

GREATER PINE ISLAND WATER ASSOCIATION, INC.
FINANCIAL STATEMENTS FOR THE
YEARS ENDED DECEMBER 31, 2022 AND 2021
AND
INDEPENDENT AUDITORS' REPORT

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Balance Sheets	3-4
Statements of Revenues and Expenses	5
Statements of Changes in Members' Equity	6
Statements of Cash Flows	7-8
Notes to the Financial Statements	9-16
SUPPLEMENTARY INFORMATION	
Schedules of Production and Distribution Expenses	17
Schedules of Administrative Expenses	18
Schedules of Employee Benefit, Insurance, and Professional Fee Expenses	19
Schedules of Capital Expenditures	20

Independent Auditors' Report

To the Board of Directors
Greater Pine Island Water Association, Inc.

Opinion

We have audited the accompanying financial statements of Greater Pine Island Water Association, Inc., which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of revenue and expenses, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Pine Island Water Association, Inc. as of December 31, 2022 and 2021, and the changes in members' equity and its cash flows 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 Greater Pine Island Water Association, Inc. 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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 Greater Pine Island Water Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit concluded 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted accounting 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 Greater Pine Island Water Association, Inc.'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 Greater Pine Island Water Association, Inc.'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules on pages 17 through 20 are presented for purposes of additional analysis and are 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. The 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

SUPLEE, SHEA, CRAMER, & MILLER, P.A.
Sarasota, FL
March XX, 2023

GREATER PINE ISLAND WATER ASSOCIATION, INC.

Balance Sheets

As of December 31, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Current Assets		
Cash and cash equivalents		
Unrestricted	\$ 2,819,195	\$ 4,160,019
Restricted (Note 2)	795	35,043
Total Cash and cash equivalents	<u>2,819,990</u>	<u>4,195,062</u>
Accounts receivable	-	204,359
Other receivables	11,123	11,066
Accrued interest receivable	1,105	180
Patronage dividend receivable	16,132	22,048
Inventory	173,028	125,894
Prepaid expenses and other assets	<u>112,606</u>	<u>105,310</u>
Total Current Assets	3,133,984	4,663,919
Property, Plant, and Equipment, net (Note 3)	16,413,104	15,485,996
Other Assets		
CoBank investment	186,814	207,469
Certificate of deposit (Non-current)	1,506,123	1,500,710
Restricted certificate of deposit (Note 8)	115,000	115,000
Deferred rate study	<u>23,016</u>	<u>28,770</u>
Total Other Assets	1,830,953	1,851,949
Total Assets	<u><u>\$ 21,378,041</u></u>	<u><u>\$ 22,001,864</u></u>

GREATER PINE ISLAND WATER ASSOCIATION, INC.

Balance Sheets (continued)

As of December 31, 2022 and 2021

LIABILITIES AND MEMBERS' EQUITY

	<u>2022</u>	<u>2021</u>
Current Liabilities		
Current maturities of long-term debt (Note 7)	\$ 313,505	\$ 301,232
Accounts payable	351,735	162,656
Accrued liabilities (Note 4)	245,712	242,622
Deferred liabilities (Note 5)	<u>233,256</u>	<u>109,963</u>
Total Current Liabilities	1,144,208	816,473
Long-Term Liabilities		
Long-term debt, less current maturities (Note 7)	352,089	666,598
Less: unamortized debt issuance costs	<u>(2,971)</u>	<u>(4,408)</u>
Net Long-Term Debt	349,118	662,190
Injection well liability (Note 8)	<u>32,292</u>	<u>28,003</u>
Total Long-Term Liabilities	381,410	690,193
Total Liabilities	<u>1,525,618</u>	<u>1,506,666</u>
Members' Equity		
Members' fees and capital investments	15,936,453	15,163,515
Retained earnings	3,915,970	5,331,683
Total Members' Equity	<u>19,852,423</u>	<u>20,495,198</u>
Total Liabilities and Members' Equity	<u>\$ 21,378,041</u>	<u>\$ 22,001,864</u>

The accompanying notes are an integral part of these financial statements.

