

**Port of the Islands
Community Improvement District**

ANNUAL FINANCIAL REPORT

September 30, 2022

Port of the Islands Community Improvement District

ANNUAL FINANCIAL REPORT

September 30, 2022

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Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors
Port of the Islands Community Improvement District
Collier County, Florida

Report on Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities and each major fund of Port of the Islands Community Improvement District (the "District"), as of and for the year ended September 30, 2022, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Port of the Islands Community Improvement District as of September 30, 2022, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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; and for 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.

To the Board of Supervisors
Port of the Islands Community Improvement District

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 one year beyond the financial statement date, including currently known information that may raise substantial doubt thereafter.

Auditor's Responsibility 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 opinion. 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 GAAS and *Government 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 could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement 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 judgement, 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.

To the Board of Supervisors
Port of the Islands Community Improvement District

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 28, 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 and contracts.

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 Port of the Islands Community Improvement District's internal control over financial reporting and compliance.



Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

June 28, 2023

**Port of the Islands Community Improvement District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

Management's discussion and analysis of Port of the Islands Community Improvement District (the "District") financial performance provides an objective and easily readable analysis of the District's financial activities. The analysis provides summary financial information for the District and should be read in conjunction with the District's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements comprise three components; 1) *Government-wide financial statements*, 2) *Fund financial statements*, and 3) *Notes to financial statements*. The *Government-wide financial statements* present an overall picture of the District's financial position and results of operations. The *Fund financial statements* present financial information for the District's major funds. The *Notes to financial statements* provide additional information concerning the District's finances.

The Government-wide financial statements are the **statement of net position** and the **statement of activities**. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and business-type activities and the change in net position. Governmental activities are primarily supported by special assessments. Business-type activities are supported by charges to the users of those activities, such as special assessments, water and sewer service charges.

The **statement of net position** presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net position. Net position are reported in three categories; 1) net investment in capital assets, 2) restricted and 3) unrestricted. Assets, liabilities, and net position are reported for all Governmental activities separate from the assets, liabilities, and net position of business-type activities.

The **statement of activities** presents information on all revenues and expenses of the District and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the District. To assist in understanding the District's operations, expenses have been reported as governmental activities or business-type activities. Governmental activities financed by the District include physical environment, general government and debt service. Business-type activities financed by user charges include water and sewer services.

Fund financial statements present financial information for the governmental fund and enterprise fund. These statements provide financial information for the major funds of the District. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources. The enterprise funds financial statements provide information on all assets and liabilities of the funds, changes in the economic resources (revenues and expenses), and total economic resources.

**Port of the Islands Community Improvement District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund financial statements include a **balance sheet** and a **statement of revenues, expenditures and changes in fund balances** for all governmental funds. A **statement of revenues, expenditures, and changes in fund balances – budget and actual**, is provided for the District's General Fund. For the water and sewer fund, a **statement of net position**, a **statement of revenues, expenses, and changes in fund net position**; and a **statement of cash flows** are presented. *Fund financial statements* provide more detailed information about the District's activities. Individual funds are established by the District to track revenues that are restricted to certain uses or to comply with legal requirements.

The *government-wide financial statements* and the *fund financial statements* provide different pictures of the District. The government-wide financial statements provide an overall picture of the District's financial standing, split between Governmental Activities and Business-type Activities. These statements are comparable to private-sector companies and give a good understanding of the District's overall financial health and how the District paid for the various activities, or functions, provided by the District. All assets of the District, including capital assets are reported in the **statement of net position**. All liabilities, including principal outstanding on bond, are included. The **statement of activities** includes depreciation on all long lived assets of the District, but transactions between the different functions of the District have been eliminated in order to avoid "doubling up" the revenues and expenses. The *fund financial statements* provide a picture of the major funds of the District. In the case of governmental activities, outlays for long lived assets are reported as expenditures and long term liabilities, such as general obligation bonds, are not included in the fund financial statements. To provide a link from the *fund financial statements* to the *government-wide financial statements*, a reconciliation is provided from the *fund financial statements* to the *government-wide financial statements*.

Notes to financial statements provide additional detail concerning the financial activities and financial balances of the District. Additional information about the accounting practices of the District and investments of the District are some of the items included in the *notes to the financial statements*.

