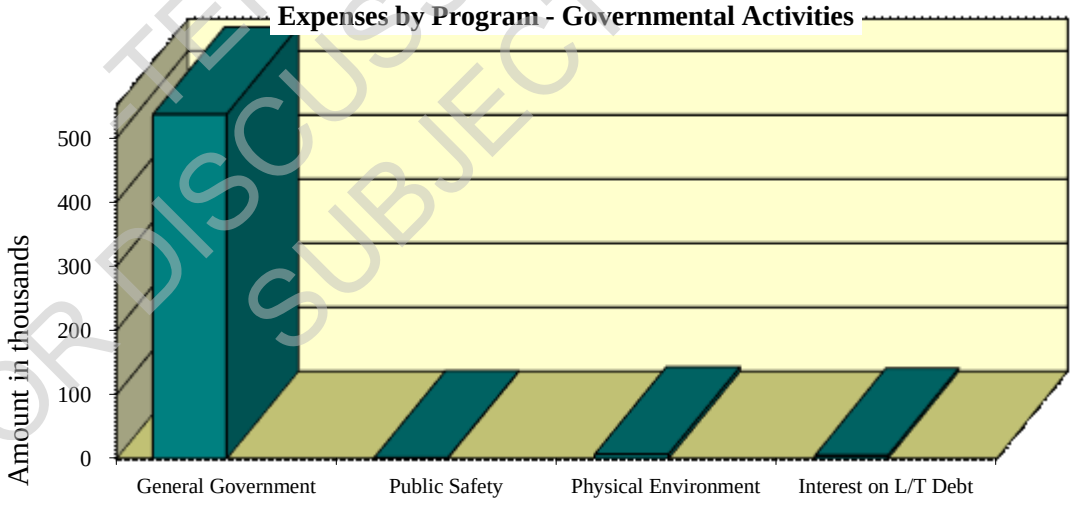
The following charts show revenues by source for governmental activities for nine months ended September 30, 2015. Since this was the initial reporting period of Village operations, no comparative information is available, presented or discussed.

Revenues by Source - Governmental Activities



The following is a chart of expenses by program for governmental activities for fiscal years 2015. Because this was the initial reporting period of Village operations, no comparative information is available, presented or discussed.



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Financial Analysis of the Village's Governmental Funds

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

Government funds reported an ending fund balance of $1,139,909. Approximately $580,773 is unassigned fund balance which is available for spending at the Village's discretion. The remainder of the fund balance of $559,136 is legally restricted as to use.

Because this is the initial reporting period of Village operations, there was no beginning fund balance. Therefore, the total ending fund balance of governmental funds reflects the increase of $1,139,909. This increase is due to revenues exceeding expenditures.

Major Governmental Funds

General Fund-The fund balance of the general fund had a net increase of $642,800. Revenues of $1,223,874 exceeded expenditures of $581,074 which generated the increase in fund balance for the Village's first reporting period.

Capital Projects-The fund balance of the capital project fund had a net increase of $497,109 which is reflective of revenues since there were no expenditures during the Village's first nine months of operations.

General Fund Budgetary Highlights

Final budget compared to Actual Results. The first budget adopted by the Village after incorporation was based upon the feasibility study for incorporation of the Village. The most significant differences between final budget and actual revenues are as follows:

Revenue source	Final budget	Actual revenues	Difference
Intergovernmental revenues	$1,002,320	$1,217,332	$215,012

- Revenues exceed the final budget primarily as a result of sales tax collections commencing one month earlier than anticipated and revenue sharing amounts were higher than predicted.

Expenditures	Final budget	Actual expenditures	Difference
General government	$ 943,940	$ 581,074	$362,866

- The actual level of professional services were less than budgeted amounts. Also actual amount expended for office equipment were under budget.

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Capital Assets and Debt Administration

Capital Assets. Non-depreciable capital assets include land, artwork, and construction in progress. Depreciable assets 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, 2015:

Village of Estero, Florida
Capital Assets
September 30, 2015

	Governmental Activities
	2015
Machinery and equipment	$ 30,573
Total capital assets	30,573
Accumulated depreciation	(251)
Total capital assets, net	$ 30,322

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

- New computer hardware to begin implementation of Village operations.

Additional information on the Village's capital assets can be found in Note 4 on page 30.

Debt Administration

At September 30, 2015, the Village had no outstanding long-term debt.

Although the Village has a Tax Anticipation payable at September 30, 2015 in the amount of $153,500, the payable will be repaid within the next fiscal year. Additional information on the Tax Anticipation payable can be found in Note 5 on page 31.

Economic Factors and Next Year's Budget Rates

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

- The first year's collection of ad valorem taxes is estimated to be $4,550,000 levied on a taxable property value of $5,699,812,482.
- Local communications services tax, local option gas tax as well as franchise fees will be collected for the first time during fiscal year 2015-16.
- Increases in revenue from road, community park and regional park impact fees, revenue sharing, half-cent sales tax and other intergovernmental revenue is budgeted, since the next fiscal year's collections will be for a full twelve-month fiscal period.
- The Village is committed to the "government-light" concept and has budgeted to continue using consultants or Interlocal agreements for legal representation, permit issuance, law enforcement, physical environment and transportation expenditures.

Request for information

This financial report is designed to provide the reader an overview of the Village. Questions regarding any information provided in this report should be directed to: Village of Estero, Finance Department, 21500 Three Oaks Parkway, Estero, Florida, 33928, phone (239) 221-5035.

