

**IMMOKALEE WATER & SEWER DISTRICT**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**TOGETHER WITH ADDITIONAL REPORTS**  
**YEARS ENDED**  
**SEPTEMBER 30, 2022 AND 2021**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Immokalee Water & Sewer District  
1020 Sanitation Road  
Immokalee, Florida 34142

### **Opinion**

We have audited the accompanying basic financial statements of the business-type activities of Immokalee Water & Sewer District (an independent special district) (the "District") as of and for the years ended September 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Immokalee Water & Sewer District as of September 30, 2022 and 2021, and the respective changes in financial position and cash flows thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages I - IX 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 - management's discussion and analysis (MD&A) in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information

and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information - management's discussion and analysis (MD&A) because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Required Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Immokalee Water & Sewer District's basic financial statements. The required supplementary information other than MD&A - budgetary comparison information - Schedule of Revenues, Expenses and Changes in Net Position - Budget (Non-GAAP Budgetary Basis) and Actual with Reconciliation to GAAP Basis - year ended September 30, 2022 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The required supplementary information other than MD&A - budgetary comparison information - Schedule of Revenues, Expenses and Changes in Net Position - Budget (Non-GAAP Budgetary Basis) and Actual with Reconciliation to GAAP Basis - year ended September 30, 2022 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the required supplementary information other than MD&A budgetary comparison information - Schedule of Revenues, Expenses and Changes in Net Position - Budget (Non-GAAP Budgetary Basis) and Actual with Reconciliation to GAAP Basis - year ended September 30, 2022 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements of Immokalee Water & Sewer District that collectively comprise the Immokalee Water & Sewer District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards for the year ended September 30, 2022 as required by the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" and is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance for the year ended September 30, 2022 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

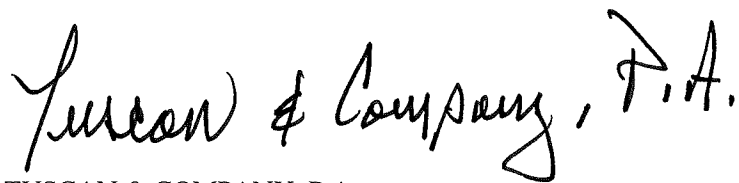
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Exhibit 1 - Management's Response to Independent Auditor's Report to Management and Exhibit 2 - Florida Rules of the Auditor General - Rule 10.554(1)(i)6-8 Compliance are not a required part of the basic financial statements but is required by Government Auditing Standards and/or Rules of the Auditor General, Section 10.554(i), respectively. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with Section 218.415, Florida Statutes, we have also issued a report dated April 18, 2023 on our consideration of Immokalee Water & Sewer District's compliance with provisions of Section 218.415, Florida Statutes. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and to provide an opinion on compliance with the aforementioned Statute. That report is an integral part of an audit performed in accordance with Sections 218.39 and 218.415, Florida Statutes in considering Immokalee Water & Sewer District's compliance with Section 218.415, Florida Statutes.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated April 18, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Tuscán & Company, P.A." The signature is written in a cursive, flowing style.

TUSCÁN & COMPANY, P.A.  
Fort Myers, Florida  
April 18, 2023

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS  
(MD&A)**

# IMMOKALEE WATER & SEWER DISTRICT

## Required Supplementary Information

### Management's Discussion and Analysis

September 30, 2022

The management of the Immokalee Water & Sewer District offers readers of our financial statements the following narrative overview and analysis of our financial activities for the year ended September 30, 2022.

#### **Basic Financial Statements**

Our basic financial statements are prepared using proprietary fund (enterprise fund) accounting that uses the same basis of accounting as private-sector business enterprises. The District is operated under one enterprise fund. Under this method of accounting, an economic resources measurement focus and an accrual basis of accounting is used.

Revenue is recorded when earned and expenses are recorded when incurred. The basic financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, a statement of cash flows, and a reconciliation of operating profit (loss) to net cash provided by operating activities. These financial statements are followed by notes to the financial statements. In addition to the basic financial statements, this report also contains required supplementary information pertaining to budgetary reconciliations.

The statement of net position presents information on the District's assets and liabilities, with the difference between the two 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 District is improving or deteriorating.

The statement of revenues, expenses, and changes in net position reports the operating revenues and expenses and nonoperating revenues and expenses of the District for the fiscal year. The difference, the net income or loss, is combined with any capital grants to determine the increase or decrease in net position for the fiscal year. The increase or decrease, combined with the net position at the end of the previous year, total to the net position at the end of the current fiscal year.

The statement of cash flows reports cash and cash equivalent activities for the fiscal year resulting from operating activities, capital and related financing activities, noncapital and related financing activities and investing activities. The net result of these activities added to the beginning of the year cash balance, total to the cash and cash equivalent balance at the end of the current fiscal year.



# IMMOKALEE WATER & SEWER DISTRICT

## Required Supplementary Information

### Management's Discussion and Analysis

September 30, 2022

#### Condensed Financial Statement

Condensed financial information from the statements of net position and revenues, expenses and changes in net position for the years ended September 30, 2022 and 2021 are as follows:

	September 30,	
	2022	2021
Current and other assets	\$ 18,852,586	\$ 19,157,207
Capital assets, net	58,270,517	57,839,301
Total assets	<u>\$ 77,123,103</u>	<u>\$ 76,996,508</u>
Current liabilities	\$ 3,656,260	\$ 4,498,790
Long-term liabilities	30,251,807	30,187,762
Total liabilities	<u>33,908,067</u>	<u>34,686,552</u>
Net position:		
Net Investment in capital assets	27,260,934	26,938,398
Restricted	2,163,187	3,247,717
Unrestricted	13,790,915	12,123,841
Total net position	<u>43,215,036</u>	<u>42,309,956</u>
Total liabilities and net position	<u>\$ 77,123,103</u>	<u>\$ 76,996,508</u>
Operating revenue:		
Water service	\$ 4,108,228	\$ 4,096,083
Wastewater service	5,983,159	5,832,186
Meter service charges	863,741	826,307
Late fees	86,025	83,325
Reconnection /transfer fee	106,230	105,444
Miscellaneous revenue	289,067	285,718
Cross connection control fees	374,532	370,198
Total operating revenues	<u>11,810,982</u>	<u>11,599,261</u>
Operating expenses:		
Water treatment and distribution expense	2,611,253	2,241,418
Wastewater treatment expense	2,143,222	1,976,012
Wastewater collection expense	922,851	940,465
Customer service and administrative expense	2,005,640	2,369,788
Maintenance	424,387	388,238
Total operating expenses, excluding depreciation	8,107,353	7,915,921
Depreciation	2,534,093	2,525,470
Total operating expenses, including depreciation	<u>10,641,446</u>	<u>10,441,391</u>
Operating profit (loss)	1,169,536	1,157,870
Net nonoperating revenue/(expense)	<u>(1,136,378)</u>	<u>(1,049,507)</u>
Profit (loss) before capital grants	33,158	108,363
Capital grants and contributions	871,922	126,884
Increase (Decrease) in net position	905,080	235,247
Beginning of year net position	42,309,956	42,074,709
End of year net position	<u>\$ 43,215,036</u>	<u>\$ 42,309,956</u>

(Continued)

# IMMOKALEE WATER & SEWER DISTRICT

## Required Supplementary Information

### Management's Discussion and Analysis

September 30, 2022

The information contained in the condensed financial information table is used as the basis for the discussion presented on the following pages, surrounding the District's activities for the fiscal year ended September 30, 2022.

#### **Financial Highlights**

- The District completed a rate study and adopted the related rate increase of 3% per year for FY 2020-2022. Rate increases are effective on October 1, 2019, October 1, 2020 and October 1, 2021.
- The District ended the year September 30, 2022, with a net position of \$43,215,036 of which \$27,260,934 represented the net investment in capital assets \$2,163,187 represents restricted net position and \$13,790,915 was unrestricted. The ending net position was \$905,080 more than the net position at the beginning of the year. This was primarily the result of the implementation of the previous rate increases.
- The District ended the year September 30, 2021, with a net position of \$42,309,956 of which \$26,938,398 represented the net investment in capital assets and \$12,123,841 was unrestricted. The ending net position was \$235,247 more than the net position at the beginning of the year. This was primarily the result of the implementation of the rate increases.
- The District had profit before capital contributions, for the years ended September 30, 2022 and 2021 of \$33,158 and \$108,363, respectively.
- The District had minimized interest expense, because of utilizing low interest bonds/loans for capital projects funded through USDA Rural Development. These interest rates range from 2.25% to 5.125% in F&Y 21. During FY 22 the District paid off 2 bond issues and refinanced 5 others to lower the annual debt service and reduce interest costs. The new Refunding Series 2022 bond has a fixed 4% interest rate. Now bond interest rates range from 2% to 4%. District projects are financed through a combination of bonds, loans and grants.
- The District ended the year September 30, 2022 with cash and cash equivalents and investments of approximately \$16,080,990. However, only \$12,406,353 of this amount is available for operations, with the remainder of these assets being restricted for specific purposes and unavailable for the District's general use.
- The District ended the year September 30, 2021 with cash and cash equivalents and investments of approximately \$16,918,945. However, only \$12,266,422 of this amount is available for operations, with the remainder of these assets being restricted for specific purposes and unavailable for the District's general use.
- The statement of cash flows identifies the sources and uses of cash activity for the fiscal year. For fiscal year 2022, cash and cash equivalents decreased by \$(223,918) compared to an increase of \$469,004 for the year ended September 30, 2021. This change resulted primarily from the cost of capital projects and paying off 2 bond issues. The servicing of the District's debt (principal and interest) resulted in the spending of cash of nearly \$1,051,828.

# IMMOKALEE WATER & SEWER DISTRICT

## Required Supplementary Information

### Management's Discussion and Analysis

September 30, 2022

- The statement of cash flows identifies the sources and uses of cash activity for the fiscal year. For fiscal year 2021, cash and cash equivalents increased by \$469,004 compared to an increase of \$997,575 for the year ended September 30, 2020. This change resulted primarily from the receipt of grant funds to fund the cost of a capital project. The servicing of the District's debt (principal and interest) resulted in the spending of nearly \$1,971,032.

### **Revenue**

As in previous years, the wastewater service revenues make up half or more of the operating revenues, accounting for 51% in 2022 and 50% in 2021. Water revenue accounted for 35% in 2022 and 35% in 2021. Meter service charges, late fee charges, reconnection fees, and miscellaneous revenues also remained constant between the two years. Cross connection control fees remained at 3 % in 2022 and 2021.

The District was successful in receiving an increase in the District boundaries by the Florida Legislature, during the Spring 2005 session. This change in the boundaries is expected to result in increased opportunities for new users, in future years. We will be working on a revised capital improvement plan, in conjunction with the Immokalee Master Plan, to identify the needs within the next fiscal year.

### **Expenses**

Due to the significant investments the District has in capital assets, depreciation continues to be one the largest operating expenses at 24% of total operating expenses per year. Unlike the other expenses listed, depreciation is not a cash expense.

The first largest department in FY 21, by expenses, was the administration department, which consists of nine full time employees and one part-time employee. The related operating expenses remained constant at 23% of total expenses in 2022. In FY 22 the administrative department was the third largest department at 19% of total expense. The largest expense, in this department, other than salaries and benefits are engineering and legal fees.

The water treatment and distribution departments consist of thirteen full-time employees. The District is programing a new advanced metering infrastructure project to use cellular data to read meters from the office. This interactive technology will allow staff access to real time data for customer inquiries on usage, quicker leak detection, efficient maintenance planning and ultimately effective monitoring of the water system.

# IMMOKALEE WATER & SEWER DISTRICT

## Required Supplementary Information

### Management's Discussion and Analysis

September 30, 2022

The wastewater treatment department, by expenses, consist of 20% and 19% of total operating expenses which remained constant between 2022 and 2021, respectively. This department is one of the largest, with eight full time employees and one part-time employee. One of the largest expenses, excluding salaries and benefits, in this department is electric, which accounted for over \$209,000 and \$200,000 in expenses in 2022 and 2021, respectively.

The wastewater collection department consists of five full time employees. The related operating expenses were at 9% and 9% in 2022 compared to 2021, respectively.

The smallest department is the maintenance department, which was created in fiscal year 2004 to reduce maintenance-related expenses from third-party vendors. It consists of six full time employees. It accounts for 4% and 3% of total operating expenses in 2022 and 2021, respectively. Labor costs in this department, except for those relating to the supervisor, are charged to the appropriate departments, based on the maintenance projects they are working on.

Wages and benefits account for 39% and 37% of the total operating expenses in 2022 and 2021, making it the largest expense category. Depreciation expense accounts for 24% and 24%, for 2022 and 2021, respectively.

The District continues to monitor costs. The District considers cost of living increases during the budget cycle and provides merit increases based upon performance evaluations. The District follows best practices for water and wastewater systems in promoting employees who meet specified criteria for certification and licensing. The District bids out contracts for major expenses, such as health insurance, property insurance, residuals management and chemicals. The District has an arrangement with Collier County Fleet Management allowing the District to access their fuel tanks, located in Immokalee, to take advantage of bulk-usage savings.

### **General Fund Budgetary Highlights**

Over the course of the 2022 fiscal year, the Board of Commissioners amended the District budget. These budget amendments were done primarily to a) increase operating revenue, and to b) increase operating expenses, capital funding primarily related to the District's projects, bond refinancing related costs and adjust designated funds.

### Original to Final Budget Variance

For the fiscal year 2022 total operating revenues were increased by approximately \$404,000 more than originally budgeted, and total operating expenses, excluding depreciation expense, were decreased by nearly \$1,248,000.

IMMOKALEE WATER & SEWER DISTRICT

Required Supplementary Information

Management's Discussion and Analysis

September 30, 2022

Capital outlay – capital outlay was decreased by nearly \$3,122,000.

Final Budget to Actual Variance

For the fiscal year 2022 total operating revenue was approximately \$393,000 less than originally budgeted.

**Capital Assets**

The District's net capital assets as of September 30, 2022 and 2021 amounted to \$58,270,517 and \$57,893,301 (net of accumulated depreciation), respectively. This investment in capital assets includes land, construction in progress, buildings and improvements, water and wastewater plants and systems, and machinery and equipment.