Financial Highlights

The following are the highlights of financial activity for the year ended September 30, 2022.

- ◆ The District's total assets exceeded total liabilities by \$12,403,122. Unrestricted net position for Governmental activities was \$3,284,204 and for Business-type activities was \$513,868. Net investment in capital assets for Governmental activities was \$632,274 and for Business-type activities were \$7,972,776.
- ◆ Governmental activities revenues totaled \$2,138,608 while governmental activities expenses totaled \$709,761. Business-type activities revenues totaled \$1,389,817 while business-type activities expenses totaled \$1,398,209.

**Port of the Islands Community Improvement District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District

The following schedule provides a summary of the assets, liabilities and net position of the District. It is not intended to be a complete presentation of government-wide financial activity.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current assets	\$ 4,363,505	\$ 821,467	\$ 608,070	\$ 152,653	\$ 4,971,575	\$ 974,120
Capital assets, net	632,274	1,677,193	7,972,776	8,446,211	8,605,050	10,123,404
Total Assets	<u>4,995,779</u>	<u>2,498,660</u>	<u>8,580,846</u>	<u>8,598,864</u>	<u>13,576,625</u>	<u>11,097,524</u>
Current liabilities	<u>1,079,301</u>	<u>11,029</u>	<u>94,202</u>	<u>103,828</u>	<u>1,173,503</u>	<u>114,857</u>
Net Position						
Net investment in						
capital assets	632,274	1,677,193	7,972,776	8,446,211	8,605,050	10,123,404
Unrestricted	<u>3,284,204</u>	<u>810,438</u>	<u>513,868</u>	<u>48,825</u>	<u>3,798,072</u>	<u>859,263</u>
Total Net Position	<u>\$ 3,916,478</u>	<u>\$ 2,487,631</u>	<u>\$ 8,486,644</u>	<u>\$ 8,495,036</u>	<u>\$ 12,403,122</u>	<u>\$ 10,982,667</u>

The increase in current assets and decrease in capital assets for governmental activities is primarily due to the sale of capital assets in the current year.

The decrease in capital assets for business-type activities is primarily due to depreciation in the current year.

The increase in current liabilities for governmental activities is primarily related to the issuance of debt in the current year.

**Port of the Islands Community Improvement District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District (Continued)

The following schedule provides a summary of the changes in net position of the District and is presented at the government-wide level for comparison purposes. It is not intended to be a complete presentation of District-wide financial activity.

Financial Activity

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Program Revenues						
Charges for services	\$ 341,516	\$ 347,392	\$ 1,376,082	\$ 1,618,714	\$ 1,717,598	\$ 1,966,106
General Revenues						
Investment earnings	11,857	4,559	6,513	5,684	18,370	10,243
Gain on sale of capital assets	1,767,562	-	-	-	1,767,562	-
Miscellaneous	17,673	7,318	7,222	1,868	24,895	9,186
Total Revenues	2,138,608	359,269	1,389,817	1,626,266	3,528,425	1,985,535
Expenses						
General government	253,354	151,015	-	-	253,354	151,015
Physical environment	439,253	334,273	-	-	439,253	334,273
Interest and other charges	17,154	-	-	-	17,154	-
Water and sewer	-	-	1,398,209	1,444,167	1,398,209	1,444,167
Total Expenses	709,761	485,288	1,398,209	1,444,167	2,107,970	1,929,455
Change in Net Position	1,428,847	(126,019)	(8,392)	182,099	1,420,455	56,080
Net Position -						
Beginning of Year	2,487,631	2,613,650	8,495,036	8,312,937	10,982,667	10,926,587
Net Position -						
End of Year	\$ 3,916,478	\$ 2,487,631	\$ 8,486,644	\$ 8,495,036	\$ 12,403,122	\$ 10,982,667

The increase in gain on sale of capital assets for governmental activities is related to the sale of capital assets in the current year.

The increase in governmental activities general government is related to the increase in legal and engineering fees and special service expenditures in the current year.

The increase in governmental activities physical environment is related to the increase in roadway repair and other maintenance expenditures in the current year.

The decrease in business type activities charges for services is related to the decrease in special assessments in the current year.

The decrease in business type activities water and sewer expenses is related to the decrease in repairs and maintenance fees in the current year.

**Port of the Islands Community Improvement District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Capital Assets Activity

The following schedule provides a summary of the District's capital assets at September 30, 2022.