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Basic Financial Statements

FOR DISCUSSION PURPOSES ONLY
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Village of Estero, Florida

Statement of Net Position

September 30, 2015

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 1,133,247
Receivables (net)	561
Due from other governments	211,663
Prepaids	1,303
Capital assets:	
Depreciable (net)	30,322
Total assets	1,377,096
LIABILITIES	
Accounts payable	29,890
Accrued liabilities	22,172
Tax anticipation payable	153,500
Total liabilities	205,562
NET POSITION	
Net investment in capital assets	30,322
Restricted for:	
Culture and recreation capital improvements	180,062
Highways and streets capital improvements	379,074
Unrestricted	582,076
Total net position	$ 1,171,534

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

Village of Estero, Florida

Statement of Activities

For the Nine Months Ended September 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Total Governmental Activities
Primary government:					
Governmental activities:					
General government	$ 536,623	$ 138	$ -	$ -	$ (536,485)
Public safety	1,080	-	-	-	(1,080)
Physical environment	6,596	-	-	-	(6,596)
Transportation	-	-	62,027	317,030	379,057
Culture and recreation	-	-	-	180,051	180,051
Interest and closing cost	5,150	-	-	-	(5,150)
Total governmental activities	$ 549,449	$ 138	$ 62,027	$ 497,081	$ 9,797

General revenues:	
Taxes:	
Local business taxes	$ 6,242
Intergovernmental revenues, not restricted to specific programs	1,155,305
Investment earnings	190
Total general revenues	1,161,737
Change in net position	1,171,534
Net position - beginning	-
Net position - ending	$ 1,171,534

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

-TENTATIVE REPORT-
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION

Village of Estero, Florida

Balance Sheet

Governmental Funds

September 30, 2015

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 667,522	$ 465,725	$ 1,133,247
Receivables (net)	561	-	561
Due from other governments	180,279	31,384	211,663
Total assets	$ 848,362	$ 497,109	$ 1,345,471
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 29,890	$ -	$ 29,890
Accrued liabilities	22,172	-	22,172
Tax anticipation payable	153,500	-	153,500
Total liabilities	205,562	-	205,562
Fund balances:			
Restricted for:			
Culture and recreation capital improvements	-	180,062	180,062
Highways and streets capital improvements	62,027	317,047	379,074
Unassigned	580,773	-	580,773
Total fund balances	642,800	497,109	1,139,909
Total liabilities and fund balances	$ 848,362	$ 497,109	$ 1,345,471

- TENTATIVE REPORT - FOR DISCUSSION PURPOSES ONLY SUBJECT TO REVISION

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

Village of Estero, Florida

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

September 30, 2015

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

Fund balances - total governmental funds		$ 1,139,909
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		
Depreciable capital assets	$ 30,573	
Less accumulated depreciation	(251)	30,322
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		1,303
Net position of governmental activities		$ 1,171,534

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

Village of Estero, Florida

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Nine Months Ended September 30, 2015

	General	Capital Projects	Total Governmental Funds
REVENUES			
Taxes			
Local business taxes	$ 6,242	$ -	$ 6,242
Intergovernmental revenues	1,217,332	-	1,217,332
Fines and forfeitures	138	-	138
Miscellaneous			
Impact fees	-	497,081	497,081
Investment earnings	162	28	190
Total revenues	1,223,874	497,109	1,720,983
EXPENDITURES			
Current			
General government	537,675	-	537,675
Public safety	1,080	-	1,080
Physical environment	6,596	-	6,596
Capital outlay	30,573	-	30,573
Debt service			
Interest	1,650	-	1,650
Issuance cost	3,500	-	3,500
Total expenditures	581,074	-	581,074
Excess of revenues over expenditures	642,800	497,109	1,139,909
Net change in fund balances	642,800	497,109	1,139,909
Fund balances - beginning	-	-	-
Fund balances - ending	$ 642,800	$ 497,109	$ 1,139,909

- TENTATIVE REPORT - FOR DISCUSSION PURPOSES ONLY SUBJECT TO REVISION

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

Village of Estero, Florida

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

For the Nine Months Ended September 30, 2015

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

Net change in fund balances - total governmental funds		$ 1,139,909
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	$ 30,573	
Depreciation	(251)	30,322
Expenditures for insurance and similar services extending over more than one accounting period are not allocated between or among accounting periods in the governmental funds, but are accounted for as expenditures of the period of acquisition. This amount represents the increase in prepaids at 9/30/15 from inception.		1,303
Change in net position of governmental activities		$ 1,171,534

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

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Note 8 Stewardship, Compliance and Accountability 32

Note 9 Commitments and Contingencies 34

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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 nine months ended September 30, 2015.

Reporting Entity

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

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

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

(a) Government-wide and Fund Financial Statements

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

-TENTATIVE REPORT-
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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. 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.

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.

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

- TENTATIVE REPORT - FOR DISCUSSION PURPOSES ONLY SUBJECT TO REVISION

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.

The Village has no investments as of September 30, 2015.

Receivables

Receivables as of year end for the government's general fund are reported net of allowance for uncollectibles. As of September 30, 2015, the allowance for uncollectible receivables was $0.

Prepaids

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.