Net capital asset additions included the following for the years ended September 30:

	<u>2022</u>	<u>2021</u>
Construction in progress	\$ 2,093,981	\$ 2,449,349
Buildings and improvements	-	-
Water and wastewater plants and systems	806,323	330,922
Machinery and equipment	66,309	75,014
	<u>\$ 2,966,613</u>	<u>\$ 2,855,285</u>

Construction in progress for 2022 was primarily for the clarifier project and clay pipe replacement.

Construction in progress for 2021 was primarily for the clarifier project.

The District primarily acquires its assets with the proceeds from federal capital grants and revenue bonds, supplemented by user fees. USDA Rural Development is the primary source of proceeds, because they offer low interest loans for capital improvements. We also received contributed capital in the form of new water and sewer infrastructure from developers. New equipment purchases and a system expansion are part of the District's capital improvement program. Capital purchases are acquired using bids, or Florida State Contract prices.

# IMMOKALEE WATER & SEWER DISTRICT

## Required Supplementary Information

### Management's Discussion and Analysis

September 30, 2022

#### Debt

As of September 30, 2022, the District had \$30,276,000 of revenue bonds outstanding. The total amount outstanding for this category of debt decreased, to reflect the net (\$10,549,969 principal retired plus \$10,514,000 bonds issued) principal payments by the District of \$35,969.

As of September 30, 2021, the District had \$30,311,969 of revenue bonds outstanding. The total amount outstanding for these categories of debt decreased, to reflect the principal payments by the District of \$769,000.

#### Unrestricted Net Assets

As of September 30, 2022, the District had designated \$11,554,207 in unrestricted net assets, as recommended by the auditor. The District designated \$941,631 for emergencies, \$3,982,093 for operations, \$607,483 for vehicle replacement, \$1,000,000 for capital equipment, \$3,523,000 for future capital projects, and \$1,500,000 for maintenance reserve.

As of September 30, 2021, the District had designated \$10,744,661 in unrestricted net assets, as recommended by their auditor. The District designated \$941,631 for emergencies, \$3,813,925 for operations, \$607,483 for vehicle replacement, \$1,000,000 for capital equipment, and \$4,381,622 for maintenance reserve.

#### Upcoming Significant Changes or Impacts

**Rate Increases:** In fiscal year 2022, the District retained Raftelis Financial Consultants Inc. (formerly PRMG), to perform a water and wastewater revenue sufficiency and miscellaneous fee study. The monthly rates pay for:

Water Supply & Treatment

Laboratory & Testing

Distribution & Maintenance

Customer Service & Billing

Administration

Capital Maintenance of Major Assets  
& Infrastructure

Replacement of Minor Equipment

Loan Payments

The Board held a public workshop on July 20, 2022 and a separate public hearing on August 17, 2022 to discuss the adequacy of the exiting monthly service rates and adopted a 9.5% per year rate increase for the next three (3) years (FY 2023 through FY 2025).

Miscellaneous fees and charges address costs for customer-specific service requests such as cross connection control, meter installation and tap, reconnect/disconnect. The review of the adequacy of the miscellaneous fees and charges resulted in an overall increase to most fees since existing charges had not been adjusted since 2017. There were two (2) charges

# IMMOKALEE WATER & SEWER DISTRICT

## Required Supplementary Information

### Management's Discussion and Analysis

September 30, 2022

eliminated and several fees were determined to be adequate at the current level and no changes were made.

The Board held a public hearing on September 21, 2022 to discuss the adequacy of the existing miscellaneous fees and charges and adopted a revised fee schedule.

**New Development:** There are several new non-profit developments under construction that will become system users including Fair Housing Alliance (128 units), Habitat for Humanity (Kaicasa) (280 units), Redlands Christian Migrant Association (RCMA) (daycare/charter school, office/community center, 160 multifamily units). Other new non-profit developments via Pulte Family Foundation and Catholic Charities are in the planning stages.

The Williams Ranch PUD is the only for-profit development currently being planned. 366 units were recently approved by Collier County. The expected buildout is 2000 units.

**Capital Improvements:** The District is closing out the wastewater clarifier rehabilitation project with a final cost of approximately \$2,778,000.

The District submitted appropriation requests to the 2023 Florida Legislature to fund three (3) major projects:

- Immokalee Reuse/Reclaimed Water Treatment - \$10,000,000
- Immokalee Smart Utility - \$7,000,000
- Immokalee Water Softening Treatment - \$9,000,000

As of this writing, the legislature has the water softening project funded at 100% and the other two (2) projects at 50%.

The District continues to manufacture our own fertilizer branded “Organi Kalee” and markets to agricultural uses. The District is exploring variations to refining the fertilizer which may improve its marketability.

**Collier County Projects:** Tiger Grant - Collier County was awarded a \$13,000,000 grant to construct complete streets improvement in Immokalee including 20 miles of new sidewalks, a bike boulevard network, a shared-use path, street lighting, drainage improvements, a new transit center, landscaping, and intersection and traffic calming improvements. There are significant utility relocations associated with this project that the District is responsible for funding.

Lake Trafford Road Stormwater/Pedestrian/Bike Improvements – Collier County is constructing stormwater improvements to address severe flooding issues along

IMMOKALEE WATER & SEWER DISTRICT

Required Supplementary Information

Management's Discussion and Analysis

September 30, 2022

approximately 3 miles of Lake Trafford Road. The plans indicate that relocation of a water main and sewer lines are necessary. The District is analyzing the related costs.

**Request For Information**

This financial report is intended to provide an overview of the finances of the District for those with an interest in this organization. Questions concerning any information within this report, may be directed to the Executive Director of the District, 1020 Sanitation Road, Immokalee, Florida 34142.



**IMMOKALEE WATER & SEWER DISTRICT**  
**STATEMENTS OF NET POSITION**  
**September 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 12,406,353	\$ 11,652,385
Investments - CDs	637,219	614,037
Accounts receivable, net	731,390	735,906
Other receivables	36,151	86,052
Inventory	229,879	341,664
Prepaid expenses	<u>-</u>	<u>-</u>
TOTAL CURRENT ASSETS	<u>14,040,992</u>	<u>13,430,044</u>
<b>RESTRICTED ASSETS</b>		
Cash	3,674,637	4,652,523
Grant and assessment receivables	<u>1,136,957</u>	<u>1,074,640</u>
TOTAL RESTRICTED ASSETS	<u>4,811,594</u>	<u>5,727,163</u>
<b>CAPITAL ASSETS</b>		
Capital assets not being depreciated:		
Land	2,645,941	2,645,941
Construction in progress	3,593,683	1,820,071
Capital assets being depreciated:		
Buildings and improvements	1,677,771	1,670,776
Water and wastewater plants and systems	89,843,527	88,725,161
Machinery and equipment	3,624,858	3,587,242
Less:		
Accumulated depreciation	<u>(43,115,263)</u>	<u>(40,609,890)</u>
	<u>58,270,517</u>	<u>57,839,301</u>
TOTAL ASSETS	<u>\$ 77,123,103</u>	<u>\$ 76,996,508</u>

The accompanying notes are an integral part of this statement.

	<u>2022</u>	<u>2021</u>
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts and contracts payable	\$ 872,020	\$ 1,813,119
Other accrued expenses	91,972	162,364
Capital lease payable, current portion	<u>43,861</u>	<u>43,861</u>
TOTAL CURRENT LIABILITIES	<u>1,007,853</u>	<u>2,019,344</u>
<b>CURRENT LIABILITIES (Payable from Restricted Assets)</b>		
Revenue bonds payable, current portion	849,000	798,000
Loans payable - SRF, current portion	38,810	37,825
Accrued revenue bond interest	73,278	85,239
Retainage payable	105,646	46,541
Customer deposits	<u>1,581,673</u>	<u>1,511,841</u>
TOTAL CURRENT LIABILITIES (Payable from Restricted Assets)	<u>2,648,407</u>	<u>2,479,446</u>
<b>LONG-TERM LIABILITIES</b>		
Line of Credit (LOC)	-	-
Revenue bonds payable, net of current portion	29,706,838	29,513,969
Loans payable - SRF, net of current portion	349,143	387,954
Capital lease payable, net of current portion	21,931	65,793
Bond anticipation note	-	53,501
Accrued compensated absences	<u>173,895</u>	<u>166,545</u>
TOTAL LONG-TERM LIABILITIES	<u>30,251,807</u>	<u>30,187,762</u>
Commitments	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>33,908,067</u>	<u>34,686,552</u>
<b>NET POSITION</b>		
Net investment in capital assets	27,260,934	26,938,398
Restricted	2,163,187	3,247,717
Unrestricted	<u>13,790,915</u>	<u>12,123,841</u>
TOTAL NET POSITION	<u>43,215,036</u>	<u>42,309,956</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 77,123,103</u>	<u>\$ 76,996,508</u>

**IMMOKALEE WATER & SEWER DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**Years ended September 30, 2022 and 2021**

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	2022	2021
<b>OPERATING REVENUES</b>		
Water service	\$ 4,108,228	\$ 4,096,083
Wastewater service	5,983,159	5,832,186
Meter service charge	863,741	826,307
Late fees	86,025	83,325
Reconnect and transfer fees	106,230	105,444
Miscellaneous charges, fees and other income	289,067	285,718
Cross connection control fee	374,532	370,198
<b>TOTAL OPERATING REVENUES</b>	<b>11,810,982</b>	<b>11,599,261</b>
<b>OPERATING EXPENSES</b>		
Water treatment and distribution	2,611,253	2,241,418
Wastewater treatment	2,143,222	1,976,012
Wastewater collection	922,851	940,465
Customer service and administrative	2,005,640	2,369,788
Maintenance	424,387	388,238
<b>TOTAL OPERATING EXPENSES</b>		
<b>PRIOR TO DEPRECIATION</b>	<b>8,107,353</b>	<b>7,915,921</b>
Depreciation	2,534,093	2,525,470
<b>TOTAL OPERATING EXPENSES</b>	<b>10,641,446</b>	<b>10,441,391</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>1,169,536</b>	<b>1,157,870</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest income	56,678	59,327
Gain (loss) on disposition of capital assets	3,331	7,200
Interest expense	(922,210)	(1,124,908)
Bond issuance costs	(305,502)	-
Bad debt expense adjustment	(11,501)	-
Covid 19 expense	-	(26,308)
Other income	42,826	35,182
<b>NET NON-OPERATING EXPENSES</b>	<b>(1,136,378)</b>	<b>(1,049,507)</b>
<b>PROFIT (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>		
	<b>33,158</b>	<b>108,363</b>
<b>CAPITAL CONTRIBUTIONS</b>		
USDA - grants	768,250	-
Customers	73,465	79,095
Developers	30,207	47,789
<b>TOTAL CAPITAL CONTRIBUTIONS</b>	<b>871,922</b>	<b>126,884</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>905,080</b>	<b>235,247</b>
<b>NET POSITION - Beginning of the year</b>	<b>42,309,956</b>	<b>42,074,709</b>
<b>NET POSITION - End of the year</b>	<b>\$ 43,215,036</b>	<b>\$ 42,309,956</b>

The accompanying notes are an integral part of this statement.

**IMMOKALEE WATER & SEWER DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**Years ended September 30, 2022 and 2021**

	2022	2021
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 11,923,730	\$ 11,504,845
Cash payments to suppliers and employees	<u>(8,999,709)</u>	<u>(6,880,086)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>2,924,021</u>	<u>4,624,759</u>
<b>CASH FLOWS FROM (USED IN) NONCAPITAL FINANCING:</b>		
Other income received	42,826	35,182
Bond issuance cost	(305,502)	-
Other expenses paid (Covid 19)	<u>-</u>	<u>(26,308)</u>
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING	<u>(262,676)</u>	<u>8,874</u>
<b>CASH FLOWS FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of capital assets	(2,907,508)	(2,987,253)
Proceeds from sale of capital assets (gain)	4,635	7,200
Principal paid on revenue bonds	(10,549,969)	(769,000)
Proceeds from bond issuance	10,514,000	-
Payment of refunding bond premium	280,761	-
Amortization of bond premium	(923)	-
Principal paid on loans - SRF	(37,826)	(37,180)
Interest paid on bonds and other obligations	(934,171)	(1,120,991)
Proceeds from special assessment collections	77,916	78,283
Principal paid on bond anticipation note (BAN)	(750,327)	-
Proceeds from bond anticipation note (BAN)	696,826	-
Principal paid on capital lease	(43,862)	(43,861)
FEMA	-	-
Capital contributions - USDA	628,017	-
Membership/customer/developer connection fees/assessment	<u>103,672</u>	<u>126,884</u>
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,918,759)</u>	<u>(4,745,918)</u>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:</b>		
Interest earned on investments	33,496	41,445
Purchase of certificate of deposit	-	-
Sale of certificate of deposit	<u>-</u>	<u>539,844</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>33,496</u>	<u>581,289</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(223,918)	469,004
CASH AND CASH EQUIVALENTS- BEGINNING OF YEAR	<u>16,304,908</u>	<u>15,835,904</u>
CASH AND CASH EQUIVALENTS- END OF YEAR	<u>\$ 16,080,990</u>	<u>\$ 16,304,908</u>

The accompanying notes are an integral part of this statement.

	<u>2022</u>	<u>2021</u>
<b>RECONCILIATION OF OPERATING PROFIT TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
<b>OPERATING PROFIT (LOSS)</b>	<b><u>\$ 1,169,536</u></b>	<b><u>\$ 1,157,870</u></b>
Adjustments to reconcile operating profit to net cash provided by operating activities:		
Depreciation (non cash)	2,534,093	2,525,470
Increase (decrease) in accrued compensated absences (non cash)	7,350	(3,439)
(Increase) decrease in accts. receivable, net of bad debt expense	(6,985)	(94,862)
(Increase) decrease in grant receivables	-	(15,850)
(Increase) decrease in other receivables	49,901	(49,096)
(Increase) decrease in inventory	111,785	33,122
(Increase) decrease in prepaid expenses	-	1,200
Increase (decrease) in accounts and contracts payable	(941,099)	972,895
Increase (decrease) in other accrued expenses	(70,392)	32,057
Increase (decrease) in customer deposits	<u>69,832</u>	<u>65,392</u>
 TOTAL ADJUSTMENTS	 <u>1,754,485</u>	 <u>3,466,889</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u><u>\$ 2,924,021</u></u>	 <u><u>\$ 4,624,759</u></u>

**IMMOKALEE WATER & SEWER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022 and 2021**

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**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES**

**Organization**

Immokalee Water & Sewer District (the "District") was created by Laws of Florida, (Section) Chapter 78-494 on July 5, 1978, under the provisions of Florida Statute, Chapter 153.53 and 189.031 for the purpose of providing water and sewer services to Immokalee, an unincorporated area of eastern Collier County, Florida. The District's enabling legislation was repealed, updated, reenacted, and codified by Laws of Florida, Chapter 98-495 on May 28, 1998. On July 1, 2005, Laws of Florida, Chapter 2005-298 amended Laws of Florida, Chapter 98-495 by expanding the District's boundaries. On June 10, 2015, Laws of Florida, Chapter 2015-205 amended Laws of Florida, Chapter 98-495 to provide for salaries/honorariums for elected District Board of Commissioner members up to \$250 each per month.