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Land and improvements	\$ 347,436	\$ 599,675	\$ 947,111
Improvements other than buildings	110,121	15,531,541	15,641,662
Infrastructure	1,319,737	-	1,319,737
Equipment	27,355	287,662	315,017
Less: accumulated depreciation	<u>(1,172,375)</u>	<u>(8,446,102)</u>	<u>(9,618,477)</u>
 Total Capital Assets (Net)	 <u>\$ 632,274</u>	 <u>\$ 7,972,776</u>	 <u>\$ 8,605,050</u>

During the year, depreciation was \$26,719 and \$1,018,200 of land and improvements was sold for governmental activities. Current year depreciation was \$473,435 for business-type activities.

General Fund Budgetary Highlights

Budgeted expenditures were more than the actual amounts primarily because engineering and legal fee expenditures were less than anticipated.

The September 30, 2022 budget was amended for the debt issuance, engineering and legal fees and repair expenditures that were higher than originally anticipated.

Debt Management

Business-type Activities debt includes the following:

- In September 2022, the District borrowed \$1,000,000. The loan had a 5-year term at 3.95% interest. The balance outstanding at September 30, 2022 was \$1,000,000.

**Port of the Islands Community Improvement District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Economic Factors and Next Year's Budget

Port of the Islands Community Improvement District does not expect any economic factors to have any significant effect on the financial position or results of operations of the District in fiscal year 2023.

Request for Information

The financial report is designed to provide a general overview of Port of the Islands Community Improvement District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Port of the Islands Community Improvement District, Dorrill Management Group, Inc, 5672 Strand Court, Suite 1, Naples, Florida 34110.

Port of the Islands Community Improvement District
STATEMENT OF NET POSITION
September 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and equivalents	\$ 4,518,698	\$ 419,965	\$ 4,938,663
Cash restricted for customer deposits	-	20,761	20,761
Accounts receivable	-	12,151	12,151
Internal balances	(155,193)	155,193	-
Total Current Assets	4,363,505	608,070	4,971,575
Non-current Assets			
Capital assets, not being depreciated			
Land and improvements	347,436	599,675	947,111
Capital assets, being depreciated			
Infrastructure	1,319,737	-	1,319,737
Improvements other than buildings	110,121	15,531,541	15,641,662
Equipment	27,355	287,662	315,017
Less: accumulated depreciation	(1,172,375)	(8,446,102)	(9,618,477)
Total Non-current Assets	632,274	7,972,776	8,605,050
Total Assets	4,995,779	8,580,846	13,576,625
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	74,272	73,441	147,713
Customer deposits payable from restricted assets	-	20,761	20,761
Accrued interest	5,029	-	5,029
Note payable	1,000,000	-	1,000,000
Total Current Liabilities	1,079,301	94,202	1,173,503
NET POSITION			
Net investment in capital assets	632,274	7,972,776	8,605,050
Unrestricted	3,284,204	513,868	3,798,072
Total Net Position	\$ 3,916,478	\$ 8,486,644	\$ 12,403,122

See accompanying notes to financial statements.

Port of the Islands Community Improvement District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues	Net (Expenses) Revenues and Changes in Net Position		Total
		Charges for Services	Governmental Activities	Business-type Activities	
Primary government					
Governmental Activities					
General government	\$ (253,354)	\$ 181,440	\$ (71,914)	\$ -	\$ (71,914)
Physical environment	(439,253)	160,076	(279,177)	-	(279,177)
Interest and other charges	(17,154)	-	(17,154)	-	(17,154)
Total Governmental Activities	<u>(709,761)</u>	<u>341,516</u>	<u>(368,245)</u>	<u>-</u>	<u>(368,245)</u>
Business-Type Activities					
Water and sewer	<u>(1,398,209)</u>	<u>1,376,082</u>	<u>-</u>	<u>(22,127)</u>	<u>(22,127)</u>
Total Primary Government	<u>\$ (2,107,970)</u>	<u>\$ 1,717,598</u>	<u>(368,245)</u>	<u>(22,127)</u>	<u>(390,372)</u>
General Revenues					
Investment earnings			11,857	6,513	18,370
Miscellaneous			17,673	7,222	24,895
Gain on sale of assets			1,767,562	-	1,767,562
Total General Revenues			<u>1,797,092</u>	<u>13,735</u>	<u>1,810,827</u>
Change in Net Position			1,428,847	(8,392)	1,420,455
Net Position - October 1, 2021			<u>2,487,631</u>	<u>8,495,036</u>	<u>10,982,667</u>
Net Position - September 30, 2022			<u>\$ 3,916,478</u>	<u>\$ 8,486,644</u>	<u>\$ 12,403,122</u>

See accompanying notes to financial statements.