TENTATIVE REPORT-
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Note 1 - Summary of Significant Accounting Policies (Continued)

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

Capital Assets

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

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

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

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

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

Asset	Years
Buildings	30-50
Improvements other than buildings	7-50
Machinery and equipment	3-10
Infrastructure	10-100
Intangible software	3-5

-TENTATIVE REPORT
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Note 1 - Summary of Significant Accounting Policies (Continued)

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Village does not have any items that qualify for reporting in this category.

Net Position Flow Assumption

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

Fund Balance Flow Assumption

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

Net Position/Fund Balances

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

FOR TENTATIVE REPORT DISCUSSION PURPOSES ONLY SUBJECT TO REVISION

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. The Village does not have any nonspendable fund balance.
Restricted	Restricted fund balances include amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors, grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Village restricted fund balances have constrains placed on the uses of resources by state statute.
Committed	Committed fund balances are classified as such as a result of Village Council taking formal action and adopting an ordinance which can only be modified or rescinded by subsequent formal action. An ordinance is the Village's highest level of decision-making authority. The Village does not have any committed fund balance.
Assigned	Assigned fund balances are constrained by the Village's intent to be used for specific purposes but are neither restricted nor committed. The Village does not have any assigned fund balance.
Unassigned	Fund balance that has not been reported in any other classification.

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.

FOR DISCUSSION PURPOSES ONLY - TENTATIVE REPORT SUBJECT TO REVISION

Note 2 - Cash

Cash

As of September 30, 2015, the carrying amount of the Village's deposits was $1,133,247, and the bank balance was $1,221,525. 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 - Receivables, Prepaids, and Accrued Liabilities

(a) Receivables

Receivables as of September 30, 2015 for the government's general fund in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General
Receivables:	
Accounts (gross)	$ 561
Allowance for uncollectable receivable	-
Net total receivables	$ 561

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

(b) Prepaids

Prepaid assets for the Village total $1,303.

(c) Accrued Liabilities

Accrued liabilities as of September 30, 2015 are as follows:

	General
Accrued liabilities:	
Wages, benefits and taxes	$ 22,172
Total accrued liabilities	$ 22,172

- TENTATIVE REPORT - FOR DISCUSSION PURPOSES ONLY SUBJECT TO REVISION

Note 4 - Capital Assets

Capital asset activity for the year ended September 30, 2015 is as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Transfers/ Reclassifications	Ending Balance
Capital assets being depreciated:					
Machinery and equipment	-	30,573	-	-	30,573
Total capital assets being depreciated	-	30,573	-	-	30,573
Less accumulated depreciation for:					
Machinery and equipment	-	251	-	-	251
Total accumulated depreciation	-	251	-	-	251
Total capital assets being depreciated, net	-	30,322	-	-	30,322
Total governmental activities capital assets, net	$ -	$ 30,322	$ -	$ -	$ 30,322

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

	General
General government	$ 251
Total depreciation expense-governmental activities	$ 251

From the inception of the Village to September 30, 2015, the Village of Estero did not enter into any Interlocal Agreements with Lee County that conveyed jurisdictional responsibility to any roads, storm water or other real property assets from Lee County to the Village of Estero. During the nine months ended September 30, 2015, Lee County preformed and funded all work necessary to maintain all roads, storm water or other real property assets located within the Village of Estero. As such, the Village of Estero financial statements for the nine months ended September 30, 2015 do not include any infrastructure, storm water and other Village of Estero real property assets.

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Note 5- Tax Anticipation Payable

In order to provide working capital at the inception of the Village, a revolving line of credit was executed April 7, 2015 and will expire April 7, 2016. The line of credit is renewable after the initial twelve months term, for up to $1,500,000 and with a variable interest rate at a per annum rate equal to the sum of 1-month LIBOR plus 2.00%. The line of credit is collateralized by the ad valorem taxes to be levied and collected by the Village and the full faith, credit and taxing power of the Village. Quarterly interest payments totaled $1,650 and closing costs were $3,500 for nine months ended September 30, 2015. The following is schedule of changes in short term debt:

	Beginning Balance	Additions	Deletions	Ending Balance
Tax Anticipation Payable	$ -	$153,500	$ -	$153,500

Note 6 - 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, 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 nor were there any settlements that exceed insurance coverage amounts for the nine months ended September 30, 2015.

The Florida League of Cities, Inc. published financial report for the year ended September 30, 2015 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.

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Note 7 - Lease Obligations

The Village leases office space and receptionist's services to provide a location for the Village administrative and Community Development offices. The administrative office lease began on April 1, 2015 and ends on March 31, 2016. On September 29, 2015 a lease was executed for community development office space which commences October, 2015 and ends on March 31, 2016 with an option to continue month-to-month. Total costs for the leases for the nine months ended September 30, 2015 was $14,280.

Fiscal year ending	Governmental Activities
September 30, 2016	$21,286

Note 8 - Stewardship, Compliance and Accountability

(a) Property Taxes

The billing and collection of all property taxes is performed for the Village by the Lee County Tax Collector. Property taxes are levied after formal adoption of the Village's budget and become due and payable on November 1 of each year. Discounts are allowed for payment of property taxes before March 1 of the following year. Taxes are recognized as revenue when levied to the extent that they result in current receivables. On April 1, any unpaid taxes become delinquent. If the taxes are still unpaid in May, tax certificates are then offered for sale to the general public. The proceeds collected are remitted to the Village. There were no delinquent taxes or uncollected taxes at year end.

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Note 8 - Stewardship, Compliance and Accountability (continued)

(a) Property Taxes (continued)

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

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

For tax year 2014, the tax rate was levied by Lee County as the Village's enabling legislation relating to assessment and collection of ad valorem taxes, was created and established effective December 31, 2014.