On June 20, 2021, Laws of Florida, Chapter 2021-263 amended Laws of Florida, Chapter 98-495 to allow Board member terms to be 4 years or until a successor is appointed by the Governor.

Effective June 24, 2022, Laws of Florida 2022-258 amended, codified, reenacted and repealed the previously approved District's Laws of Florida.

The District owns, operates, maintains and regulates its water and sewer plants and systems as an independent special district of the State of Florida. The District is governed by a seven (7) member Board of Commissioners appointed by the Governor of the State of Florida. The Board of Commissioners (the "Board") administer the District, independent from any other local governing body and serve staggered four (4) year terms.

**Reporting Entity**

Immokalee Water & Sewer District is financially independent of all other units of government. It is responsible for financing its own activities and the payment of its own debt. The Board of Commissioners (the "Board") has the responsibility to employ management that is responsible for the day-to-day operations of the District. The Board has absolute authority over all funds included in the entity. Immokalee Water & Sewer District is not a component unit of any other governmental unit.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES, CONTINUED**

**Reporting Entity, continued**

The District adheres to Statement of Governmental Accounting Standards Board (GASB) Statement No. 14, "Financial Reporting Entity", as amended by GASB Statement Number 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus - An Amendment of GASB Statements No. 14 and No. 34". These Statements require the financial statements of the District (the primary government) to include its component units, if any. A component unit is a legally separate agency for which the primary government is financially accountable or organizations whose exclusion would cause the financial statements to be misleading because of the nature and significance of their relationship with the primary government. Financial accountability is determined by the primary government's ability to appoint the voting majority of the District's board, impose its will on the organization, the existence of a financial benefit/burden relationship or fiscal dependency. Based on this criteria, there are no component units included or required to be included in the District's financial statements.

The Immokalee Water & Sewer District adheres to the requirements of Governmental Accounting Standards Board Statement Number 33 "Accounting and Financial Reporting for Non-Exchange Transactions." As such, capital related grant revenue is recorded as non-operating revenue and is reflected on the Statements of Revenues, Expenses and Changes in Net Position.

The following is a summary of the significant accounting policies used in the preparation of these financial statements:

The District adheres to the requirements of Governmental Accounting Standards Board Statement Number 34, "Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments" (GASB 34). The government-wide financial statements along with the notes to the financial statements and the RSI, as noted below comprise the basic financial statements.

The basic financial statements of the District are comprised of the following:

- Government-wide financial statements
- Notes to the financial statements
- Required supplementary information other than MD&A

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES, CONTINUED**

**Government-Wide Financial Statements**

The government-wide financial statements (i.e., the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows) report information on all of the activities of the District and do not emphasize fund types. These business-type activities comprise the primary government. Business-type activities rely on user fees and charges to support its activities rather than taxes and intergovernmental revenues. The purpose of the government-wide financial statements is to allow the user to be able to determine if the District is in a better or worse financial position than the prior year. The District uses only one fund.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement Number 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability in the government-wide financial statements, rather than as expenditures.

The Statements of Revenues, Expenses and Changes in Net Position demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital improvements of a particular function.



**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES, CONTINUED**

**Government-Wide Financial Statements, continued**

Operating revenues are considered to be revenues generated by services performed and/or by fees charged such as water and sewer usage, connection, inspection fees and flow testing.

**Budgetary Information**

As required, the District uses only one fund to account for its activities and, therefore, it is considered a major fund. The District has elected to report budgetary comparison of its major fund as required supplementary information (RSI).

**Fund Accounting**

The District's financial practices are based upon fund accounting concepts. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, recording cash and other financial resources, together with all related liabilities and net assets (fund equity balances) and changes therein.

The accompanying financial statements reflect Business - Type Activities and are classified as a single Proprietary Fund Type - Enterprise Fund. This fund accounts for the cost of services provided by the District as well as the revenues earned by the District.

**Business - Type Activities - Proprietary Fund Type**

Enterprise Fund - An enterprise fund is used to account for operations (1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES, CONTINUED**

**Measurement Focus**

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, assets and liabilities associated with the operation of these funds are included on the statements of net position. Proprietary fund-type operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in total net position. Operating revenues and expenses result from providing water distribution as well as wastewater collection and treatment to members within the District's boundaries. Generally, other revenues and expenses are treated as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**Basis of Accounting**

The proprietary fund type is presented on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded in the period earned and expenses are recorded in the period the liability is incurred.

**Budgetary Process**

The District operates under a fixed budget for control purposes. The budget and amendments, if any, are approved by the Board of Commissioners. The budget is prepared on a Non-GAAP accrual basis, whereby items such as capital expenditures and debt principal payments are budgeted as expenses.

The annual budget serves as the legal authorization for expenditures. Expenditures cannot legally exceed the total amount budgeted. All budget amendments, which change the legally adopted total appropriation, are approved by the Board.

The District follows these procedures in establishing budgetary data.

1. During the summer of each year, management submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and the means of financing them.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES, CONTINUED**

**Budgetary Process, continued**

2. Public hearings are conducted to obtain citizen comments.
3. The budget is adopted by approval of the Board of Commissioners.
4. Budget amounts, as shown in these financial statements, are as originally adopted or as amended by the Board of Commissioners.
5. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America, except as reflected in the supplementary information and as noted above.
6. The level of control for appropriations is exercised at the fund level.
7. Appropriations lapse at year-end.

The Board of Commissioners did amend the budget during the fiscal year ended September 30, 2022 to increase total budgeted net revenue by \$6,470,647 and an increase in budgeted expenses (including net non-operating revenue and expense) by \$6,470,647.

**Cash**

For the purpose of the Statements of Cash Flows, the District considers all highly liquid investments, including both unrestricted and restricted, with a maturity of three months or less, when purchased, to be a cash equivalent, in accordance with District policy.

**Accounts Receivable/Allowance for Doubtful Accounts**

Receivables include user fees for water and wastewater services provided as part of the operations by the District. The accounts receivable are recorded net of the estimated allowance for doubtful accounts. The District operates using an allowance and collection policy that ultimately provides for discontinuance of water service due to nonpayment by the user. The policy also provides for application of the respective user's security deposit upon certain criteria. Additionally, the policy requires a user landlord to satisfy any outstanding user fees (tenant) prior to allowing services to a future tenant for that landlord.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES, CONTINUED**

**Inventory**

Inventory consists of utility system parts and hardware supplies at year end. The inventories are valued at cost, which approximates net realizable value. The method used to determine the value of the inventory is the FIFO (first in-first out) method.

**Capital Assets and Depreciation**

Capital assets acquired by proprietary funds are reported in those funds at historical cost or estimated historical cost if actual historical cost is not available.

Donated assets are reported at estimated fair market value at the time received. Certain infrastructure-type fixed assets consisting of certain improvements such as roads, curbs, gutters and lighting systems have not been capitalized, as the District does not generally incur such expenditures. However, the systems' distribution and collection lines and pumps are capitalized and depreciated as part of the overall system. Assets acquired with a cost or fair value of \$5,000 or more and a useful life of 1 year or more are capitalized. Maintenance, repairs and minor renovations are not capitalized. The acquisition of land and construction projects utilizing resources received from Federal and State agencies are capitalized when the related expenditure is incurred.

The capital assets are depreciated using the straight-line method of depreciation over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings/Plant and Plant Equipment	10-40
Capital Improvements, Distribution Lines	5-40
Furniture, Fixtures and Equipment	3-20
Vehicles	3-7

**Restricted Assets**

These monies are restricted by the applicable debt covenants and grant agreements or as customer deposits.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES, CONTINUED**

**Vacation Leave**

Accumulated unpaid vacation pay is accrued when incurred in the proprietary fund. The method of accrual is in accordance with Statement of Governmental Accounting Standards Board Number 16, "Accounting for Compensated Absences" (GASB 16). This Standard provides for the measurement of accrued vacation leave using the pay or salary rates in effect at the balance sheet date. It also requires additional amounts to be accrued for certain salary related payments associated with the payment of compensated absences such as FICA and retirement benefits only. Accrued unused vacation is accrued and paid at termination. Accrued unused sick time is not paid at termination.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because at present it is not considered necessary to assure budgetary control or to facilitate effective cash planning and control.

**Membership (Connection) Fees**

Water (connection) service installation fees are dedicated for the system expansion and are treated as contributed capital but recognized as revenue when received (due to the District) by the District.

**Income Taxes**

The District, as a governmental unit, is exempt from income taxes under current provisions of the Internal Revenue Code and Florida State Law.

**Fund Equity**

Grants, entitlements or shared revenues which are externally restricted for capital acquisition or construction are treated as contributed capital but recorded as revenue when due to the District. Contributed or donated fixed assets are also treated as contributed capital but recorded as revenue when due the District. Reserved retained earnings represent those portions of fund equity legally restricted by debt covenants for current and future debt service.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES, CONTINUED**

**Use of Estimates**

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassifications**

Certain amounts in the financial statements have been reclassified to conform with the current year presentation. These reclassifications had no effect on the results of operations or net assets.

**Subsequent Events**

Subsequent events have been evaluated through April 18, 2023, which is the date the basic financial statements were available to be issued.

**Application of FASB Pronouncements to Proprietary Funds**

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting", the District has elected not to apply those FASB Statements and Interpretations issued after November 30, 1989. Only GASB pronouncements issued after this date will be adopted by the District.

**Accounting Pronouncement GASB Statement No. 42**

The District adheres to Government Accounting Standards Board Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries" (GASB Statement No. 42). GASB Statement No. 42 establishes accounting and financial reporting standards for impairment of capital assets.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Accounting Pronouncement GASB Statement No. 42, continued**

A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. Governments are required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of a capital asset, and construction stoppage. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset.

The District incurred no capital asset impairment activity for the years ended September 30, 2022 and 2021.

**New Accounting Standard**

During fiscal year ended September 30, 2022, the District adopted GASB Statement 87 - Leases. This Statement required the recognition of certain lease assets and liabilities in the Statements of Net Position for leases that previously were classified as operating leases. The District determined their current operating lease agreements to be immaterial, therefore there was no effect from GASB Statement 87 at September 30, 2022.

**NOTE B - CASH AND INVESTMENTS**

At September 30, 2022 and 2021, cash and cash equivalents (including both restricted and unrestricted cash and cash equivalents) were \$16,080,990 and \$16,304,908 respectively, including unrestricted cash on hand of \$3,400 and \$3,400, respectively.

**Deposits**

The District's deposit policy allows deposits to be held in demand deposits, savings accounts, certificates of deposit, direct obligations of the U.S. Treasury, Local Government Surplus Trust Funds, direct obligations of Federal agencies and

**IMMOKALEE WATER & SEWER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2022 and 2021**

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**NOTE B - CASH AND INVESTMENTS, CONTINUED**

**Deposits, continued**

instrumentalities and money market accounts. All cash deposits are held in qualified public depositories pursuant to Florida Statutes Chapter 280, "Florida Security for Public Deposits Act."

	Insured/ Collateralized	Bank Balance	Carrying Amount
<u>September 30, 2022</u>			
Unrestricted			
Depository accounts	\$ 2,910,635	\$ 2,910,635	\$ 2,839,567
Money market	9,563,386	9,563,386	9,563,386
	<u>12,474,021</u>	<u>12,474,021</u>	<u>12,402,953</u>
Restricted			
Depository accounts	1,566,498	1,566,498	1,566,498
Money market	2,216,332	2,216,332	2,108,139
	<u>3,782,830</u>	<u>3,782,830</u>	<u>3,674,637</u>
	<u>\$ 16,256,851</u>	<u>\$ 16,256,851</u>	<u>\$ 16,077,590</u>
<u>September 30, 2021</u>			
Unrestricted			
Depository accounts	\$ 2,135,484	\$ 2,135,484	\$ 2,115,320
Money market	9,533,665	9,533,665	9,533,665
	<u>11,669,149</u>	<u>11,669,149</u>	<u>11,648,985</u>
Restricted			
Depository accounts	1,495,355	1,495,355	1,495,355
Money market	3,157,168	3,157,168	3,157,168
	<u>4,652,523</u>	<u>4,652,523</u>	<u>4,652,523</u>
	<u>\$ 16,321,672</u>	<u>\$ 16,321,672</u>	<u>\$ 16,301,508</u>

**Unrestricted and Restricted Deposits**

The District's deposits were categorized to give an indication of the level of risk assumed by the District at year-end. All deposits were fully insured by Federal Depository Insurance or collateral pursuant to the Public Depository Act (Florida Statute 280). As such, the District resolved to abide by Florida Statute 218.415(17).



**IMMOKALEE WATER & SEWER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2022 and 2021**

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**NOTE B - CASH AND INVESTMENTS, CONTINUED**

**Restricted Deposits**

Restricted deposits are required by the District's outstanding debt agreements as well as grant and other agreements. Restricted deposits also include customer deposits.

Restricted deposits (carrying amounts) consist of the following at September 30:

	2022	2021
Construction account	\$ 66,698	\$ 50,805
Bond sinking fund reserve	1,141,057	2,238,746
Department of Environmental Protection- Deep Well Injection Reserve	240,965	240,216
Customer deposits	1,563,998	1,492,855
Loan debt service	66,475	114,836
Special assessment - ArrowHead	519,213	464,012
Special assessment - SR 29	76,231	51,053
	<u>\$ 3,674,637</u>	<u>\$ 4,652,523</u>

**Investments**

Florida Statutes and the District's investment policy authorize investments in certificates of deposit (CD's). Certificates of deposit whose values exceed the amount of the Federal Depository Insurance are collateralized pursuant to the Public Depository Security Act of the State of Florida. The District had \$637,219 and \$614,037 (bank and book balance) invested in certificates of deposit at September 30, 2022 and 2021, respectively. The CDs carried interest rates of 2.96% at September 30, 2022. The CDs mature on June 13, 2024.