**Port of the Islands Community Improvement District
BALANCE SHEET –
GENERAL FUND
September 30, 2022**

ASSETS	
Cash and equivalents	<u><u>\$ 4,518,698</u></u>
 LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable and accrued expenses	\$ 74,272
Due to other funds	155,193
Total Liabilities	<u>229,465</u>
Fund Balances:	
Assigned - first quarter operations	203,284
Unassigned	4,085,949
Total Fund Balances	<u>4,289,233</u>
Total Liabilities and Fund Balances	<u><u>\$ 4,518,698</u></u>

See accompanying notes to financial statements.

**Port of the Islands Community Improvement District
RECONCILIATION OF GENERAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2022**

Total Governmental Fund Balances	\$ 4,289,233
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, \$1,804,649, net of accumulated depreciation, \$(1,172,375), used in governmental activities are not financial resources and; therefore, are not reported in the funds.	632,274
Notes payable are not payable in the current period, and therefore, are not reported at the fund level.	(1,000,000)
Accrued interest expense for debt is not a current financial use, and therefore, is not reported at the fund level.	<u>(5,029)</u>
Net Position of Governmental Activities	<u><u>\$ 3,916,478</u></u>

See accompanying notes to financial statements.

Port of the Islands Community Improvement District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GENERAL FUND
For the Year Ended September 30, 2022

Revenues	
Special assessments	\$ 341,516
Investment income	11,857
Miscellaneous revenues	17,673
Total Revenues	<u>371,046</u>
Expenditures	
Current	
General government	467,592
Physical environment	412,534
Debt Service	
Other	12,125
Total Expenditures	<u>892,251</u>
Excess of revenues over/(under) expenditures	<u>(521,205)</u>
Other Financing Sources/(Uses)	
Proceeds from sale of assets	3,000,000
Issuance of debt	1,000,000
Total Other Financing Sources/(Uses)	<u>4,000,000</u>
Net change in fund balances	3,478,795
Fund Balances - October 1, 2021	<u>810,438</u>
Fund Balances - September 30, 2022	<u><u>\$4,289,233</u></u>

See accompanying notes to financial statements.

**Port of the Islands Community Improvement District
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GENERAL FUND
TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022**

Net Change in Fund Balances - Total Governmental Funds	\$ 3,478,795
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount of depreciation for the current year.	(26,719)
The issuance of debt is reported as an other financing source at the fund level however, at the government-wide level it increases liabilities.	(1,000,000)
The proceeds from the sale of assets are recognized as an other financing source at the fund level, however, at the government-wide level only the gain or loss on the sale is reported.	(1,018,200)
At the government-wide level interest is accrued on outstanding debt, whereas at the fund level interest is recognized when paid. This is the change in accrued interest.	<u>(5,029)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 1,428,847</u></u>

See accompanying notes to financial statements.

Port of the Islands Community Improvement District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Special assessments	\$ 340,500	\$ 340,500	\$ 341,516	\$ 1,016
Investment income	4,090	4,090	11,857	7,767
Miscellaneous revenues	5,000	5,000	17,673	12,673
Total Revenues	<u>349,590</u>	<u>349,590</u>	<u>371,046</u>	<u>21,456</u>
Expenditures				
Current				
General government	101,282	3,948,282	467,592	3,480,690
Physical environment	228,308	388,308	412,534	(24,226)
Capital outlay	20,000	-	-	-
Debt Service				
Other		13,000	12,125	875
Total Expenditures	<u>349,590</u>	<u>4,349,590</u>	<u>892,251</u>	<u>3,457,339</u>
Excess of revenues over/(under) expenditures	-	(4,000,000)	(521,205)	3,478,795
Other Financing Sources/(Uses)				
Proceeds from sale of assets	-	3,000,000	3,000,000	-
Issuance of debt	-	1,000,000	1,000,000	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>-</u>
Net change in fund balances	-	-	3,478,795	3,478,795
Fund Balances - October 1, 2021	<u>-</u>	<u>-</u>	<u>810,438</u>	<u>810,438</u>
Fund Balances - September 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,289,233</u>	<u>\$ 4,289,233</u>

See accompanying notes to financial statements.