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Note 9 - Commitments and Contingencies

The Village has entered into an interlocal agreement with Lee County for municipal services which will begin October 1, 2015. The interlocal agreement provides for natural resources, transportation, and animal control. Total cost for these services for nine months ended September 30, 2016 will be $2,986,240.

The Village had outstanding commitment for professional service contracts totaling $166,000. These projects are for planning, engineering and legal services.

Note 10 - Subsequent Events

On October 21, 2015, the Village entered a lease agreement for office space to provide a location for the Village administration and Community Development offices. The lease of the space commences March 1, 2016 and continues for five years with the option to renew for three additional terms of five years and an option to purchase after the second lease year. The initial monthly rent is $10,569 plus common area maintenance with annual increases of the greater of 2.5% or consumer price index. Building improvements are to be completed by the landlord with total estimated cost of $388,500 of which $238,500 will be funded by the Village.

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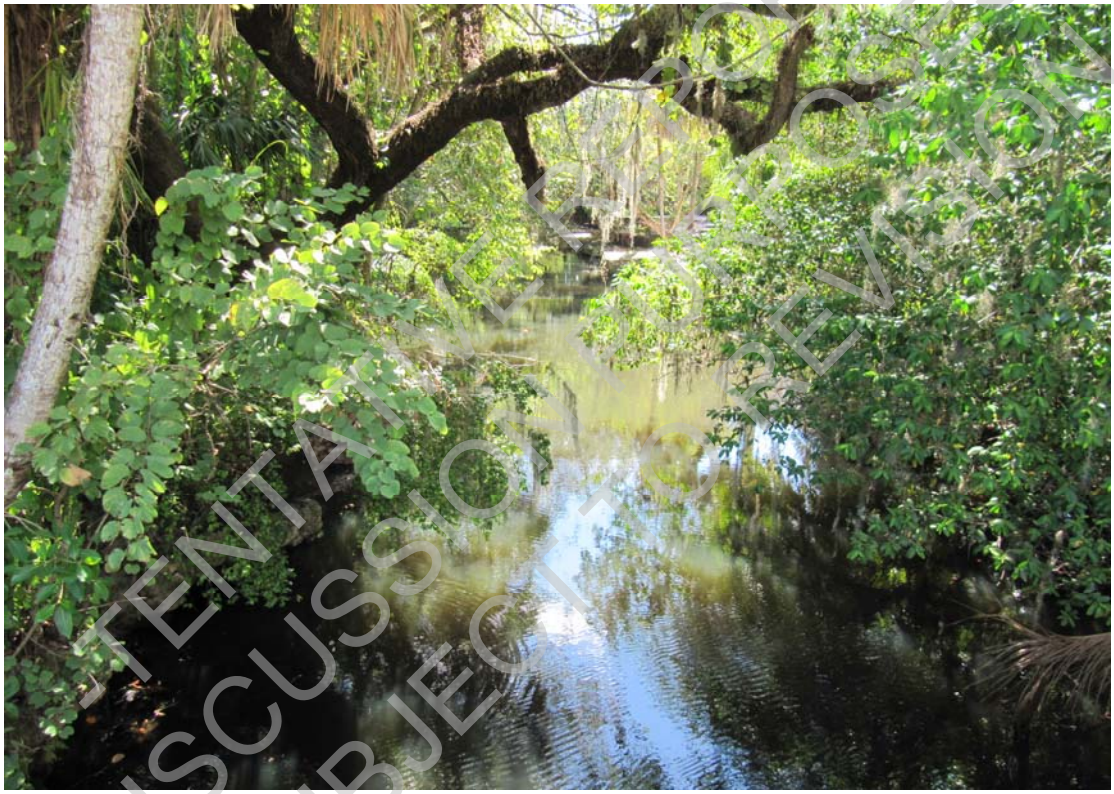
Required Supplementary Information



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Village of Estero, Florida

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

General Fund

For the Nine Months Ended September 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes				
Local business taxes	$ -	$ -	$ 6,242	$ 6,242
Intergovernmental revenues	1,002,320	1,002,320	1,217,332	215,012
Fines and forfeitures	-	-	138	138
Miscellaneous				
Investment earnings	-	-	162	162
Total revenues	1,002,320	1,002,320	1,223,874	221,554
EXPENDITURES				
Current:				
General government	943,940	943,940	581,074	362,866
Total expenditures	943,940	943,940	581,074	362,866
Excess of revenues over expenditures	58,380	58,380	642,800	584,420
Net change in fund balances	$ 58,380	$ 58,380	642,800	$ 584,420
Fund balances - beginning			-	
Fund balances - ending			$ 642,800	

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

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

The level of control whereby expenditures cannot legally exceed the total amount budgeted is at the department level and the annual budgets serve as the legal authorization for expenditures. The council may establish or terminate departments by ordinance. As of September 30, 2015, the Village Council has not established departments.

For the nine months September 30, 2015, the Village of Estero adopted a budget for the General Fund only and did not adopt a budget for the Capital Projects fund.

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

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Statistical Section

TENTATIVE REPORT-
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Statistical Section

(unaudited)

This part of the Village of Estero 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 41

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 44

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

Debt Capacity 49

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 53

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 55

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.