**NOTE C - ACCOUNTS RECEIVABLE, NET**

Accounts receivable, net, consist of the following at September 30:

	2022	2021
Customer receivables (water/sewer)	\$ 812,634	\$ 805,649
Less allowance for doubtful accounts	(81,244)	(69,743)
Net receivables	<u>\$ 731,390</u>	<u>\$ 735,906</u>

Bad debt expense was \$11,501 and \$0 for the years ended September 30, 2022 and 2021, respectively.

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**NOTE D - GRANT AND ASSESSMENT RECEIVABLES**

Grant and assessment receivables consisted of the following at September 30:

	2022	2021
Grant receivable	\$ 156,083	\$ 15,850
Special Assessments	980,874	1,058,790
	<u>\$ 1,136,957</u>	<u>\$ 1,074,640</u>

The District levied a special assessment of \$1,060,900 on system users benefiting from the system improvements (ArrowHead) funded by the \$4,932,000 Series 2013 Revenue Bonds during the year ended September 30, 2014. The assessment collections are restricted to principal reduction of the Series 2013 Revenue Bonds. The assessment was initially levied through the Collier County Tax Collector on November 1, 2013. The assessment is a one time assessment payable in full or over 20 years by the affected system users. The special assessment had the following activity for the years ended September 30:

	2022	2021
Balance, beginning of year	\$ 636,953	\$ 690,330
Assessment levied	-	-
Collections	(53,464)	(53,377)
Balance, end of year	<u>\$ 583,489</u>	<u>\$ 636,953</u>

The District levied a special assessment of \$496,731 on system users benefiting from system improvements on State Road 29 during the year ended September 30, 2019. The assessment was initially levied through the Collier County Tax Collector on November 1, 2018. The assessment is a one time assessment payable in full or over 20 years by the affected system users. The special assessment had the following activity for the years ended September 30:

	2022	2021
Balance, beginning of year	\$ 421,837	\$ 446,743
Assessment levied	-	-
Collections	(24,452)	(24,906)
Balance, end of year	<u>\$ 397,385</u>	<u>\$ 421,837</u>

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**NOTE E - CAPITAL ASSET ACTIVITY**

The following is a summary of changes in capital asset activity for the year ended September 30, 2022:

	Balance October 1 2021	Additions	Retirements	Adjustments/ Reclassifications	Balance September 30 2022
Capital Assets Not Being Depreciated:					
Land	\$ 2,645,941	\$ -	\$ -	\$ -	\$ 2,645,941
Construction in Progress	1,820,071	2,093,981	-	(320,369)	3,593,683
Total Capital Assets Not Being Depreciated	4,466,012	2,093,981	-	(320,369)	6,239,624
Capital Assets Being Depreciated:					
Buildings & Improvements	1,670,776	6,995	-	-	1,677,771
Water and Wastewater					
Plant and Systems	88,725,161	799,328	(1,331)	320,369	89,843,527
Machinery & Equipment	3,587,242	66,309	(28,693)	-	3,624,858
Total Capital Assets Being Depreciated	93,983,179	872,632	(30,024)	320,369	95,146,156
Less Accumulated Depreciation:					
Buildings & Improvements	(951,295)	(43,305)	-	-	(994,600)
Plant and Systems	(37,979,377)	(2,315,117)	27,389	-	(40,267,105)
Machinery & Equipment	(1,679,218)	(175,671)	1,331	-	(1,853,558)
Total Accumulated Depreciation	(40,609,890)	(2,534,093)	28,720	-	(43,115,263)
Capital Assets, Net	\$ 57,839,301	\$ 432,520	\$ (1,304)	\$ -	58,270,517
				Related debt	(31,009,583)
Net Investment in Capital Assets					\$ 27,260,934

**NOTE E - CAPITAL ASSET ACTIVITY, CONTINUED**

The depreciation expense for the years ended September 30, 2022 and 2021 was \$2,534,093 and \$2,525,470 , respectively. During the years ended September 30, 2022 and 2021, the District continued construction on its system-wide improvements.

During the year ended September 30, 2018, the District early implemented GASB Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period". The implementation of the pronouncement requires the interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statement prepared using the economic resources measurement focus. As a result, no interest costs were capitalized on the project for fiscal years ended September 30, 2022 and 2021.

During the year ended September 30, 2021, the District, however, settled a dispute related to system improvements. As such, the District agreed to settle with the vendor plus \$155,297 in interest. The District expensed this cost.

**NOTE F - RETIREMENT PLANS**

**Plan Description and Provisions**

**Section 401(a) Plan**

The District historically offered all its employees the opportunity to participate in an individual government employer-sponsored defined contribution 414(h) Money Purchase Pick-Up Retirement Plan and Trust (the "Plan"). Effective January 1, 2009, the District restated its retirement plan. As such, the restated plan qualifies as a 401(a) Money Purchase defined contribution plan. The Plan is administered by a third party administrator. The employer funds substantially all the administrative costs of the Plan.

The Plan allows all employees to participate after three (3) months creditable employment. Employees who elect to participate must contribute three (3%) percent of their gross wages, excluding overtime compensation, up to \$3,000. If the employee desires to defer more than \$3,000 they can defer those amounts into the available IRC Section 457 Plan. The employer is required to contribute six (6%) percent of the respective participating employees' gross wages, excluding overtime compensation. Employer contributions into the 401(a) Plan are only required for those participating employees who contribute three (3%) of their gross wages, as defined. During the years ended September 30, 2022, 2021, and 2020, the District contributed 100% of its required contributions.

**NOTE F - RETIREMENT PLANS, CONTINUED**

**Plan Description and Provisions, continued**

**Section 401(a) Plan**

The District's gross contributions (employer portion) to the Plan for the years ended September 30, 2022, 2021 and 2020 were \$156,771, \$148,649 and \$157,046 respectively. Employee contributions to the Plan were \$85,337, \$82,610 and \$78,363, respectively for the years ended September 30, 2022, 2021, and 2020, respectively. There were no forfeitures used to reduce employer contributions.

Benefits available are limited to the value of the respective employee's individual account. Individuals direct the investment of their individual account. Benefits vest at a rate of twenty (20%) percent per year of creditable service and vest in full after five years of creditable service. A creditable year of service is defined as a year in which an eligible participant completes 1,000 hours of service. Employees immediately vest in their contributions. Normal retirement shall be considered to be attainment of age 55 and completion of five (5) creditable years of service. Employees who fail to complete five (5) years creditable service vest in their respective accounts at twenty (20%) percent per completed year of creditable service. The Plan requires retirement at April 1 following the date the participant reaches age 70 1/2. The Plan provides that forfeitures of employer contributions by non-vested terminated employees are to be used to offset future employer contributions. Therefore, employer contributions made to employee accounts who fail to complete the respective year revert back to the employer. Benefits available to the employee from the Plan are those generated from the respective employees account. The employees account may lose principal. The District has no liability for losses, if any, incurred by the plan. Loans to participants are permitted from the participant's specific account. Participants should refer to the complete plan document for specific detail of the Plan.

**Section 457 Plan**

Effective November 1, 2012, the District approved a resolution to establish a Deferred Compensation Plan to be made available to all eligible District employees pursuant to Section 457 of the Internal Revenue Code (IRC). The Plan is administered by a third party administrator. The employer funds substantially all administrative costs of the Plan. All contributions made to the Plan are voluntary deductions from employees' wages, with no contributions to the Plan made by the District. Employees are eligible to participate after 3 months employment and attainment of age 18. Deferral amounts are limited per IRS Code Section 457(e)(15). For the year ended September 30, 2022 the deferral limit to the Plan was \$20,500. Employees are immediately vested in their salary deferral amounts.

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**NOTE G - REVENUE BONDS PAYABLE**

The following is a summary of the District's revenue bonds payable for the years ended September 30:

	Amount
Balances - September 30, 2020	\$ 31,080,969
Principal retired	(769,000)
Bonds issued	-
Balances - September 30, 2021	30,311,969
Principal retired	(10,549,969)
Bonds issued	10,514,000
Balances - September 30, 2022	30,276,000
Issuance premium - unamortized	279,838
	<u>\$ 30,555,838</u>

Revenue Bonds payable is comprised of the following at September 30:

	2022	2021
\$635,000 Series 1985, Water and Sewer Revenue Bonds, issued May 1987, through USDA Rural Development. Principal is payable annually beginning September 1, 1989 through September 1, 2026; interest payable annually at the rate of 5%; collateralized by the gross operating revenues of the system and assessments levied on the lands benefited by the system.	\$ -	\$ 137,969
\$3,750,000 Series 1989, Water and Sewer Revenue Bonds, issued October 1991, through USDA Rural Development. Principal is payable annually beginning September 1, 1994 through September 1, 2031; interest payable annually at the rate of 5%; collateralized by the gross operating revenues of the system and assessments levied on the lands benefited by the system.	-	1,716,000
\$250,000 Series 1990, Water and Sewer Revenue Bonds, issued October 1991, through USDA Rural Development. Principal is payable annually beginning September 1, 1994 through September 1, 2031; interest payable annually at the rate of 5%; collateralized by the gross operating revenues of the system and assessments levied on the lands benefited by the system.	-	114,000

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**NOTE G - REVENUE BONDS PAYABLE, CONTINUED**

	<u>2022</u>	<u>2021</u>
\$4,313,200 Series 1996, Water and Sewer Revenue Bonds, issued August 1996, through USDA Rural Development. Principal is payable annually beginning September 1, 1998 through September 1, 2035; interest payable annually at the rate of 5.125%; collateralized by the gross operating revenues of the system and assessments levied on the lands benefited by the system.	-	2,551,000
\$802,000 Series 1998, Water and Sewer Revenue Bonds, issued October 1998, through USDA Rural Development. Principal is payable annually beginning September 1, 2001 through September 1, 2038; interest payable annually at the rate of 4.5%; collateralized by the gross operating revenues of the system and assessments levied on the lands benefited by the system.	-	521,000
\$2,252,000 Series 2001, Water and Sewer Refunding Bonds, issued December 2001, through USDA Rural Development. Principal is payable annually beginning September 1, 2004 through September 1, 2041; interest payable annually at the rate of 4.5%; collateralized by the gross operating revenues of the system and assessments levied on the lands benefited by the system.	-	1,623,000
\$3,366,200 Series 2008, Water and Sewer Revenue Bonds, issued March 28, 2008 through USDA Rural Development. Principal is payable annually beginning September 1, 2008 through September 1, 2047; interest payable annually at the rate of 4.375%; collateralized by the gross operating revenues of the system and assessments levied on the lands benefited by the system.	-	2,811,000

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**NOTE G - REVENUE BONDS PAYABLE, CONTINUED**

	<u>2022</u>	<u>2021</u>
\$4,932,000 Series 2013, Water and Sewer Revenue Bonds, issued March 1, 2013, through USDA Rural Development. Principal and interest are payable annually beginning September 1, 2016 through September 1, 2052; interest payable annually at the rate of 2.5%; collateralized by the gross operating revenues of the system and a special assessment levied on the lands benefited by the system.	4,498,000	4,560,000
\$17,134,000 Series 2018 A & B, Water and Sewer Revenue Bonds, issued May 3, 2018, through USDA Rural Development. Interest only due September 1, 2018, then principal and interest are payable annually beginning September 1, 2019 through September 1, 2057; interest payable annually at the rate of 2.25%; collateralized by the gross operating revenues of the system and a special assessments levied on the lands benefited by the system.	15,979,000	16,278,000
\$9,570,000 Refunding Bonds Series 2022, issued May 12, 2022 through US Bank to refund the Series 1989, 1996, 1998, 2001 and 2008 USDA Rural Development Bonds. Principal is payable annually beginning September 1, 2022 and semi-annual interest payable each March 1 and September 1, beginning September 1, 2022 through September 1, 2042; interest payable at the rate of 4%; collateralized by the gross operating revenues of the system.	8,855,000	-
\$944,000 Series 2022, Water and Sewer Revenue Bonds, issued June 25, 2022, through USDA Rural Development. Interest only due September 1, 2022, then principal and interest are payable annually beginning September 1, 2023 through September 1, 2042; interest payable annually at the rate of 2.00%; collateralized by the gross operating revenues of the system. These bonds were issued at a premium of \$280,761.	<u>944,000</u>	<u>-</u>
	30,276,000	30,311,969
Less: Current portion (due in one year)	<u>(849,000)</u>	<u>(798,000)</u>
Long-term portion	29,427,000	29,513,969
Plus: Unamortized premium on refunding	<u>279,838</u>	<u>-</u>
Balance, less current portion	<u>\$ 29,706,838</u>	<u>\$ 29,513,969</u>



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**NOTE G - REVENUE BONDS PAYABLE, CONTINUED**

**Bond Resolutions**

The bond resolutions established certain accounts and determined the order in which certain revenues are to be deposited into those accounts. In addition, there are various other covenants established by the respective bond official statements and District resolutions, including such items as debt service coverage, reporting requirements, and maintenance of facilities. The bond issues require certain sinking fund balances be maintained. At September 30, 2022, the District had not fully funded the sinking fund cash account. The District, however, held sufficient cash at September 30, 2022 to fully fund the sinking fund. Once informed of the requirement to fund the sinking fund for future principal and interest, the District did fully fund the account. Management believes that it has complied, in all material respects, with these covenants. All Reserve balances at September 30, 2022 and 2021, are reflected as restricted deposits within these financial statements.

A summary of revenue bond debt service requirements to maturity is as follows September 30:

<u>Years Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 849,000	\$ 826,178	\$ 1,675,178
2024	889,147	817,569	1,706,716
2025	919,473	788,773	1,708,246
2026	948,805	758,938	1,707,743
2027	984,144	728,089	1,712,233
2028 - 2032	5,213,054	3,136,010	8,349,064
2033 - 2037	5,695,622	2,238,624	7,934,246
2038 - 2042	4,238,195	1,551,014	5,789,209
2043 - 2047	3,330,880	1,049,757	4,380,637
2048 - 2052	3,781,792	647,065	4,428,857
2053 - 2057	3,260,060	239,018	3,499,078
2058 - 2062	165,828	10,175	176,003
	<u>30,276,000</u>	<u>12,791,210</u>	<u>43,067,210</u>
Premium	279,838	-	279,838
	<u>\$ 30,555,838</u>	<u>\$ 12,791,210</u>	<u>\$ 43,347,048</u>

Revenue bond debt interest expense was \$904,824 and \$957,219 for the years ended September 30, 2022 and 2021, respectively. No revenue bond debt interest expense was capitalized in either year.