Port of the Islands Community Improvement District
STATEMENT OF NET POSITION – WATER & SEWER FUND
September 30, 2022

ASSETS	
Current Assets	
Cash and equivalents	\$ 419,965
Cash restricted for customer deposits	20,761
Accounts receivable	12,151
Due from other funds	155,193
Total Current Assets	<u>608,070</u>
Non-Current Assets	
Land and improvements	599,675
Improvements other than buildings	15,531,541
Equipment	287,662
Less: Accumulated depreciation	(8,446,102)
Total Non-Current Assets	<u>7,972,776</u>
Total Assets	<u>8,580,846</u>
 LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	73,441
Customer deposits payable from restricted assets	20,761
Total Current Liabilities	<u>94,202</u>
 NET POSITION	
Net investment in capital assets	7,972,776
Unrestricted	<u>513,868</u>
Total Net Position	<u>\$ 8,486,644</u>

See accompanying notes to financial statements.

Port of the Islands Community Improvement District
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
WATER & SEWER FUND
For the Year Ended September 30, 2022

Operating Revenues:

Charges for services	
Water	\$ 84,275
Sewer	117,366
Irrigation	164,394
Meter	4,950
Special assessments	1,005,097
Miscellaneous revenues	7,222
Total Operating Revenues	<u>1,383,304</u>

Operating Expenses:

General and administrative	295,133
Plant operations	629,641
Depreciation	473,435
Total Operating Expenses	<u>1,398,209</u>

Operating Income (Loss)	(14,905)
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Non-Operating Revenues (Expenses):

Interest income	<u>6,513</u>
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Change in Net Position	(8,392)
------------------------	---------

Net Position - October 1, 2021	<u>8,495,036</u>
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Net Position - September 30, 2022	<u><u>\$ 8,486,644</u></u>
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See accompanying notes to financial statements.

Port of the Islands Community Improvement District
STATEMENT OF CASH FLOWS – WATER & SEWER FUND
For the Year Ended September 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 363,410
Receipts from special assessments	1,005,097
Receipts from other sources	7,222
Payments to suppliers for goods and services	(1,014,926)
Net Cash Provided by Operating Activities	360,803

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	6,513
-----------------	-------

Net Increase in Cash and Cash Equivalents 367,316

Cash and equivalents - October 1, 2021 73,410

Cash and equivalents - September 30, 2022 \$ 440,726

**RECONCILIATION OF OPERATING LOSS TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

Operating loss	\$ (14,905)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	473,435
Increase in accounts receivable	(6,005)
Decrease in prepaid expenses	9,235
Change in due to other funds	(91,331)
Decrease in accounts payable and accrued expenses	(8,056)
Decrease in customer deposits	(1,570)
Net Cash Provided by Operating Activities	\$ 360,803

See accompanying notes to financial statements.

Port of the Islands Community Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Port of the Islands Community Improvement District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District’s more significant accounting policies are described below.

1. Reporting Entity

The District is a local unit of special purpose government located in Collier County, Florida, (the “County”) which was established pursuant to Ordinance No. 86-64 (the “Act”) enacted by the County Commission effective September 16, 1986. The District was established for the purpose of establishing and maintaining a water and sewer system, road and drainage systems, and other systems and facilities as provided in Section 190, Florida Statutes.

The District is governed by a five-member Board of Supervisors (the “Board”). The District operates within the criteria established by Chapter 190. The Board has the final responsibility for: 1) assessing and levying maintenance taxes and special assessments, 2) approving budgets, 3) exercising control over facilities and properties, 4) controlling the use of funds generated by the District, 5) approving the hiring and firing of key personnel, and 6) financing improvements.

As required by GAAP, these financial statements present the Port of the Islands Community Improvement District (the primary government), as a stand-alone government. The reporting entity for the District includes all functions of government in which the District’s Board exercises oversight responsibility which includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, significant ability to influence operations and accountability for fiscal matters.