TENTATIVE REPORT - FOR DISCUSSION PURPOSES ONLY SUBJECT TO REVISION

Village of Estero, Florida

Net Position by Component

Last Ten Fiscal Years
(accrual basis of accounting)

Schedule 1

	Fiscal Year									
	2006 [1]	2007 [1]	2008 [1]	2009 [1]	2010 [1]	2011 [1]	2012 [1]	2013 [1]	2014 [1]	2015
Governmental/Primary Government Activities										
Net investment in capital assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 30,322
Restricted	-	-	-	-	-	-	-	-	-	559,136
Unrestricted	-	-	-	-	-	-	-	-	-	582,076
Total governmental activities/ primary government net position	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$1,171,534

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

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

-TENTATIVE REPORT-
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION

Village of Estero, Florida

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

Schedule 2

	Fiscal Year									
	2006 [1]	2007 [1]	2008 [1]	2009 [1]	2010 [1]	2011 [1]	2012 [1]	2013 [1]	2014 [1]	2015
Expenses										
Governmental activities:										
General government	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 541,773
Public safety	-	-	-	-	-	-	-	-	-	1,080
Physical environment	-	-	-	-	-	-	-	-	-	6,596
Total governmental activities/primary government expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 549,449
Program Revenues										
Governmental activities:										
Charges for services:										
General government	-	-	-	-	-	-	-	-	-	$ 138
Operating grants and contributions	-	-	-	-	-	-	-	-	-	62,027
Capital grants and contributions	-	-	-	-	-	-	-	-	-	497,081
Total governmental activities/primary government program revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 559,246
General Revenues										
Governmental activities:										
Taxes										
Local business taxes	-	-	-	-	-	-	-	-	-	$ 6,242
Intergovernmental revenues	-	-	-	-	-	-	-	-	-	1,155,305
Investment earnings	-	-	-	-	-	-	-	-	-	190
Total governmental activities/primary government	-	-	-	-	-	-	-	-	-	1,161,737
Change in Net Position										
Total governmental activities/primary government	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,171,534

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

-TENTATIVE REPORT-
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION

Village of Estero, Florida

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Schedule 3

	Fiscal Year									
	2006 [1]	2007 [1]	2008 [1]	2009 [1]	2010 [1]	2011 [1]	2012 [1]	2013 [1]	2014 [1]	2015
General Fund										
Restricted	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 62,027
Unassigned	-	-	-	-	-	-	-	-	-	580,773
Total General Fund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 642,800
All Other Governmental Funds										
Restricted, reported in:										
Capital projects funds	-	-	-	-	-	-	-	-	-	$ 497,109
Total all other governmental funds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 497,109

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

-TENTATIVE REPORT-
FOR DISCUSSION PURPOSES ONLY
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Village of Estero, Florida

Changes In Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Schedule 4

	Fiscal Year									
	2006 [1]	2007 [1]	2008 [1]	2009 [1]	2010 [1]	2011 [1]	2012 [1]	2013 [1]	2014 [1]	2015
Revenues										
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,242
Intergovernmental	-	-	-	-	-	-	-	-	-	1,217,332
Fines and forfeitures	-	-	-	-	-	-	-	-	-	138
Miscellaneous										
Impact fees	-	-	-	-	-	-	-	-	-	497,081
Investment earnings	-	-	-	-	-	-	-	-	-	190
Total revenues	-	-	-	-	-	-	-	-	-	1,720,983
Expenditures										
General government	-	-	-	-	-	-	-	-	-	537,675
Public safety	-	-	-	-	-	-	-	-	-	1,080
Physical environment	-	-	-	-	-	-	-	-	-	6,596
Capital outlay [1]	-	-	-	-	-	-	-	-	-	30,573
Debt service										
Interest and issurance cost	-	-	-	-	-	-	-	-	-	5,150
Total expenditures	-	-	-	-	-	-	-	-	-	581,074
Excess of revenues over expenditures	-	-	-	-	-	-	-	-	-	1,139,909
Net change in fund balances	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,139,909
Debt service as a percentage of noncapital expenditures	-	-	-	-	-	-	-	-	-	0.9%

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

-TENTATIVE REPORT-
FOR DISCUSSION PURPOSES ONLY
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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 Residential Property	Real Property Commercial Property	Real Property Other Property	Personal Property	Less: Tax-Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value[1]
2006 [1]	-	-	-	-	-	-	-	-	-
2007 [1]	-	-	-	-	-	-	-	-	-
2008 [1]	-	-	-	-	-	-	-	-	-
2009 [1]	-	-	-	-	-	-	-	-	-
2010 [1]	-	-	-	-	-	-	-	-	-
2011 [1]	-	-	-	-	-	-	-	-	-
2012 [1]	-	-	-	-	-	-	-	-	-
2013 [1]	-	-	-	-	-	-	-	-	-
2014 [1]	-	-	-	-	-	-	-	-	-
2015 [1]	-	-	-	-	-	-	-	-	-

Source: *Lee County Property Appraiser.*

Note: *Real property is reassessed every year.*

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

[2] *Includes tax-exempt property.*

- TENTATIVE REPORT - FOR DISCUSSION PURPOSES ONLY SUBJECT TO REVISION

Village of Estero, Florida

Property Tax Rates - Direct And Overlapping Governments

(Per $1,000 of Assessed Value)

Last Ten Fiscal Years

Schedule 6

	Village of Estero, Florida			Overlapping Rates[2]										
				Lee County					School					Total
Fiscal Year	Operating Millage	Debt Service Millage	Total Village Millage	General Revenue	Capital Improv	Unincorporated MSTU	Library Fund	Total Lee Cty	Local Board	State Law	Total School	Fire District	Other[3]	Direct & Overlapping Rates
2006 [1]	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2007 [1]	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2008 [1]	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2009 [1]	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2010 [1]	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2011 [1]	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2012 [1]	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2013 [1]	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2014 [1]	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2015 [1]	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: Lee County Property Appraiser.