**IMMOKALEE WATER & SEWER DISTRICT**  
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**NOTE G - REVENUE BONDS PAYABLE, CONTINUED**

**Debt Refunding**

On May 12, 2022, the District issued Refunding Revenue Bonds, Series 2022, through a commercial bank loan/bond in the amount of \$9,570,000 at a fixed interest rate of 4% requiring principal payments annually through September 1, 2042. Proceeds of the bond were used to refund the following outstanding bond agreements:

	Principal Balance at Refunding Date	Interest Rate	Maturity Date
Bond Series 1989	\$ 1,716,000	5.00%	September 1, 2031
Bond Series 1996	2,551,000	5.125%	September 1, 2035
Bond Series 1998	521,000	4.50%	September 1, 2038
Bond Series 2001	1,623,000	4.50%	September 1, 2041
Bond Series 2008	2,811,000	4.375%	September 1, 2047
	<u>\$ 9,222,000</u>		

The refunding resulted in a reduction of future debt service payments by approximately \$972,718 and obtained an economic gain of \$764,142.

The \$9,570,000 Series 2022 refunding bonds were issued at a premium of \$280,761. During the year ended September 30, 2022, the premium of \$280,761 was amortized in the amount of \$923 and included interest expense at September 30, 2022. The net premium was \$279,838.

**IMMOKALEE WATER & SEWER DISTRICT**  
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**NOTE H - LOANS PAYABLE - SRF**

The following is a summary of the District's loans payable activity for the year ended September 30:

	DEP.SRF DW110120	DEP.SRF DW110121	Total
Balance-September 30, 2020	\$ 258,684	\$ 204,275	\$ 462,959
Principal retired	(20,771)	(16,409)	(37,180)
Balance-September 30, 2021	237,913	187,866	425,779
Principal retired	(21,014)	(16,812)	(37,826)
Balance-September 30, 2022	<u>\$ 216,899</u>	<u>\$ 171,054</u>	<u>\$ 387,953</u>

The loans payable - SRF activity for the year ended September 30 is as follows:

	2022	2021
\$419,681 loan payable representing 15% of a grant/loan payable to Florida Department of Environmental Protection. The maximum amount of the loan is \$2,735,112, in which the FDEP has forgiven \$2,324,845 of the note. The loan also required the District to capitalize interest of \$9,414 during the year ended September 30, 2011. Interest accrues at 2.71%. Principal and interest is payable in forty (40) semi-annual payments of \$13,660 in May and November beginning November 15, 2011. Final payment due May 2031. The loan is collateralized by the gross operating revenues of the system and assessments levied on the lands benefited by the system.	\$ 216,899	\$ 237,913

\$335,504 loan payable to Florida Department of Environmental Protection. The loan requires forty (40) semi-annual payments of \$10,637 in November and May beginning November 15, 2011. The loan required the District to capitalize interest of \$7,346 during the year ended September 30, 2011. Final payment date May 2031. Interest accrues at 2.43%. The loan is collateralized by the gross operating revenues of the system and assessments levied on the lands benefited by the system.

	171,054	187,866
Total loans payable	387,953	425,779
Less current portion:	(38,810)	(37,825)
	<u>\$ 349,143</u>	<u>\$ 387,954</u>

**IMMOKALEE WATER & SEWER DISTRICT**  
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**NOTE H - LOANS PAYABLE - SRF, CONTINUED**

Years Ending September 30	Principal	Interest	Total
2023	\$ 38,810	\$ 9,785	\$ 48,595
2024	39,820	8,775	48,595
2025	40,856	7,739	48,595
2026	41,919	6,676	48,595
2027	43,011	5,584	48,595
2028 - 2031	183,537	10,844	194,381
	<u>\$ 387,953</u>	<u>\$ 49,403</u>	<u>\$ 437,356</u>

Loans payable - SRF related interest expense was \$10,770 and \$11,038 for the years ended September 30, 2022 and 2021, respectively. No loan interest costs were capitalized in either year.

**NOTE I - CAPITAL LEASE**

On October 31, 2018, the District entered into a sixty (60) month, 0% interest capital lease agreement, for the lease of eight (8) vehicles, in the amount of \$219,307. Monthly payments are \$3,655 plus monthly maintenance fees. Payments began in April, 2019 with final payment due in March 2024. The lease agreement is collateralized by the respective eight (8) vehicles.

The following is a summary of the District's capital lease payable for the years ended September 30:

	Amount
Balances - September 30, 2020	\$ 153,515
Proceeds	-
Principal payments	(43,861)
Balances - September 30, 2021	109,654
Proceeds	-
Principal payments	(43,862)
Balances - September 30, 2022	<u>\$ 65,792</u>

The cost of capital assets under lease was \$219,307 at September 30, 2022. The accumulated depreciation was \$153,514 and the current year depreciation expense was \$43,861 on those capital assets.

**IMMOKALEE WATER & SEWER DISTRICT**  
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**NOTE I - CAPITAL LEASE, CONTINUED**

A summary of capital lease debt service requirements to maturity is as follows at September 30:

Years Ending September 30	Principal	Interest	Total
2023	\$ 43,861	\$ -	\$ 43,861
2024	21,931	-	21,931
	<u>\$ 65,792</u>	<u>\$ -</u>	<u>\$ 65,792</u>

Interest expense related to the capital lease was \$0 and \$0 for the years ended September 30, 2022 and 2021, respectively.

**NOTE J - LINE OF CREDIT**

On October 15, 2018, the District renewed an agreement with a financial institution to establish an uncollateralized \$1 million revolving Line of Credit (LOC) to be used for emergency situations. The LOC is available, although the District had not borrowed any funds from the LOC for the years ended September 30, 2022 or 2021. The LOC required interest paid quarterly and principal at maturity. Interest accrues at Prime Rate plus .50% with a floor rate of 3.75%. The LOC was due in full on October 15, 2022 and was not renewed. Interest rate at September 30, 2022 was 6.75%.

**NOTE K - BOND ANTICIPATION NOTE**

On May 4, 2020 the District entered into a Bond Anticipation Note (BAN) with a financial institution to provide interim construction financing for improvements to water facilities, clarifier project, in the amount of \$944,000. Interest payable at 2.15% is due every six months. The BAN requires accrued interest and principal payable every six (6) months and upon maturity. The note is collateralized by a commitment from the USDA Rural Development Program. At September 30, 2022 and 2021, the BAN payable balance was \$0 and \$53,501, respectively. Interest expense for the years ended September 30, 2022 and 2021 was \$7,539 and \$1,354 and no loan interest costs were capitalized. Upon completion of the related construction project, the BAN was replaced by permanent financing from USDA by the \$944,000 Series 2022, Water and Sewer Revenue Bonds.

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**NOTE L - ACCRUED COMPENSATED ABSENCES**

Employees of the District are entitled to paid vacation based on length of service and job classification at termination. Unused accrued sick time is not paid at termination. Accrued compensated absences had the following activity for the year ended September 30:

	<u>Amount</u>
Accrued compensated absences, September 30, 2020	\$ 169,984
Net decrease	<u>(3,439)</u>
Accrued compensated absences, September 30, 2021	166,545
Net increase	<u>7,350</u>
Accrued compensated absences, September 30, 2022	<u>\$ 173,895</u>

**NOTE M - CONTINGENCIES**

**Litigation**

The District, from time to time, is involved as a defendant or a plaintiff in certain litigation and claims arising in the ordinary course of operations. As such, the District maintains third party insurance coverages. In the opinion of legal counsel, the range of potential recoveries or liabilities will not materially affect the financial position of the District. The District intends to vigorously defend all claims unless first settled. Potential losses, if any, may be recoverable through insurance coverages.

**Federal Grants**

Grant monies received by the District are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the District does not believe that such disallowances, if any, would have a material effect on the financial position of the District.

The operations of the District are dependent upon the condition of the District's facilities. These facilities are currently being rehabilitated and improved substantially through the receipt of federal funding. Loss or reduction of such funding would have a material effect on the operations of the District.

**IMMOKALEE WATER & SEWER DISTRICT**  
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**NOTE N - NET POSITION (NET ASSETS)**

Restricted net assets consist of the following at September 30:

	2022	2021
Restricted assets	\$ 4,811,594	\$ 5,727,163
Less: liabilities payable from restricted cash	<u>(2,648,407)</u>	<u>(2,479,446)</u>
	<u>\$ 2,163,187</u>	<u>\$ 3,247,717</u>

Unrestricted net assets consist of the following at September 30:

	2022	2021
Designated for emergencies	\$ 941,631	\$ 941,631
Designated for operations	3,982,093	3,813,925
Designated for vehicle replacement	607,483	607,483
Designated for capital equipment	1,000,000	1,000,000
Designated for future capital projects	3,523,000	-
Designated for maint. reserve - wastewater	1,000,000	3,569,382
Designated for maint. reserve - water	<u>500,000</u>	<u>812,240</u>
Total Designated	11,554,207	10,744,661
Undesignated	<u>2,236,708</u>	<u>1,379,180</u>
Total unrestricted net assets	<u>\$ 13,790,915</u>	<u>\$ 12,123,841</u>

**NOTE O - RISK MANAGEMENT**

The District 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.

Insurance programs for general/professional liability, automobile, and property are through commercial insurance. The District retains the risk of loss, on insured claims, up to a deductible amount (ranging from 0% to 5% of total insured value depending on the type of loss) with the risk of loss in excess of this amount transferred to the insurance carrier. Limits of general liability are \$1,000,000 per occurrence. The District is third party insured for employee health as well as workers' compensation.

**IMMOKALEE WATER & SEWER DISTRICT  
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**NOTE P - COMMITMENT**

On July 23, 2019, the USDA obligated funds to the District for a \$2,760,236 Clarifier Rehabilitation Project to be funded with a \$944,000 (loan #28) Series 2022 Water and Sewer Revenue bonds and a \$765,000 (grant #29) grant. The remaining funds will be provided by the District. The project began in June 2020 and is estimated to be completed in May 2023. As of September 30, 2022, \$2,746,647 was expended for this project.

In May, 2022, the District began a Clay Sewer Pipe Restoration Project to be funded with District reserves. The project is estimated to be completed in June 2023 and has an estimated total budget of \$1,655,200. As of September 30, 2022, \$706,673 was expended for this project.



**REQUIRED SUPPLEMENTARY  
INFORMATION  
OTHER THAN MD&A**

**IMMOKALEE WATER & SEWER DISTRICT**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN**  
**NET POSITION - BUDGET (NON-GAAP BUDGETARY BASIS) AND**  
**ACTUAL WITH RECONCILIATION TO GAAP BASIS**  
**Year ended September 30, 2022**

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	Original Budget	Final Budget	Actual	Variance
<b>OPERATING REVENUES</b>				
Water service	\$ 4,376,541	\$ 4,108,157	\$ 4,108,228	\$ 71
Wastewater service	6,212,743	5,983,043	5,983,159	116
Meter service charge	866,267	863,741	863,741	-
Late fees	84,980	86,025	86,025	-
Reconnect and transfer fees	108,163	106,230	106,230	-
Miscellaneous charges, fees and other income	178,383	278,564	289,067	10,503
Cross connection control fee	377,351	374,527	374,532	5
<b>TOTAL OPERATING REVENUES</b>	<b>12,204,428</b>	<b>11,800,287</b>	<b>11,810,982</b>	<b>10,695</b>
<b>OPERATING EXPENSES</b>				
<b>WATER TREATMENT</b>				
Salaries and wages	299,094	274,569	274,569	-
Overtime	9,827	11,005	11,005	-
FICA	23,632	21,253	21,253	-
Unemployment taxes	1,514	83	83	-
Employer pension contribution	18,535	16,345	16,345	-
Health/life insurance	63,814	72,581	72,581	-
Workers' compensation	3,528	4,547	4,547	-
Travel and training	8,000	9,876	9,876	-
Telephone and fax	2,850	6,075	6,075	-
Electric	172,000	223,623	223,623	-
General liability insurance	10,135	10,135	10,135	-
Comprehensive auto insurance	2,120	2,120	2,120	-
Other insurance	37,791	38,736	38,736	-
Repairs and maintenance	168,752	144,324	144,324	-
Other contract services	24,000	29,866	29,866	-
Vehicle fuel	11,633	15,317	15,317	-
Vehicle maintenance	12,000	3,080	3,080	-
Vehicle Lease	-	22	22	-
Office expense	-	587	587	-
Licenses and permits	5,790	4,075	4,075	-
Chemicals	99,772	98,327	98,327	-
Other materials	109,522	96,929	96,929	-
Tools	2,285	1,675	1,675	-
Safety and security	-	5,473	5,473	-
Laboratory fees	28,400	24,323	24,323	-
Uniforms/clothing allowance	1,200	1,206	1,206	-
Memberships/periodicals/books	1,150	550	550	-
<b>SUB-TOTAL WATER TREATMENT</b>	<b>1,117,344</b>	<b>1,116,702</b>	<b>1,116,702</b>	<b>-</b>

The accompanying notes are an integral part of this statement.

**IMMOKALEE WATER & SEWER DISTRICT**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN**  
**NET POSITION - BUDGET (NON-GAAP BUDGETARY BASIS) AND**  
**ACTUAL WITH RECONCILIATION TO GAAP BASIS, CONTINUED**  
**Year ended September 30, 2022**

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	Original Budget	Final Budget	Actual	Variance
WATER DISTRIBUTION				
Salaries and wages	600,376	580,203	580,203	-
Overtime	47,246	30,250	30,250	-
FICA	49,543	45,449	45,449	-
Unemployment taxes	3,173	473	473	-
Employer pension contribution	38,857	33,804	33,804	-
Health/life insurance	194,453	242,546	242,546	-
Workers' compensation	9,702	10,102	10,102	-
Engineering services	-	5,876	5,876	-
Travel and training	20,000	23,452	23,452	-
Telephone and fax	2,850	4,367	4,367	-
Electric	2,400	-	-	-
General liability insurance	11,481	11,481	11,481	-
Comprehensive auto insurance	6,889	6,889	6,889	-
Other insurance	1,857	1,612	1,612	-
Repairs and maintenance	126,823	70,015	70,015	-
Water meter & registers replacement	-	236,713	236,713	-
Other contract services	17,862	16,220	16,220	-
Vehicle fuel	25,630	32,561	32,561	-
Vehicle maintenance	19,137	14,470	14,470	-
Vehicle Lease	8,019	284	284	-
Licenses and permits	200	-	-	-
Office expense	-	20	20	-
Other materials	220,585	104,922	104,664	258
Tools	12,664	12,154	12,154	-
Safety and security	-	8,010	8,010	-
Uniforms/clothing allowance	3,000	2,579	2,579	-
Memberships/periodicals/books	1,175	357	357	-
SUB-TOTAL WATER DISTRIBUTION	1,423,922	1,494,809	1,494,551	258
SUB-TOTAL WATER PLANTS/DISTRIBUTION	2,541,266	2,611,511	2,611,253	258

The accompanying notes are an integral part of this statement.