GREATER PINE ISLAND WATER ASSOCIATION, INC.

Statements of Revenues and Expenses

For the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Metered water sales	\$ 2,993,688	\$ 4,146,720
Other	66,547	45,645
Total Operating Revenues	<u>3,060,235</u>	<u>4,192,365</u>
Operating Expenses		
Production	1,305,992	1,063,112
Distribution	693,003	580,983
Administrative	1,364,469	1,064,725
Depreciation (Note 3)	942,519	878,288
Total Operating Expenses	<u>4,305,983</u>	<u>3,587,108</u>
Operating Income (Loss)	<u>(1,245,748)</u>	<u>605,257</u>
Other Revenues (Expenses)		
Interest income	48,324	27,756
Interest expense	(44,957)	(50,283)
Gain on asset disposal	6,500	-
Hurricane related expenses (Note 14)	(294,928)	-
Miscellaneous income	115,096	37,182
Total Other Revenues (Expenses)	<u>(169,965)</u>	<u>14,655</u>
Excess (Deficiency) of Revenues over Expenses	<u>\$ (1,415,713)</u>	<u>\$ 619,912</u>

GREATER PINE ISLAND WATER ASSOCIATION, INC.

Statements of Changes in Members' Equity

For the years ended December 31, 2022 and 2021

	Members' Fees and Capital Investments					Total	Retained Earnings	Total Members' Equity
	Membership Fees	Meter Fees	Capital Charges	Impact Fees and Aid-In Construction	Service Connection Fees			
Balances as of December 31, 2020	\$ 2,268,036	\$ 4,713,401	\$ 7,165,831	\$ 264,593	\$ -	\$ 14,411,861	\$ 4,711,771	\$ 19,123,632
Excess of Revenues over Expenses	-	-	-	-	-	-	619,912	619,912
New member fees	86,184	380,738	283,443	1,843	-	752,208	-	752,208
Adjustments and refunds to prior members	(637)	(782)	(3,078)	3,943	-	(554)	-	(554)
Balances as of December 31, 2021	<u>\$ 2,353,583</u>	<u>\$ 5,093,357</u>	<u>\$ 7,446,196</u>	<u>\$ 270,379</u>	<u>\$ -</u>	<u>\$ 15,163,515</u>	<u>\$ 5,331,683</u>	<u>\$ 20,495,198</u>
Deficiency of Revenue over Expenses	-	-	-	-	-	-	(1,415,713)	(1,415,713)
New member fees	61,041	368,906	241,761	5,360	72,709	749,777	-	749,777
Adjustments and refunds to prior members	781	2,541	13,415	1,824	4,600	23,161	-	23,161
Balances as of December 31, 2022	<u>\$ 2,415,405</u>	<u>\$ 5,464,804</u>	<u>\$ 7,701,372</u>	<u>\$ 277,563</u>	<u>\$ 77,309</u>	<u>\$ 15,936,453</u>	<u>\$ 3,915,970</u>	<u>\$ 19,852,423</u>

The accompanying notes are an integral part of these financial statements.

GREATER PINE ISLAND WATER ASSOCIATION, INC.