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

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

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

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

-TENTATIVE REPORT-
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION

Principal Property Taxpayers

Current Fiscal Year and Nine Fiscal Years Ago

Schedule 7

	2015 [1]			2006 [1]		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
Total	$ -		0.00%	$ -		0.00%

Source: Lee County Property Appraiser.

[1] *The Village of Estero was incorporated December 31, 2014. Therefore, fiscal year 2015 is the first year of operations; however, property taxes will not be 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.*

TENTATIVE REPORT - FOR DISCUSSION PURPOSES ONLY SUBJECT TO REVISION

Property Tax Levies And Collections

Last Ten Fiscal Years

Schedule 8

Fiscal Year Ended Sep 30	Total Tax Levy For Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount [2]	Percentage of Levy		Amount	Percentage of Levy
2006 [1]	-	-	0.00%	-	-	0.00%
2007 [1]	-	-	0.00%	-	-	0.00%
2008 [1]	-	-	0.00%	-	-	0.00%
2009 [1]	-	-	0.00%	-	-	0.00%
2010 [1]	-	-	0.00%	-	-	0.00%
2011 [1]	-	-	0.00%	-	-	0.00%
2012 [1]	-	-	0.00%	-	-	0.00%
2013 [1]	-	-	0.00%	-	-	0.00%
2014 [1]	-	-	0.00%	-	-	0.00%
2015 [1]	-	-	0.00%	-	-	0.00%

Source: *Lee County Tax Collector.*

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

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

TENTATIVE REPORT - FOR DISCUSSION PURPOSES ONLY SUBJECT TO REVISION

Ratios Of Outstanding Debt By Type

Last Ten Fiscal Years

Schedule 9

	Governmental Activities					
Fiscal Year	General Obligation Bonds	Revenue Bonds	Notes, Loans and Agreements Payable	Total Primary Government	Percentage of Personal Income [2]	Per Capita [2]
2006 [1]	-	-	-	-	-	-
2007 [1]	-	-	-	-	-	-
2008 [1]	-	-	-	-	-	-
2009 [1]	-	-	-	-	-	-
2010 [1]	-	-	-	-	-	-
2011 [1]	-	-	-	-	-	-
2012 [1]	-	-	-	-	-	-
2013 [1]	-	-	-	-	-	-
2014 [1]	-	-	-	-	-	-
2015 [1]	-	-	153,500	153,500	-	-

Note: Details regarding the Village's outstanding debt can be found in the notes to the financial statements.

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

[2] *The Village of Estero was incorporated December 31, 2014. Therefore, fiscal year 2015 is the first year of operations; however, property taxes will not be assessed by the Village of Estero until fiscal year 2016. Ten-year historic data will be accumulated and reflected in future year's financial statements. See schedule 13 for personal income and population data. These ratios are calculated using personal income and population for prior calendar year.*

-TENTATIVE REPORT-
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION

Village of Estero, Florida

Ratios of General Bonded Debt Outstandin

Last Ten Fiscal Years

Schedule 10

	General Bonded Debt Outstanding				
Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2006 [1]	-	-	-	0.00%	-
2007 [1]	-	-	-	0.00%	-
2008 [1]	-	-	-	0.00%	-
2009 [1]	-	-	-	0.00%	-
2010 [1]	-	-	-	0.00%	-
2011 [1]	-	-	-	0.00%	-
2012 [1]	-	-	-	0.00%	-
2013 [1]	-	-	-	0.00%	-
2014 [1]	-	-	-	0.00%	-
2015 [1]	-	-	-	0.00%	-

Note: Details regarding the Village's outstanding debt can be found in the notes to the financial statements.

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

- TENTATIVE REPORT -
FOR DISCUSSION PURPOSES ONLY
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Direct And Overlapping Governmental Activities Debt

As of September 30, 2015 [5]

Schedule 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Lee County	$ 233,295,000 [1]	0.0% [2]	$ -
Village direct debt			153,500 [3]
Total direct and overlapping debt			$ 153,500

[1] *Lee County Clerk of Court, Finance Division*

[2] *Determined by dividing:*

"Total Taxable Assessed Valuation" from Schedule 5	$ - [5]
by the "Total Taxable Assessed Value" of Lee County	$ 74,744,964,052 [4]

[3] *See Schedule 9 herein and see note 5 below.*

[4] *State of Florida Department of Revenue*

[5] *The Village of Estero was incorporated December 31, 2014. Therefore, fiscal year 2015 is the first year of operations; however, property taxes will not be 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.*

- TENTATIVE REPORT - FOR DISCUSSION PURPOSES ONLY SUBJECT TO REVISION

Village of Estero, Florida

Legal Debt Margin Information

Last Ten Fiscal Years

Schedule 12

	2006 [1]	2007 [1]	2008 [1]	2009 [1]	2010 [1]	2011 [1]	2012 [1]	2013 [1]	2014 [1]	2015 [1]
Legal debt limit	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