**IMMOKALEE WATER & SEWER DISTRICT**

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**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION - BUDGET (NON-GAAP BUDGETARY BASIS) AND  
ACTUAL WITH RECONCILIATION TO GAAP BASIS, CONTINUED  
Year ended September 30, 2022**

	Original Budget	Final Budget	Actual	Variance
WASTEWATER TREATMENT				
Salaries and wages	577,859	586,004	586,004	-
Overtime	47,246	33,143	33,143	-
FICA	47,820	46,303	46,303	-
Unemployment taxes	3,063	452	452	-
Employer pension contribution	37,506	33,484	33,484	-
Health/life insurance	141,719	166,658	166,658	-
Workers' compensation	7,409	9,838	9,838	-
Other professional services	-	6,281	6,281	-
Engineering services	-	10,072	10,072	-
Travel and training	16,000	13,097	13,097	-
Telephone and fax	4,000	1,185	1,185	-
Electric	230,000	212,201	208,936	3,265
Section 8 electric	5,000	2,770	2,770	-
General liability insurance	20,383	20,383	20,383	-
Comprehensive auto insurance	3,180	3,282	3,282	-
Other insurance	129,785	129,730	129,730	-
Repairs and maintenance	330,000	241,646	241,646	-
Section 8 repairs	10,000	-	-	-
Other contract services	250,000	167,775	167,775	-
Vehicle fuel	9,500	12,266	12,266	-
Vehicle maintenance	5,000	4,855	4,855	-
Vehicle Lease	4,571	268	268	-
Licenses and permits	7,000	21,899	21,899	-
Chemicals	110,000	103,858	103,858	-
Other materials	39,500	22,448	22,448	-
Tools	1,500	4,889	4,889	-
Safety & security	-	7,676	7,676	-
Laboratory fees	78,000	74,839	74,839	-
Residuals management	215,000	207,101	207,101	-
Uniforms/clothing allowance	2,400	1,752	1,752	-
Memberships/periodicals/books	1,700	332	332	-
SUB-TOTAL WASTEWATER TREATMENT	2,335,141	2,146,487	2,143,222	3,265

The accompanying notes are an integral part of this statement.

**IMMOKALEE WATER & SEWER DISTRICT**

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**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION - BUDGET (NON-GAAP BUDGETARY BASIS) AND  
ACTUAL WITH RECONCILIATION TO GAAP BASIS, CONTINUED  
Year ended September 30, 2022**

WASTEWATER COLLECTION	Original Budget	Final Budget	Actual	Variance
Salaries and wages	370,960	367,472	367,472	-
Overtime	35,697	40,341	40,341	-
FICA	31,109	30,557	30,557	-
Unemployment taxes	1,993	201	201	-
Employer pension contribution	24,398	21,761	21,761	-
Health/life insurance	91,681	119,680	119,680	-
Workers' compensation	4,410	6,395	6,395	-
Engineering services	-	32,971	32,971	-
Travel and training	9,500	13,208	13,208	-
Telephone and fax	3,800	3,411	3,411	-
Postage and shipping	38,000	-	-	-
Electric	-	51,473	51,473	-
General liability insurance	12,990	12,990	12,990	-
Comprehensive auto insurance	5,300	5,299	5,299	-
Other insurance	6,944	7,081	7,081	-
Repairs and maintenance	140,000	119,566	119,566	-
Other contract services	12,000	8,345	8,345	-
Vehicle fuel	10,200	14,579	14,579	-
Vehicle maintenance	12,000	3,672	3,672	-
Vehicle Lease	15,414	1,036	1,036	-
Licenses and permits	500	-	-	-
Chemicals	16,000	14,962	14,962	-
Other materials	41,000	34,886	38,157	(3,271)
Tools	6,500	3,817	3,817	-
Safety security	-	4,478	4,478	-
Uniforms/clothing allowance	1,500	1,189	1,189	-
Memberships/periodicals/books	1,200	210	210	-
SUB-TOTAL WASTEWATER COLLECTION	893,096	919,580	922,851	(3,271)

The accompanying notes are an integral part of this statement.

**IMMOKALEE WATER & SEWER DISTRICT**

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**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION - BUDGET (NON-GAAP BUDGETARY BASIS) AND  
ACTUAL WITH RECONCILIATION TO GAAP BASIS, CONTINUED  
Year ended September 30, 2022**

	Original Budget	Final Budget	Actual	Variance
CUSTOMER SERVICE / ADMIN				
Salaries and wages	666,857	721,390	721,390	-
Overtime	3,150	7,374	7,374	-
FICA	51,255	54,798	54,798	-
Unemployment taxes	3,283	768	768	-
Employer pension contribution	40,200	38,908	38,908	-
Health/life insurance	158,115	175,051	175,051	-
Workers' compensation	8,026	2,671	2,671	-
Legal services	972,500	186,805	186,805	-
Other professional services	171,000	122,016	122,016	-
Accounting/auditing	60,000	38,090	38,090	-
Engineering services	400,000	193,790	249,644	(55,854)
Travel and training	25,000	24,143	24,143	-
Telephone and fax	5,000	5,859	5,859	-
Postage and freight	36,000	42,460	42,460	-
General liability insurance	10,510	10,510	10,510	-
Comprehensive auto insurance	530	530	530	-
Other insurance	41,971	44,265	44,265	-
Other contract services	50,000	78,750	78,750	-
Repairs and maintenance	2,500	2,018	2,018	-
Vehicle fuel	1,000	2,658	2,658	-
Vehicle maintenance	250	193	193	-
Vehicle Lease	4,106	838	838	-
Office supplies	15,000	35,242	35,242	-
Miscellaneous office expense	65,000	31,850	41,305	(9,455)
Miscellaneous bank fees	-	6,159	6,210	(51)
Miscellaneous expense	9,000	-	78,066	(78,066)
Arrowhead Assessment fees/discount	5,000	4,074	4,074	-
Advertising	6,200	9,453	9,453	-
Licenses and permits	250	175	175	-
Safety & security	-	2,771	2,771	-
Tools	-	-	-	-
Uniforms/clothing allowance	800	1,000	1,000	-
Memberships/periodicals/books	13,000	7,984	7,984	-
Hurricane Ian - Supplies	-	9,629	9,621	8
SUB-TOTAL CUSTOMER SERVICE / ADMIN	<u>2,825,503</u>	<u>1,862,222</u>	<u>2,005,640</u>	<u>(143,418)</u>

The accompanying notes are an integral part of this statement.

**IMMOKALEE WATER & SEWER DISTRICT**

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**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION - BUDGET (NON-GAAP BUDGETARY BASIS) AND  
ACTUAL WITH RECONCILIATION TO GAAP BASIS, CONTINUED  
Year ended September 30, 2022**

	Original Budget	Final Budget	Actual	Variance
<b>MAINTENANCE</b>				
Salaries and wages	319,021	197,784	197,784	-
Overtime	5,436	21,119	21,119	-
FICA	24,821	16,119	16,119	-
Unemployment taxes	1,590	157	157	-
Employer pension contribution	19,467	12,469	12,469	-
Health/life insurance	105,811	97,969	97,969	-
Workers' compensation	4,410	3,932	3,932	-
Travel and training	21,200	9,144	9,144	-
Telephone and fax	2,300	4,504	4,504	-
General liability insurance	7,734	7,734	7,734	-
Comprehensive auto insurance	7,419	7,419	7,419	-
Other insurance	2,119	2,336	2,336	-
Repairs and maintenance	22,000	4,681	4,681	-
Other contract services	6,500	6,654	6,654	-
Vehicle fuel	8,300	10,543	10,543	-
Vehicle maintenance	18,000	1,366	1,366	-
Vehicle lease	15,414	776	776	-
Licenses and permits	1,500	-	-	-
Office expense	-	367	367	-
Other materials	20,000	12,505	12,505	-
Tools	2,000	2,475	2,475	-
Safety & security	-	3,063	3,063	-
Uniforms/clothing allowance	1,500	939	939	-
Memberships/periodicals/books	1,000	332	332	-
<b>SUB-TOTAL MAINTENANCE</b>	<b>617,542</b>	<b>424,387</b>	<b>424,387</b>	<b>-</b>
<b>DEPRECIATION</b>				
Depreciation	-	-	2,534,093	(2,534,093)
<b>SUB-TOTAL DEPRECIATION</b>	<b>-</b>	<b>-</b>	<b>2,534,093</b>	<b>(2,534,093)</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>9,212,548</b>	<b>7,964,187</b>	<b>10,641,446</b>	<b>(2,677,259)</b>
<b>OPERATING PROFIT</b>	<b>\$ 2,991,880</b>	<b>\$ 3,836,100</b>	<b>\$ 1,169,536</b>	<b>\$ (2,666,564)</b>

The accompanying notes are an integral part of this statement.

**IMMOKALEE WATER & SEWER DISTRICT**

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**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN**
**NET POSITION - BUDGET (NON-GAAP BUDGETARY BASIS) AND  
ACTUAL WITH RECONCILIATION TO GAAP BASIS, CONTINUED**
**Year Ended September 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>OPERATING PROFIT, BROUGHT FORWARD</b>	<u>\$ 2,991,880</u>	<u>\$ 3,836,100</u>	<u>\$ 1,169,536</u>	<u>\$ (2,666,564)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest income	31,236	33,495	56,678	23,183
Contributed capital - grant - FDEP/EPA	1,460,500	-	-	-
Contributed capital - grant - USDA/FHA	1,229,088	768,250	768,250	-
Contributed capital - customers	70,000	73,465	73,465	-
Contributed capital - developers	70,000	30,207	30,207	-
Contributed capital - Special assessments	77,900	77,881	-	(77,881)
Bond proceeds - Refunding bond	-	8,830,259	9,850,760	1,020,501
Bond proceeds - USDA	944,000	944,000	944,000	-
Other non-operating revenue	36,462	42,686	42,826	140
Capital outlay	(5,976,446)	(2,854,413)	(2,966,613)	(112,200)
Principal retirement - bonds	(798,000)	(9,834,969)	(10,518,363)	(683,394)
Principal retirement - SRF	(37,825)	(96,126)	(37,826)	58,300
Principal retirement - capital lease	(43,861)	(43,861)	(43,862)	(1)
Net Assets - brought forward	14,494,000	12,123,841	-	(12,123,841)
Net Assets - carryforward	(13,598,911)	(12,972,657)	-	12,972,657
Interest expense	(939,623)	(949,988)	(922,210)	27,778
Bond issuance costs	-	-	(305,502)	(305,502)
Bad debt expense	(20,000)	(11,501)	(11,501)	-
Gain (Loss) on disposal of assets	<u>9,600</u>	<u>3,331</u>	<u>3,331</u>	<u>-</u>
NET NON-OPERATING REVENUES (EXPENSES)	<u>(2,991,880)</u>	<u>(3,836,100)</u>	<u>(3,036,360)</u>	<u>799,740</u>
NET PROFIT (LOSS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,866,824)</u>	<u>\$ (1,866,824)</u>

**Reconciliation:**

Net profit (loss) (Non-GAAP Budgetary Basis)	\$ (1,866,824)
Bond proceeds - Refunding bond	(9,850,760)
Bond proceeds - USDA	(944,000)
Capital outlay	2,966,613
Principal retirement - bonds	10,518,363
Principal retirement - SRF	37,826
Principal retirement - Capital lease	<u>43,862</u>
Increase in Net Position (GAAP Basis)	905,080
Net position - beginning of the year	<u>42,309,956</u>
Net position - end of the year	<u>\$ 43,215,036</u>

The accompanying notes are an integral part of this statement.



**IMMOKALEE WATER & SEWER DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year ended September 30, 2022**

Federal Agency/Pass Through State Agency/Program Title	CFDA#	Grantor's Contract Number	Program/ Award Amount
<b>FEDERAL AWARDS</b>			
<b><u>U.S. Department of Agriculture - Rural Development</u></b>			
<b>MAJOR (TYPE A)</b>			
Water and Waste Disposal Systems for Rural Communities Grant Portion - Water lines	10.760	Grant # 27 91-27	\$ 1,547,200
Water and Waste Disposal Systems for Rural Communities Grant Portion - Clarifier - Communities Loan Portion - Clarifier	10.760	Loan # 28	944,000 *
Water and Waste Disposal Systems for Rural Communities Grant Portion - Clarifier	10.760	Grant # 29	<u>765,000</u>
<b>TOTAL FEDERAL FINANCIAL AWARDS</b>			<u><u>\$ 3,256,200</u></u>

- (1) \$437,946 of receipts received during FY22 were used to pay prior year expenditures.  
(2) Remaining expenditures made from BAN before conversion to Bond Series 2022 \$944,000 during FY22.  
(3) The sum of this revenue is reflected as capital contribution from USDA grants of \$768,250 on the statement of revenues, expenses and changes in net position for the year ended September 30, 2022.  
(4) Includes receivables of \$156,083 of restricted receivables from other governments.

\* This amount of \$944,999 is reflected as a loan addition (Series 2022) and outstanding loan rather than as a revenue since the District is accounted for as an enterprise fund.

<u>Receipts/ Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>	<u>Subrecipients</u>
\$ 437,946 (1)	\$ 437,946 (3)	None
559,347 (2)	559,347	None
<u>330,304 (3)</u>	<u>330,304 (3)(4)</u>	None
<u>\$ 1,327,597</u>	<u>\$ 1,327,597</u>	

**IMMOKALEE WATER & SEWER DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year ended September 30, 2022**

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**NOTE A - BASIS OF PRESENTATION**

The Schedule of Expenditures of Federal Awards has been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America and is in accordance with the provisions of the Uniform Guidance.

Expenditures reported on the Schedule of Expenditures of Federal Awards include cash disbursements, whether capitalized or expensed, during the fiscal year as well as loan and grant related amounts recorded as payable at year end. Revenues reported on the Schedule of Expenditures of Federal Awards include income recognized including loan and grant receivables recorded at year end. Cash receipts that were deferred are footnoted as such.