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Excess (deficiency) of revenues over expenses	<u>\$ (1,415,713)</u>	<u>\$ 619,912</u>
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation	942,519	878,288
Amortization	1,437	1,495
Gain on disposal of assets	(6,500)	-
Change in deep well injection liability	4,289	1,521
Changes in assets and liabilities		
(Increase) decrease in all accounts receivable	209,293	(30,552)
Increase in inventory	(47,134)	(7,674)
(Increase) decrease in prepaid expenses and other assets	(7,296)	7,527
(Increase) decrease in deferred rate study	5,754	(28,770)
Increase in accounts payable, trade	189,079	69,327
Increase in accrued liabilities	3,090	63,603
Increase in deferred revenue	123,293	8,464
Total adjustments	<u>1,417,824</u>	<u>963,229</u>
Net cash provided by operating activities	<u>2,111</u>	<u>1,583,141</u>
Cash flows from investing activities:		
Change in certificates of deposit	(5,413)	2,764
Change in CoBank investment	20,655	25,511
Proceeds from asset dispositions	6,500	-
Capital expenditures	<u>(1,869,627)</u>	<u>(1,655,558)</u>
Net cash used by investing activities	<u>(1,847,885)</u>	<u>(1,627,283)</u>

The accompanying notes are an integral part of these financial statements.

GREATER PINE ISLAND WATER ASSOCIATION, INC.

Statements of Cash Flows (continued)

For the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from financing activities:		
Repayment of long-term debt	(302,236)	(290,405)
Members' fees and capital investments	<u>772,938</u>	<u>751,654</u>
Net cash provided by financing activities	<u>470,702</u>	<u>461,249</u>
Increase (decrease) in cash and cash equivalents	(1,375,072)	417,107
Cash and cash equivalents at beginning of year	<u>4,195,062</u>	<u>3,777,955</u>
Cash and cash equivalents at end of year	<u>\$ 2,819,990</u>	<u>\$ 4,195,062</u>
Supplemental Disclosure of Cash Flow Information		
Amortization of debt issuance costs as interest expense	<u>\$ 1,437</u>	<u>\$ 1,495</u>

GREATER PINE ISLAND WATER ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 1 - Organization and Significant Accounting Policies

Organization

The Greater Pine Island Water Association, Inc., (the “Association”), is a private organization incorporated under the laws of the State of Florida on July 2, 1964, as a not-for-profit cooperative corporation. The purpose of the Association is to supply drinking water to its members residing on Pine Island and adjacent land in Lee County, Florida. Members may be individuals or business entities and are entitled to one vote, regardless of water usage, at the Association’s annual meeting.

Significant Accounting Policies

Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Association considers all liquid debt instruments with an original maturity of three months or less when purchased to be cash equivalents.

Unrestricted Certificates of Deposit

Unrestricted certificates of deposit are stated at cost, which are approximates of market, and are included in cash and cash equivalents if the time to maturity at the balance sheet date is under one year. Unrestricted certificates of deposits with a time to maturity of greater than one year at the balance sheet date are included in Other Assets as non-current.

Fair Value of Financial Instruments

The carrying values of the Association’s financial instruments approximates fair value. The financial instruments consist of accounts receivable, accounts payable, accrued liabilities, deferred liabilities, and long-term debt.

Accounts Receivable

Accounts receivable are stated at net realizable value and, in the opinion of management, are considered fully collectible; consequently, no allowance for bad debts was deemed necessary in the accompanying balance sheets as of December 31, 2022 and 2021.

Inventory

Inventory is recorded at the lower of cost (first-in, first-out) or net realizable value. Inventory consists of supplies, parts, and materials to maintain the Association’s equipment.

Property, Plant, and Equipment

Property, plant, and equipment is stated at cost less accumulated depreciation. Additions and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Other expenditures for repairs and maintenance are charged to operations in the period incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the individual assets, which ranges from three to forty years.

GREATER PINE ISLAND WATER ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 1 - Organization and Significant Accounting Policies (continued)

Significant Accounting Policies (continued)

Impairment of Long-Lived Assets

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell.

CoBank Investment

The Association's investments in CoBank are recorded at cost and are increased for any qualified or allocated equities and reduced for any distributions received.

Compensated Absences

Employees accrue sick leave at the rate of 1 day per month and are allowed to accumulate unused sick leave. The Association has adopted the policy of reimbursing maximum accumulation of 260 hours to employees leaving the Association's employ after 20 years of service, at the employee's most recent hourly wage rate.