[1] *The Village of Estero was incorporated December 31, 2014. Therefore, fiscal year 2015 is the first year of operations; however, property taxes will not be 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.*

-TENTATIVE REPORT-
FOR DISCUSSION PURPOSES ONLY
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Village of Estero, Florida

Demographic And Economic Statistics

Last Ten Fiscal Years

Schedule 13

	Population		Lee County [2]			
Fiscal Year	Village of Estero [3]	Lee County [3]	Total Personal Income (in thousands) [4]	Per Capita Personal Income [5]	Median Age [5]	Unemployment Rate [6]
2006 [1]	-	-	-	-	-	-
2007 [1]	-	-	-	-	-	-
2008 [1]	-	-	-	-	-	-
2009 [1]	-	-	-	-	-	-
2010 [1]	-	-	-	-	-	-
2011 [1]	-	-	-	-	-	-
2012 [1]	-	-	-	-	-	-
2013 [1]	-	-	-	-	-	-
2014 [1]	-	-	-	-	-	-
2015 [1]	30,118	665,562	28,115,336	42,243	46.2	5.1%

[1] *The Village of Estero was incorporated December 31, 2014. Therefore, fiscal year 2015 is the first year of operations; however, property taxes will not be 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.*

Data Sources:

[2] *Village of Estero statistics unattainable.*

[3] *The Florida Legislature Office of Economic and Demographic Research for 2010 and subsequent years.*

[4] *Determined by multiplying population by per capita income.*

[5] *The Florida Legislature Office of Economic and Demographic Research.*

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

-TENTATIVE REPORT-
FOR DISCUSSION PURPOSES ONLY
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Principal Employers [2]

Current Fiscal Year and Nine Fiscal Years Ago

Schedule 14

	2015 [1]			2006 [1]		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
Total	-		0.00%	-		0.00%

[1] *The Village of Estero was incorporated December 31, 2014. Therefore, fiscal year 2015 is the first year of operations; however, property taxes will not be 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.*

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

[2] *Information listed is for Lee County as statistics for Village of Estero are unobtainable.*

- TENTATIVE REPORT - FOR DISCUSSION PURPOSES ONLY SUBJECT TO REVISION

Full-Time Equivalent City Government Employees By Function

Last Ten Fiscal Years

Schedule 15

	Full-time Equivalent Employees as of September 30									
	2006 [1]	2007 [1]	2008 [1]	2009 [1]	2010 [1]	2011 [1]	2012 [1]	2013 [1]	2014 [1]	2015
Function										
General Government	-	-	-	-	-	-	-	-	-	5.0
Total	-	-	-	-	-	-	-	-	-	5.0

Source: Village of Estero Annual Budget as amended.

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

-TENTATIVE REPORT-
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Operating Indicators By Function [2]

Last Ten Fiscal Years

Schedule 16

	Fiscal Year									
	2006 [1]	2007 [1]	2008 [1]	2009 [1]	2010 [1]	2011 [1]	2012 [1]	2013 [1]	2014 [1]	2015 [2]
Function										
General Government	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

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

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

-TENTATIVE REPORT-
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Capital Asset Statistics By Function [2]

Last Ten Fiscal Years

Schedule 17

	Fiscal Year									
	2006 [1]	2007 [1]	2008 [1]	2009 [1]	2010 [1]	2011 [1]	2012 [1]	2013 [1]	2014 [1]	2015 [2]
Function										
General Government	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

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

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

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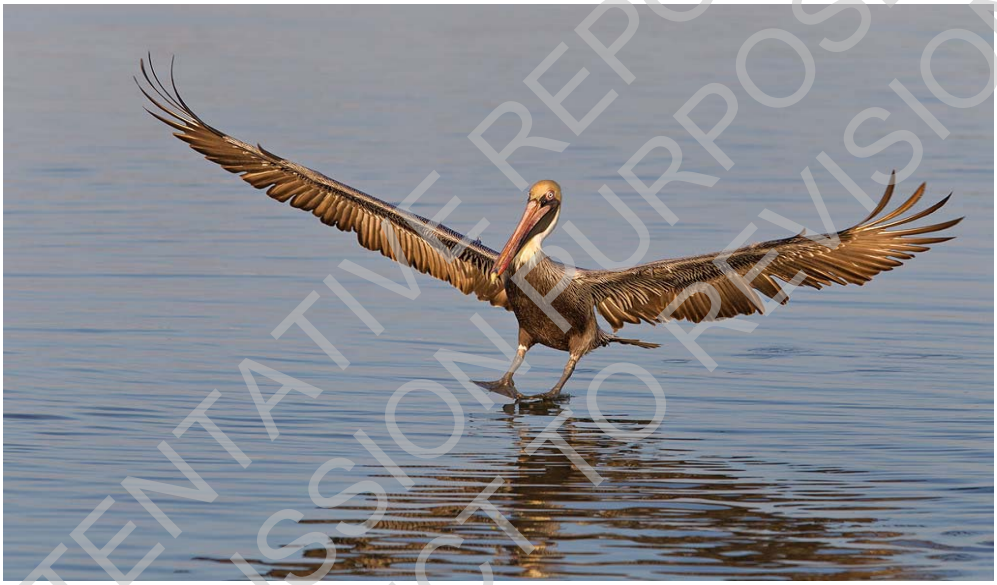
Other Supplementary Information



- TENTATIVE REPORT -
FOR DISCUSSION PURPOSES ONLY
SUBJECT TO REVISION

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

Village Council
Village of Estero, Florida
Estero, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Village of Estero, Florida, as of and for the nine months ended September 30, 2015, and the related notes to the financial statements, which collectively comprise Village of Estero, Florida's basic financial statements, and have issued our report thereon dated March 8, 2016.