**NOTE B - INDIRECT COSTS**

The District did not routinely allocate costs to Federal Awards. Costs charged to such programs were direct costs unless specifically incurred for the program and allowed and indicated as such.

The District has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

**ADDITIONAL REPORTS**

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

Board of Commissioners  
Immokalee Water & Sewer District  
1020 Sanitation Road  
Immokalee, Florida 34142

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States of America, the basic financial statements of the business-type activities of Immokalee Water & Sewer District (the "District") which comprise the statement of net position as of September 30, 2022, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended and the related notes to the financial statements and have issued our report thereon dated April 18, 2023.

**Internal Control Over Financial Reporting**

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

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

INTEGRITY ..... SERVICE ..... EXPERIENCE

corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

We, however, noted certain other matters that we have reported in our Report to Management dated April 18, 2023.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Immokalee Water & Sewer District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

April 18, 2023

**Independent Auditor's Report on Compliance for Each Major  
Program/Project and on Internal Control Over Compliance Required by  
the Uniform Guidance**

Board of Commissioners  
Immokalee Water & Sewer District  
1020 Sanitation Road  
Immokalee, Florida 34142

**Report on Compliance for Each Major Federal Program**

We have audited Immokalee Water & Sewer District's compliance with the types of compliance requirements described in the OMB Compliance Supplement as applicable, that could have a direct and material effect on each of Immokalee Water & Sewer District's major federal programs for the year ended September 30, 2022. Immokalee Water & Sewer District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Immokalee Water & Sewer District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Immokalee Water & Sewer District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Immokalee Water & Sewer District's compliance with those requirements.

### **Opinion on Each Major Federal Program**

In our opinion, Immokalee Water & Sewer District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

### **Report on Internal Control Over Compliance**

Management of Immokalee Water & Sewer District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Immokalee Water & Sewer District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Immokalee Water & Sewer District's internal control over compliance.

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

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



**Purpose of the Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Tuscan & Company, P.A.*

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

April 18, 2023

**IMMOKALEE WATER & SEWER DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL**  
**AWARDS**

Page 49 of 55

**Year ended September 30, 2022**

***Section I – Summary of Auditor’s Results***

Financial Statements

Type of auditor's report issued	Unmodified		
Internal control over financial reporting:			
Control deficiency(ies) identified?	_____	Yes <u>X</u>	No
Significant deficiency(ies) identified?	_____	Yes <u>X</u>	No
Material weakness(es) identified?	_____	Yes <u>X</u>	None reported
Noncompliance material to financial statements noted?	_____	Yes <u>X</u>	No

Federal Awards

Internal control over major programs:			
Control deficiency(ies) identified?	_____	Yes <u>X</u>	No
Significant deficiency(ies) identified?	_____	Yes <u>X</u>	No
Material weakness(es) identified?	_____	Yes <u>X</u>	None reported
Type of auditors report issued on compliance for major programs	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR, Section 200.516(a)?	_____	Yes <u>X</u>	No

Identification of major programs (Type A):

CFDA

<u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.760	U.S. Department of Agriculture
	- Loan
	- Grants

Dollar threshold used to distinguish between Type A and Type B programs

Threshold used was \$750,000.

Auditee qualified as low-risk auditee?	_____	Yes <u>X</u>	No
--	-------	--------------	----

Listing of Subrecipients and matching amounts passed-through:

None - not applicable

**IMMOKALEE WATER & SEWER DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL**  
**AWARDS, CONTINUED**  
**Year ended September 30, 2022**

Page 50 of 55

***Section II- Financial Statement Findings***

There were no deficiencies, material weaknesses, or instances of noncompliance related to the financial statements.

***Section III- Federal Award Findings and Questioned Costs***

There were no audit findings related to Federal Awards required to be reported by 2 CFR, Section 200.516(a).

***Section IV- Status of Federal Prior Year Findings***

There were no prior year findings.

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

Board of Commissioners  
Immokalee Water & Sewer District  
1020 Sanitation Road  
Immokalee, Florida 34142

We have examined Immokalee Water & Sewer District's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2022. Management is responsible for Immokalee Water & Sewer District's compliance with those requirements. Our responsibility is to express an opinion on Immokalee Water & Sewer District'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 Immokalee Water & Sewer District'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 Immokalee Water & Sewer District's compliance with specified requirements.

In our opinion, Immokalee Water & Sewer District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

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



TUSCAN & COMPANY, P.A.

Fort Myers, Florida  
April 18, 2023

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**INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT**

Board of Commissioners  
Immokalee Water & Sewer District  
1020 Sanitation Road  
Immokalee, Florida 34142

We have audited the accompanying basic financial statements of Immokalee Water & Sewer District (the "District") as of and for the year ended September 30, 2022 and have issued our report thereon dated April 18, 2023.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, which is dated April 18, 2023, should be considered in conjunction with this report to management.

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

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Prior year comments that have not been resolved are repeated and updated below.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. No such recommendations were noted to improve financial management except as noted below.

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- 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 an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The District discloses this information in the notes to the financial statements.
- Section 10.554(1)(i)5.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, we have applied financial condition assessment procedures. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. In connection with our audit, we determined that the District did not meet any of the criteria of a deteriorating financial condition as described in Auditor General Rule Section 10.554(1)(i)(5).a.
- Pursuant to Section 10.544(1)(i)5.b.2., Rules of the Auditor General, if a deteriorating financial condition(s) is noted then a statement is so required along with the conditions causing the auditor to make such a conclusion. No such conditions were noted.
- Pursuant to Section 10.554(1)(i)5.c., Rules of the Auditor General, requires a statement indicating a failure, if any, of a component unit special district to provide financial information necessary to a proper reporting of the component unit within the audited financial statements of this entity (F.S. Section 218.39(3)(b)). There are no known component special districts required to report within these financial statements.
- Pursuant to Section 10.554(1)(i)6, Rules of the Auditor General, requires disclosure of certain unaudited data. See Exhibit 2.
- Pursuant to Section 10.554(1)(i)7, Rules of the Auditor General, requires an independent special district that imposes ad valorem taxes to disclose certain related unaudited data. See Exhibit 2.

- Section 10.554(l)8, Rules of the Auditor General, requires an independent special district that imposes a non-ad valorem special assessment to disclose certain unaudited data. See Exhibit 2.
- Section 10.556(10)(a), Rules of the Auditor General, requires that the scope of our audit to determine the entity's compliance with the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes as reported in our Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes dated April 18 2023, included herein.
- Section 10.557(3)(m), Rules of the Auditor General, requires a notarized affidavit, related to impact fees, signed and sworn to be the Chief Financial Officer be included in the audit report. No such affidavit is included as the District has not implemented any Impact Fees.

**PRIOR YEAR COMMENTS:**

- 2020-1 Reconciliation of Account Balances Should Be Performed Routinely and Timely  
During the audit, it was noted that the District was unable to provide an accounts payable listing and fixed asset reconciliation that agreed to the balances recorded at fiscal year-end.

We recommend that the accounting staff reconcile all account balances on a monthly basis, ensuring that all balance sheet accounts agree to subsidiary ledgers. These reconciliations should be performed on a monthly basis and any differences or discrepancies investigated and corrected.

2021 Addendum

During the audit, we noted that the balance sheet accounts agreed to the subsidiary ledgers. However, there were several significant adjusting journal entries and summary of unadjusted differences. We continue to recommend that all balance sheet accounts and significant revenue and expense accounts be analyzed, reconciled and reviewed monthly.

2022 Addendum

Comment resolved.

**CURRENT YEAR COMMENTS:**

2022-1 Bank Reconciliation Should Agree to Ending General Ledger Balance

During the audit, we noted that the September 30, 2022 bank reconciliation for the operating account did not agree to the general ledger provided to us for audit. We recommend that all bank accounts be reconciled monthly to the monthly general ledger balance on a timely basis and that the reconciliation be reviewed and approved for accuracy.

2022-2 Fixed Asset Listing Should Include Identifying Tag Number

During fixed asset observation, it was noted that the fixed asset listing provided did not include the identifying tag number of the assets. The District does maintain a separate listing of the fixed assets which includes the tag number, however this information was not available on the fixed asset listing provided to us. We recommend that the fixed asset listing should be modified to include the asset tag number to ensure compliance with Florida Statutes and Florida Administrative Code 69I-73.

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

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

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

April 18, 2023



## **EXHIBIT 1**

May 9, 2023

Sherrill F. Norman, CPA  
Auditor General, State of Florida  
Claude Denson Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1450

Dear Ms. Norman:

This letter is in response to the Management Letter in the Immokalee Water and Sewer District's Year Ending September 30, 2022 audit, performed by Tuscan & Company, P.A.; which was presented to and accepted by the Board on (Board Meeting Date).

**CURRENT YEAR COMMENTS:**

**2022-1 Bank Reconciliation Should Agree to Ending General Ledger Balance**

During the audit, we noted that the September 30, 2022 bank reconciliation for the operating account did not agree to the general ledger provided to us for audit. We recommend that all bank accounts be reconciled monthly to the monthly general ledger balance on a timely basis and that the reconciliation be reviewed and approved for accuracy.

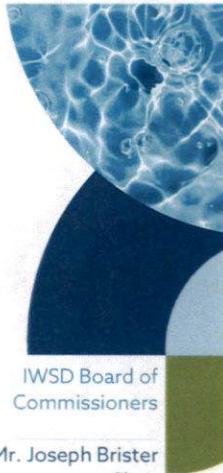
***2022 IWSD Response:** A procedure has been added to the monthly bank reconciliation process to reconcile the cash balance per the trial balance to the cash balance per the bank reconciliation report and resolve any differences for each account. This will eliminate any future unresolved differences.*

**2022-2 Fixed Asset Listing Should Include Identifying Tag Number**

During fixed asset observation, it was noted that the fixed asset listing provided did not include the identifying tag number of the assets. The District does maintain a separate listing of the fixed assets which includes the tag number, however this information was not available on the fixed asset listing provided to us. We recommend that the fixed asset listing should be modified to include the asset tag number to ensure compliance with Florida Statutes and Florida Administrative Code 69I-73.

***2022 IWSD Response:** The District is in the process of placing tag numbers on assets and recording the tag numbers in the asset system. We will ensure that any new tag numbers placed on assets are added to the asset system in a timely manner.*

The District appreciates the efficient planning and performance of Tuscan & Company, P.A. during the audit to obtain reasonable assurance about the District's basic financial statements as well as their evaluation of the presentation of those statements. The District respects and values their effort, work product, and feedback.



IWSD Board of  
Commissioners

Mr. Joseph Brister  
Chair

Ms. Patricia Anne  
Goodnight  
Vice Chair

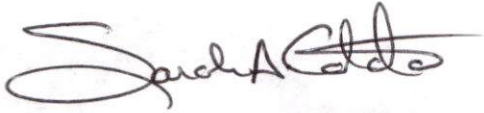
Ms. Bonnie Keen  
Secretary

Mr. Robert Halman  
Treasurer

Ms. Magda Ayala  
Commissioner

Mr. Jack Johnson  
Commissioner

Sincerely,



Sarah Catala, Executive Director



Brian Stewart, Finance Director

## **EXHIBIT 2**

**UNAUDITED  
COMPLIANCE WITH REPORTING REQUIRED BY:**

**Auditor General Rule 10.554(1)(i)6**

For a dependent special district or an independent special district, or a local government entity that includes the information of a dependent special district as provided in Section 218.39(3)(a), Florida Statutes, the following specific information provided by management (with explanatory verbiage that the auditor provides no assurance on the information):

- a. The total number of district employees compensated in the last pay period of the district's fiscal year being reported (see information required in Section 218.32(1)(e)2.a., Florida Statutes). 43
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year being reported (see information required in Section 218.32(1)(e)2.b., Florida Statutes). 6
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency (see information required in Section 218.32(1)(e)2.c., Florida Statutes). (Total wage compensation for the fiscal year being audited) \$2,870,654
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency (see information required in Section 218.32(1)(e)2.d., Florida Statutes). (Amounts paid that would be reported on a Form 1099 for FYE) \$331,751
- e. Each construction project with a total cost of at least \$65,000 approved by the district that was scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project (see information required in Section 218.32(1)(e)2.e., Florida Statutes). See Note P
- f. A budget variance report based on the budget adopted under section 189.016(4), Florida Statutes, before the beginning of the fiscal year reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes (see information required in Section 218.32(1)(e)3., Florida Statutes). If there were amendments then include budget variance (original budget vs. actual at FYE). See attached pages 3 - 9.

**Auditor General Rule 10.554(1)(i)7**

For an independent special district that imposes ad valorem taxes, the following specific information provided by management (with explanatory verbiage that the auditor provides no assurance on the information): (see information required in Section 218.32(1)(e)4., Florida Statutes).

- a. The millage rate or rates imposed by the district. N/A
- b. The current year gross amount of ad valorem taxes collected by or on behalf of the district. N/A
- c. The total amount of outstanding bonds issued by the district and terms of such bonds. See Note G

**Auditor General Rule 10.554(1)(i)8**

For an independent special district that imposes non-ad valorem special assessments, the following specific information provided by management (with explanatory verbiage that the auditor provides no assurance on the information): (see information required in Section 218.32(1)(e)5., Florida Statutes).