Based upon the application of the above-mentioned criteria, as set forth by the Governmental Accounting Standards Board, the District has identified no component units.

2. Measurement Focus and Basis of Accounting

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

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

Port of the Islands Community Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

a. Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include separate columns for the governmental and business-type activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities which normally are supported by special assessments and interest, are reported separately from business-type activities. Program revenues include charges for services and special assessments. Program revenues are netted with program expenses in the Statement of Activities to present the net cost of each program

Amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financial source.

Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

b. Fund Financial Statements

The underlying accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually.

Governmental Funds

The District classifies fund balance according to Governmental Accounting Standards Board Statement 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The classifications include non-spendable, restricted, committed, assigned and unassigned.

Port of the Islands Community Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

The District has various policies governing the fund balance classifications.

Nonspendable Fund Balance – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted Fund Balance – This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Assigned Fund Balance – This classification consists of the Board of Supervisors' intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance is considered to be utilized first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Fund Balance Spending Hierarchy – For all governmental funds except special revenue funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Port of the Islands Community Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”. Governmental fund operating statements present increases (revenues) and decreases (expenditures) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability.

Debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Enterprise Funds

In the fund financial statements, the Enterprise Fund is presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, the Enterprise Fund is presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Enterprise Fund operating statements present increases (revenues) and decreases (expenses) in total net position. The District applies all GASB pronouncements as well as all FASB and AICPA pronouncements, issued on or before November 30, 1989, which do not conflict with, or contradict, GASB pronouncements.

Enterprise Fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as other financing sources.

Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

Port of the Islands Community Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation

a. Governmental Major Funds

General Fund – The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

b. Enterprise Major Fund

Water and Sewer Fund – The Water and Sewer Fund accounts for the operations of the water and sewer plant, which are funded by proceeds from operations of these facilities, including special assessments, user fees, meter fees and connection fees.

c. Non-Current Governmental Assets/Liabilities

GASB Statement 34 requires that non-current governmental assets, such as land and buildings, and non-current governmental liabilities, such as general obligation bonds, due to developer and accrued compensated absences be reported in the governmental activities column in the government-wide Statement of Net Position.

4. Assets, Liabilities, and Net Position or Equity

a. Cash and Investments

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral from their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits.

The District is authorized to invest in those financial instruments as established by Section 218.415, Florida Statutes. The authorized investments consist of:

1. Direct obligations of the United States Treasury;
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969;
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories;

Port of the Islands Community Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, and Net Position or Equity (Continued)

a. Cash and Investments (Continued)

4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less and held in a qualified public depository as defined by Section 280.02, Florida Statutes.

b. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported as “internal balances”.

c. Restricted Net Position

Certain net position of the District is classified as restricted on the statement of net position because their use is limited either by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors. In a fund with both restricted and unrestricted net position, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position.

d. Capital Assets

Capital assets, which include land, improvements other than buildings, infrastructure, and equipment, are reported in the applicable governmental or business-type activities column.

The District defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. The valuation basis for all assets is historical cost.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**Port of the Islands Community Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, and Net Position or Equity (Continued)

d. Capital Assets (Continued)

Depreciation of capital assets is computed and recorded by utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Improvements other than buildings	5-48 years
Equipment	5-15 years
Infrastructure	15-30 years

e. Budgets

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to Chapter 190, Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. Formal budgets are adopted for the general fund. As a result, deficits in the budget columns of the accompanying financial statements may occur.

NOTE B – CASH AND INVESTMENTS

All deposits are held in qualified public depositories and are included on the accompanying balance sheet as cash and investments.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. The District does, however, follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2022, the District's bank balance was \$5,030,708 and the carrying value was \$4,959,424. Exposure to custodial credit risk was as follows. The District maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

Investments

The District's investment policy allows management to invest funds in investments permitted under Section 218.415, Florida Statutes.

Port of the Islands Community Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE B – CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one fund. The types of deposits and investments and their level of risk exposure as of September 30, 2022 were typical of these items during the period then ended. The District considers any decline in fair value for certain investments to be temporary. In addition, the District has the ability to hold investments that have fair values less than cost until maturity.

The District did not hold any investments during the year ended September 30, 2022.