Internal Control Over Financial Reporting

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

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

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

FOR DISCUSSION PURPOSES ONLY
TENTATIVE REPORT-
SUBJECT TO REVISION

Compliance and Other Matters

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

Village of Estero, Florida's Response to Findings

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

Purpose of this Report

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

CliftonLarsonAllen LLP

Fort Myers, Florida
March 8, 2016

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2015-001 Segregate Payroll Duties

Criteria:

The basic premise of segregation of duties is that no one person should have access to both physical assets and the related accounting records or to all phases of a transaction. During the audit, we noted a lack of segregation of duties within the payroll process.

Condition:

One employee maintains the payroll master file, including making changes to it for pay rate changes; prepares the payroll; transmits the payroll; and records the transactions in the general ledger.

Cause:

The Village's finance staff consists of just one person, the Finance Director.

Effect:

This lack of segregation of duties in the payroll function increases the risk that an error or irregularity could occur and go undetected.

Recommendation:

While the Village Manager reviews and approves a preprocessing payroll report, we recommend that the Village Manager also review a payroll post-processing report and compare it to the approved preprocessing report. In addition, the Village Manager should review a payroll change report each pay period, detailing any changes made to the payroll master file.

Views of Responsible Officials and Planned Corrective Action:

Effective November 15, 2015, the Village Manager reviews and approves a post-processing report and agrees it to the approved preprocessing report. The Village Manager also reviews a payroll change report to verify that any changes completed are as authorized. On January 27, 2016, a Finance Clerk began work in the Finance Department. This additional staff will allow for segregation of duties in the payroll process.

2015-002 Approve Journal Entries

Criteria:

The proper initiation, authorization, recording, and processing of standard and nonstandard journal entries helps guard against the use of journal entries to obscure fraudulent financial reporting.

Condition:

One employee prepares and records journal entries, without a review or approval of the entry or supporting documentation.

Cause:

The Village's finance staff consists of just one person, the Finance Director.

Effect:

This lack of journal entry review and approval increases the risk that an error or irregularity could occur and go undetected.

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Recommendation:

We recommend the adopting of a policy whereby a report detailing all journal entries will be reviewed by the Village Manager or other designated member of management each month. The report should be initialed and dated by the preparer and initialed and dated by the management reviewer.

Views of Responsible Officials and Planned Corrective Action:

On January 27, 2016, a Finance Clerk began work in the Finance Department. With two financial staff members, Finance Clerk and Finance Director, one staff member will prepare the journal entry and the other staff member will review the journal entry with supporting documentation. From November 2, 2015 through January 27, 2015, the Village Manager reviewed and approved all journal entries.

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Management Letter and Response

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MANAGEMENT LETTER

Honorable Village Council
Village of Estero, Florida
Estero, Florida

Report on the Financial Statements

We have audited the financial statements of the Village of Estero, Florida (the "Village"), as of and for the fiscal nine months ended September 30, 2015, and have issued our report thereon dated March 8, 2016.

Auditors' Responsibility

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 and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards,* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedules, which are dated March 8, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. This is the initial nine months of operations for the Village, therefore, there are no preceding annual financial audit reports.

Official Title and Legal Authority

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

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Financial Condition
Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether or not the Village has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Village did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Village's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report
Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Village for the nine months ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the nine months ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

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

Other Matters
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, our recommendation is as follows:

ML2015-001 – Formal Written Policies

Criteria
Written polices and procedures should be maintained and updated regularly to establish standard practices, establish procedures to address identified risks in order to prevent or detect and correct errors or fraud, and establish responsibilities for preparation, review and approval of information.

Condition
Our review of internal controls revealed financial policies and procedures for recording transactions were not in formal approved written form.

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Cause
The Village was created on December 31, 2014 and written policies and procedures have not yet been developed.

Effect
Without formal written policies and procedures in place, the Village is vulnerable to errors or fraud that might go undetected.

Recommendation
We recommend formal written policies and procedures be adopted which establish standard practices, establish procedures to address identified risks in order to prevent or detect and correct errors or fraud, and establish responsibilities for preparation, review and approval of information.. Such policies should include strong segregation of duties when possible. The policies and procedures should require physical documentation, such as signature/initials and dates, related to preparation, review and approval of information in order to hold those responsible individuals accountable. The policies and procedures should require at least annual updating of the written document in order to address new risks or new procedures required.

Views of Responsible Officials and Planned Corrective Action
Village staff is currently developing formal written policies and procedures for recording transactions and expect those to be completed within the next few months.

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

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

CliftonLarsonAllen LLP

Fort Myers, Florida
March 8, 2016

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INDEPENDENT ACCOUNTANTS' REPORT

Village Council
Village of Estero, Florida
Estero, Florida

We have examined the Village of Estero, Florida's (the "Village") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds, during the nine months ended September 30, 2015. Management is responsible for the Village's compliance with those requirements. Our responsibility is to express an opinion on the Village's compliance based on our examination.

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

In our opinion, the Village complied, in all material respects, with the aforementioned requirements for the nine months ended September 30, 2015.

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

CliftonLarsonAllen LLP

Fort Myers, Florida
March 8, 2016

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