- a. The rate or rates of such assessment imposed by the district. Initially levied in a prior year and collected over 20 years.  
SR 29           \$    219  
Arrowhead    \$    47
- b. The total amount of special assessments collected by or on behalf of the district.  
Arrowhead \$53,464 total for current year  
SR 29 \$24,452 total for current year
- c. The total amount of outstanding bonds issued by the district and the terms of such bonds. \$30,282,864

**IMMOKALEE WATER & SEWER DISTRICT**  
**ORIGINAL BUDGET (NON-GAAP) vs. ACTUAL WITH RECONCILIATION**  
**TO GAAP BASIS COMPARISON REPORT - UNAUDITED -**  
**Year ended September 30, 2022**

	Original Budget	Actual	Variance
<b>OPERATING REVENUES</b>			
Water service	\$ 4,376,541	\$ 4,108,228	\$ (268,313)
Wastewater service	6,212,743	5,983,159	(229,584)
Meter service charge	866,267	863,741	(2,526)
Late fees	84,980	86,025	1,045
Reconnect and transfer fees	108,163	106,230	(1,933)
Miscellaneous charges, fees and other income	178,383	289,067	110,684
Cross connection control fee	377,351	374,532	(2,819)
<b>TOTAL OPERATING REVENUES</b>	<b>12,204,428</b>	<b>11,810,982</b>	<b>(393,446)</b>
<b>OPERATING EXPENSES</b>			
<b>WATER TREATMENT</b>			
Salaries and wages	299,094	274,569	24,525
Overtime	9,827	11,005	(1,178)
FICA	23,632	21,253	2,379
Unemployment taxes	1,514	83	1,431
Employer pension contribution	18,535	16,345	2,190
Health/life insurance	63,814	72,581	(8,767)
Workers' compensation	3,528	4,547	(1,019)
Travel and training	8,000	9,876	(1,876)
Telephone and fax	2,850	6,075	(3,225)
Electric	172,000	223,623	(51,623)
General liability insurance	10,135	10,135	-
Comprehensive auto insurance	2,120	2,120	-
Other insurance	37,791	38,736	(945)
Repairs and maintenance	168,752	144,324	24,428
Other contract services	24,000	29,866	(5,866)
Vehicle fuel	11,633	15,317	(3,684)
Vehicle maintenance	12,000	3,080	8,920
Vehicle Lease	-	22	(22)
Office expense	-	587	(587)
Licenses and permits	5,790	4,075	1,715
Chemicals	99,772	98,327	1,445
Other materials	109,522	96,929	12,593
Tools	2,285	1,675	610
Safety and security	-	5,473	(5,473)
Laboratory fees	28,400	24,323	4,077
Uniforms/clothing allowance	1,200	1,206	(6)
Memberships/periodicals/books	1,150	550	600
<b>SUB-TOTAL WATER TREATMENT</b>	<b>1,117,344</b>	<b>1,116,702</b>	<b>642</b>

The accompanying notes are an integral part of this statement.

**IMMOKALEE WATER & SEWER DISTRICT**  
**ORIGINAL BUDGET (NON-GAAP) vs. ACTUAL WITH RECONCILIATION**  
**TO GAAP BASIS COMPARISON REPORT - UNAUDITED - CONTINUED**  
**Year ended September 30, 2022**

Page 4

	Original Budget	Actual	Variance
WATER DISTRIBUTION			
Salaries and wages	600,376	580,203	20,173
Overtime	47,246	30,250	16,996
FICA	49,543	45,449	4,094
Unemployment taxes	3,173	473	2,700
Employer pension contribution	38,857	33,804	5,053
Health/life insurance	194,453	242,546	(48,093)
Workers' compensation	9,702	10,102	(400)
Engineering services	-	5,876	(5,876)
Travel and training	20,000	23,452	(3,452)
Telephone and fax	2,850	4,367	(1,517)
Electric	2,400	-	2,400
General liability insurance	11,481	11,481	-
Comprehensive auto insurance	6,889	6,889	-
Other insurance	1,857	1,612	245
Repairs and maintenance	126,823	70,015	56,808
Water meter & registers replacement	-	236,713	(236,713)
Other contract services	17,862	16,220	1,642
Vehicle fuel	25,630	32,561	(6,931)
Vehicle maintenance	19,137	14,470	4,667
Vehicle Lease	8,019	284	7,735
License and permits	200	-	200
Office expense	-	20	(20)
Other materials	220,585	104,664	115,921
Tools	12,664	12,154	510
Safety and security	-	8,010	(8,010)
Uniforms/clothing allowance	3,000	2,579	421
Memberships/periodicals/books	1,175	357	818
SUB-TOTAL WATER DISTRIBUTION	<u>1,423,922</u>	<u>1,494,551</u>	<u>(70,629)</u>
SUB-TOTAL WATER PLANTS/DISTRIBUTION	<u>2,541,266</u>	<u>2,611,253</u>	<u>(69,987)</u>

The accompanying notes are an integral part of this statement.



**IMMOKALEE WATER & SEWER DISTRICT**  
**ORIGINAL BUDGET (NON-GAAP) vs. ACTUAL WITH RECONCILIATION**  
**TO GAAP BASIS COMPARISON REPORT - UNAUDITED - CONTINUED**  
**Year ended September 30, 2022**

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	Original Budget	Actual	Variance
WASTEWATER TREATMENT			
Salaries and wages	577,859	586,004	(8,145)
Overtime	47,246	33,143	14,103
FICA	47,820	46,303	1,517
Unemployment taxes	3,063	452	2,611
Employer pension contribution	37,506	33,484	4,022
Health/life insurance	141,719	166,658	(24,939)
Workers' compensation	7,409	9,838	(2,429)
Other professional services	-	6,281	(6,281)
Engineering services	-	10,072	(10,072)
Travel and training	16,000	13,097	2,903
Telephone and fax	4,000	1,185	2,815
Electric	230,000	208,936	21,064
Section 8 electric	5,000	2,770	2,230
General liability insurance	20,383	20,383	-
Comprehensive auto insurance	3,180	3,282	(102)
Other insurance	129,785	129,730	55
Repairs and maintenance	330,000	241,646	88,354
Section 8 repairs	10,000	-	10,000
Other contract services	250,000	167,775	82,225
Vehicle fuel	9,500	12,266	(2,766)
Vehicle maintenance	5,000	4,855	145
Vehicle Lease	4,571	268	4,303
Licenses and permits	7,000	21,899	(14,899)
Chemicals	110,000	103,858	6,142
Other materials	39,500	22,448	17,052
Tools	1,500	4,889	(3,389)
Safety & security	-	7,676	(7,676)
Laboratory fees	78,000	74,839	3,161
Residuals management	215,000	207,101	7,899
Uniforms/clothing allowance	2,400	1,752	648
Memberships/periodicals/books	1,700	332	1,368
SUB-TOTAL WASTEWATER TREATMENT	2,335,141	2,143,222	191,919

The accompanying notes are an integral part of this statement.

**IMMOKALEE WATER & SEWER DISTRICT**

Page 6

**ORIGINAL BUDGET (NON-GAAP) vs. ACTUAL WITH RECONCILIATION  
TO GAAP BASIS COMPARISON REPORT - UNAUDITED - CONTINUED****Year ended September 30, 2022**

	Original Budget	Actual	Variance
WASTEWATER COLLECTION			
Salaries and wages	370,960	367,472	3,488
Overtime	35,697	40,341	(4,644)
FICA	31,109	30,557	552
Unemployment taxes	1,993	201	1,792
Employer pension contribution	24,398	21,761	2,637
Health/life insurance	91,681	119,680	(27,999)
Workers' compensation	4,410	6,395	(1,985)
Engineering services	-	32,971	(32,971)
Travel and training	9,500	13,208	(3,708)
Telephone and fax	3,800	3,411	389
Postage and shipping	38,000	-	38,000
Electric	-	51,473	(51,473)
General liability insurance	12,990	12,990	-
Comprehensive auto insurance	5,300	5,299	1
Other insurance	6,944	7,081	(137)
Repairs and maintenance	140,000	119,566	20,434
Other contract services	12,000	8,345	3,655
Vehicle fuel	10,200	14,579	(4,379)
Vehicle maintenance	12,000	3,672	8,328
Vehicle Lease	15,414	1,036	14,378
Licenses and permits	500	-	500
Chemicals	16,000	14,962	1,038
Other materials	41,000	38,157	2,843
Tools	6,500	3,817	2,683
Safety security	-	4,478	(4,478)
Uniforms/clothing allowance	1,500	1,189	311
Memberships/periodicals/books	1,200	210	990
SUB-TOTAL WASTEWATER COLLECTION	893,096	922,851	(29,755)

The accompanying notes are an integral part of this statement.

**IMMOKALEE WATER & SEWER DISTRICT**

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**ORIGINAL BUDGET (NON-GAAP) vs. ACTUAL WITH RECONCILIATION  
TO GAAP BASIS COMPARISON REPORT - UNAUDITED - CONTINUED****Year ended September 30, 2022**

	Original Budget	Actual	Variance
CUSTOMER SERVICE / ADMIN			
Salaries and wages	666,857	721,390	(54,533)
Overtime	3,150	7,374	(4,224)
FICA	51,255	54,798	(3,543)
Unemployment taxes	3,283	768	2,515
Employer pension contribution	40,200	38,908	1,292
Health/life insurance	158,115	175,051	(16,936)
Workers' compensation	8,026	2,671	5,355
Legal services	972,500	186,805	785,695
Other professional services	171,000	122,016	48,984
Accounting/auditing	60,000	38,090	21,910
Engineering services	400,000	249,644	150,356
Travel and training	25,000	24,143	857
Telephone and fax	5,000	5,859	(859)
Postage and freight	36,000	42,460	(6,460)
General liability insurance	10,510	10,510	-
Comprehensive auto insurance	530	530	-
Other insurance	41,971	44,265	(2,294)
Other contract services	50,000	78,750	(28,750)
Repairs and maintenance	2,500	2,018	482
Vehicle fuel	1,000	2,658	(1,658)
Vehicle maintenance	250	193	57
Vehicle Lease	4,106	838	3,268
Office supplies	15,000	35,242	(20,242)
Miscellaneous office expense	65,000	41,305	23,695
Miscellaneous bank fees	-	6,210	(6,210)
Miscellaneous expense	9,000	78,066	(69,066)
Arrowhead Assessment fees/discount	5,000	4,074	926
Advertising	6,200	9,453	(3,253)
Licenses and permits	250	175	75
Safety & security	-	2,771	(2,771)
Tools	-	-	-
Uniforms/clothing allowance	800	1,000	(200)
Memberships/periodicals/books	13,000	7,984	5,016
Hurricane Ian - Supplies	-	9,621	(9,621)
SUB-TOTAL CUSTOMER SERVICE / ADMIN	<u>2,825,503</u>	<u>2,005,640</u>	<u>819,863</u>

The accompanying notes are an integral part of this statement.

**IMMOKALEE WATER & SEWER DISTRICT**

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**ORIGINAL BUDGET (NON-GAAP) vs. ACTUAL WITH RECONCILIATION  
TO GAAP BASIS COMPARISON REPORT - UNAUDITED - CONTINUED****Year ended September 30, 2022**

	Original Budget	Actual	Variance
MAINTENANCE			
Salaries and wages	319,021	197,784	121,237
Overtime	5,436	21,119	(15,683)
FICA	24,821	16,119	8,702
Unemployment taxes	1,590	157	1,433
Employer pension contribution	19,467	12,469	6,998
Health/life insurance	105,811	97,969	7,842
Workers' compensation	4,410	3,932	478
Travel and training	21,200	9,144	12,056
Telephone and fax	2,300	4,504	(2,204)
General liability insurance	7,734	7,734	-
Comprehensive auto insurance	7,419	7,419	-
Other insurance	2,119	2,336	(217)
Repairs and maintenance	22,000	4,681	17,319
Other contract services	6,500	6,654	(154)
Vehicle fuel	8,300	10,543	(2,243)
Vehicle maintenance	18,000	1,366	16,634
Vehicle lease	15,414	776	14,638
Licenses and permits	1,500	-	1,500
Office expense	-	367	(367)
Other materials	20,000	12,505	7,495
Tools	2,000	2,475	(475)
Safety & security	-	3,063	(3,063)
Uniforms/clothing allowance	1,500	939	561
Memberships/periodicals/books	1,000	332	668
SUB-TOTAL MAINTENANCE	617,542	424,387	193,155
DEPRECIATION			
Depreciation	-	2,534,093	(2,534,093)
SUB-TOTAL DEPRECIATION	-	2,534,093	(2,534,093)
TOTAL OPERATING EXPENSES	9,212,548	10,641,446	(1,428,898)
OPERATING PROFIT	\$ 2,991,880	\$ 1,169,536	\$ (1,822,344)

The accompanying notes are an integral part of this statement.

**IMMOKALEE WATER & SEWER DISTRICT**

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**ORIGINAL BUDGET (NON-GAAP) vs. ACTUAL WITH RECONCILIATION  
TO GAAP BASIS COMPARISON REPORT - UNAUDITED - CONTINUED**
**Year ended September 30, 2022**

	Original Budget	Actual	Variance
<b>OPERATING PROFIT,</b>			
<b>BROUGHT FORWARD</b>	<u>\$ 2,991,880</u>	<u>\$ 1,169,536</u>	<u>\$ (1,822,344)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest income	31,236	56,678	25,442
Contributed capital - grant - FDEP/EPA	1,460,500	-	(1,460,500)
Contributed capital - grant - USDA/FHA	1,229,088	768,250	(460,838)
Contributed capital - customers	70,000	73,465	3,465
Contributed capital - developers	70,000	30,207	(39,793)
Contributed capital - special assessments	77,900	-	(77,900)
Debt proceeds - Capital lease	-	9,850,760	9,850,760
Bond proceeds - USDA	944,000	944,000	-
Other non-operating revenue	36,462	42,826	6,364
Capital outlay	(5,976,446)	(2,966,613)	3,009,833
Principal retirement - bonds	(798,000)	(10,518,363)	(9,720,363)
Principal retirement - SRF	(37,825)	(37,826)	(1)
Principal retirement - capital lease	(43,861)	(43,862)	(1)
Net Assets - brought forward	14,494,000	-	(14,494,000)
Net Assets - carryforward	(13,598,911)	-	13,598,911
Interest expense	(939,623)	(922,210)	17,413
Bond issuance cost	-	(305,502)	(305,502)
Bad debt expense	(20,000)	(11,501)	8,499
Gain (Loss) on disposal of assets	<u>9,600</u>	<u>3,331</u>	<u>(6,269)</u>
<b>NET NON-OPERATING REVENUES (EXPENSES)</b>	<u>(2,991,880)</u>	<u>(3,036,360)</u>	<u>(44,480)</u>
<b>NET PROFIT (LOSS)</b>	<u>\$ -</u>	<u>\$ (1,866,824)</u>	<u>\$ (1,866,824)</u>

**Reconciliation:**

Net profit (loss) (Non-GAAP Budgetary Basis)	\$ (1,866,824)
Bond proceeds - Refunding bond	(9,850,760)
Debt proceeds - BAN	(944,000)
Capital outlay	2,966,613
Principal retirement - bonds	10,518,363
Principal retirement - SRF	37,826
Principal retirement - Capital lease	<u>43,862</u>
Increase in Net Position (GAAP Basis)	905,080
Net position - beginning of the year	<u>42,309,956</u>
Net position - end of the year	<u>\$ 43,215,036</u>

The accompanying notes are an integral part of this statement.