NOTE C – SPECIAL ASSESSMENT REVENUES

Special assessment revenues recognized for the 2021-2022 fiscal year were levied in October 2021. All taxes are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Per Section 197.162, Florida Statutes, discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount. All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on or prior to, June 1.

Port of the Islands Community Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE D – CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended September 30, 2022 was as follows:

	Balance October 1, 2021	Additions	Deletions	Balance September 30, 2022
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land and improvements	\$ 1,365,636	\$ -	\$(1,018,200)	\$ 347,436
Capital assets, being depreciated:				
Infrastructure	1,319,737	-	-	1,319,737
Improvements other than buildings	110,121	-	-	110,121
Equipment	27,355	-	-	27,355
Total Capital Assets, Being Depreciated	<u>1,457,213</u>	<u>-</u>	<u>-</u>	<u>1,457,213</u>
Total Capital Assets	<u>2,822,849</u>	<u>-</u>	<u>(1,018,200)</u>	<u>1,804,649</u>
Less accumulated depreciation for:				
Infrastructure	(1,018,114)	(23,962)	-	(1,042,076)
Improvements other than buildings	(104,239)	(408)	-	(104,647)
Equipment	(23,303)	(2,349)	-	(25,652)
Total Accumulated Depreciation	<u>(1,145,656)</u>	<u>(26,719)</u>	<u>-</u>	<u>(1,172,375)</u>
Total Capital Assets Being Depreciated, Net	<u>311,557</u>	<u>(26,719)</u>	<u>-</u>	<u>284,838</u>
Governmental Activities Capital Assets	<u>\$ 1,677,193</u>	<u>\$ (26,719)</u>	<u>\$(1,018,200)</u>	<u>\$ 632,274</u>

Depreciation of \$26,719 was charged to physical environment.

Port of the Islands Community Improvement District
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE D – CAPITAL ASSETS (CONTINUED)

The following is a summary of changes in the Water & Sewer Fund capital assets for the year ended September 30, 2022.

	Balance October 1, 2021	Additions	Deletions	Balance September 30, 2022
<u>Business-type Activities:</u>				
Capital assets, not being depreciated:				
Land and improvements	\$ 599,675	\$ -	\$ -	\$ 599,675
Capital assets, being depreciated:				
Improvements other than buildings	15,531,541	-	-	15,531,541
Equipment	287,662	-	-	287,662
Total Capital Assets, Being Depreciated	<u>15,819,203</u>	<u>-</u>	<u>-</u>	<u>15,819,203</u>
Less accumulated depreciation for:				
Improvements other than buildings	(7,799,801)	(457,698)	-	(8,257,499)
Equipment	(172,866)	(15,737)	-	(188,603)
Total Accumulated Depreciation	<u>(7,972,667)</u>	<u>(473,435)</u>	<u>-</u>	<u>(8,446,102)</u>
Total Capital Assets Depreciated, Net	<u>7,846,536</u>	<u>(473,435)</u>	<u>-</u>	<u>7,373,101</u>
Business-Type Activities Capital Assets	<u>\$ 8,446,211</u>	<u>\$ (473,435)</u>	<u>\$ -</u>	<u>\$ 7,972,776</u>

Depreciation of \$473,435 was charged to water and sewer.

NOTE E – NOTE PAYABLE

During the current year, the District borrowed \$1,000,000 in the form of a note with a 5-year term at a 3.950% interest rate. In December 2022, the District paid off the note in full.

**Port of the Islands Community Improvement District
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2022**

NOTE F – 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; and natural disasters for which the government carries commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

NOTE G – INTERFUND BALANCES

Interfund balances at September 30, 2022, consisted of the following:

Payable Fund	Receivable Fund
General Fund	Water and Sewer Fund
	\$ 155,193

Interfund balances relate to the expenditures paid out of the Water and Sewer Fund on behalf of the General Fund.



Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

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

To the Board of Supervisors
Port of the Islands Community Improvement District
Collier County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements, as listed in the table of contents, of Port of the Islands Community Improvement District, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated June 28, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered Port of the Islands Community Improvement 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Port of the Islands Community Improvement District's internal control. Accordingly, we do not express an opinion on the effectiveness of Port of the Islands Community Improvement 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 entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

To the Board of Supervisors
Port of the Islands Community Improvement District

Report on Compliance and Other Matters

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

Purpose of this Report

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

*Berger Toombs Elam
Gaines + Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

June 28, 2023



Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

MANAGEMENT LETTER

To the Board of Supervisors
Port of the Islands Community Improvement District
Collier County, Florida

Report on the Financial Statements

We have audited the financial statements of the Port of the Islands Community Improvement District as of and for the year ended September 30, 2022, and have issued our report thereon dated June 28, 2023.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Auditor's Report on an examination conducted in accordance with AICPA Professionals Standards, AT-C Section 315 regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which is dated June 28, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no findings or recommendations in the preceding financial audit report.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires us to apply appropriate procedures and communicate the results of our determination as to whether or not Port of the Islands Community Improvement District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the Port of the Islands Community Improvement District did not meet one of the conditions described in Section 218.503(1), Florida Statutes.

To the Board of Supervisors
Port of the Islands Community Improvement District

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial conditions assessment procedures as of September 30, 2022 for the Port of the Islands Community Improvement District. It is management's responsibility to monitor the Port of the Islands Community Improvement District's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same.

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

Specific Information

The information provided below was provided by management and has not been audited; therefore, we do not express an opinion or provide any assurance on the information.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Port of the Islands Community Improvement District reported:

- 1) The total number of district employees compensated in the last pay period of the District's fiscal year: 4
- 2) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year: 0
- 3) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$15,600
- 4) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$0
- 5) Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1, 2021, together with the total expenditures for such project: None.
- 6) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes: The budget was amended, see below.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)8, Rules of the Auditor General, the Port of the Islands Community Improvement District reported:

- 1) The rate or rates of non-ad valorem special assessments imposed by the District: The General Fund \$158 - \$395, and Water and Sewer Fund \$112 - \$1,403.
- 2) The amount of special assessments collected by or on behalf of the District: Total special assessments collected was \$1,346,613.
- 3) The total amount of outstanding bonds issued by the District and the terms of such bonds: The District had a \$1,000,000 note payable outstanding at September 30, 2022.

To the Board of Supervisors
Port of the Islands Community Improvement District

	Original Budget	Actual	Variance with Original Budget Positive (Negative)
Revenues			
Special assessments	\$ 340,500	\$ 341,516	\$ 1,016
Investment income	4,090	11,857	7,767
Miscellaneous revenues	5,000	17,673	12,673
Total Revenues	<u>349,590</u>	<u>371,046</u>	<u>21,456</u>
Expenditures			
Current			
General government	101,282	467,592	(366,310)
Physical environment	228,308	412,534	(184,226)
Capital outlay	20,000	-	20,000
Other debt service costs	-	12,125	(12,125)
Total Expenditures	<u>349,590</u>	<u>892,251</u>	<u>(542,661)</u>
Other financing sources			
Proceeds from sale of capital assets	-	3,000,000	3,000,000
Proceeds from issuance of long-term debt	-	1,000,000	1,000,000
Total Other Financing Sources	<u>-</u>	<u>4,000,000</u>	<u>4,000,000</u>
Net changes in fund balance	<u>-</u>	<u>3,478,795</u>	<u>3,478,795</u>
Fund Balances - October 1, 2021	<u>-</u>	<u>810,438</u>	<u>810,438</u>
Fund Balances - September 30, 2022	<u>\$ -</u>	<u>\$ 4,289,233</u>	<u>\$ 4,289,233</u>

Additional Matters

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



Berger, Toombs, Elam,
Gaines & Frank
Certified Public Accountants PL

To the Board of Supervisors
Port of the Islands Community Improvement District

Purpose of this Letter

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

*Berger Toombs Elam
Gaines + Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

June 28, 2023



**Berger, Toombs, Elam,
Gaines & Frank**

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

**INDEPENDENT ACCOUNTANTS' REPORT/COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES**

To the Board of Supervisors
Port of the Islands Community Improvement District
Collier County, Florida

We have examined Port of the Islands Community Improvement District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2022. Management is responsible for Port of the Islands Community Improvement District's compliance with those requirements. Our responsibility is to express an opinion on Port of the Islands Community Improvement 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 Port of the Islands Community Improvement 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 Port of the Islands Community Improvement District's compliance with the specified requirements.

In our opinion, Port of the Islands Community Improvement District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2022.

*Berger Toombs Elam
Gaines + Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

June 28, 2023