Members' Equity

To become a member of the Association a membership fee must be paid. The membership fee consists of the following: basic membership fee, meter fee, impact fee, and in some instances an aid-in construction fee and service connection fee. In addition, current earnings and losses are allocated to members based upon their proportionate share of consumption.

Revenue Recognition

Revenue is recorded in accordance with Revenue from Contracts with Customers (Topic 606) of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). All revenue is based on fixed transaction prices. Accounts receivable is recorded upon an unconditional right to invoice and receive payments. Operating revenue is recognized upon completion of the Association's performance obligations. A contract liability (deferred liabilities) is recorded when consideration is received without recognition of revenue.

Deferred Charges

Costs associated with procuring loans and certain regulatory expenses are recorded as deferred charges when incurred and are amortized over the life of the related loan or regulatory permits.

Income Taxes

No provision has been made for income taxes. The Association is a tax-exempt organization under IRC Section 501(c)(12), whereby only unrelated business income is subject to income tax. For the fiscal years ended December 31, 2022 and 2021, the Association's entire gross income has come under Section 115(a) and, therefore, includes no unrelated business income.

GREATER PINE ISLAND WATER ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 1 - Organization and Significant Accounting Policies (continued)

Significant Accounting Policies (continued)

Income Taxes (continued)

ASC Topic 740 requires the Organization to recognize in the financial statements the impact of a tax position, if that position is more likely than not of being sustained on audit, based on technical merits of the position. The Organization has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2022 and 2021.

The Association files a U.S. Federal information return of an organization exempt from income tax (Form 990). The Federal returns for the tax years 2019 through 2021 remain subject to examination by the Internal Revenue Service.

Use of Estimates

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

Reclassifications

Certain amounts in the prior period financial statements have been reclassified for comparative purposes to conform to the current presentation of the financial statements.

Note 2 – Cash and Cash Equivalents

Cash and cash equivalents consist of both unrestricted and restricted funds. Restrictions on cash and cash equivalents are board of director designated funds. The designations consist of the following:

	<u>2022</u>	<u>2021</u>
Employee medical reimbursements	\$ <u>795</u>	\$ <u>35,043</u>

GREATER PINE ISLAND WATER ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 3 – Property, Plant, and Equipment

Details of property, plant, and equipment as of December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Land and land improvements	\$ 2,303,986	\$ 2,303,986
Well systems	4,339,477	4,339,477
Water treatment plant	6,959,119	6,462,999
Distribution system	15,506,101	15,069,273
Pumping stations	2,684,211	2,666,145
Administrative office	397,340	391,632
Field equipment	524,606	499,738
Vehicles	350,061	317,274
Miscellaneous system assets	491,396	472,611
Construction in process	<u>800,685</u>	<u>-0-</u>
	34,356,982	32,523,135
Less accumulated depreciation	<u>(17,943,878)</u>	<u>(17,037,139)</u>
	<u>\$ 16,413,104</u>	<u>\$ 15,485,996</u>

Depreciation for the year ended December 31, 2022 and 2021 was \$942,519 and \$878,288.

Note 4 – Accrued Liabilities

Details of accrued liabilities as of December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Accrued sick leave	\$ 222,515	\$ 228,513
Accrued interest payable	3,624	5,218
Accrued wages and payroll taxes	19,343	8,801
Interest payable to Lee County	<u>230</u>	<u>90</u>
	<u>\$ 245,712</u>	<u>\$ 242,622</u>

Note 5 – Deferred Revenue

Details of deferred revenue as of December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Customer payments received in advance of billing	<u>\$ 233,256</u>	<u>\$ 109,963</u>

GREATER PINE ISLAND WATER ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 6 – Deferred Rate Study

During 2021, a projected water rate study for the years 2022 – 2026 was conducted at a cost of \$28,770. The Organization is required to amortize the cost of the rate study over the projected years included. The unamortized deferred rate study for the year ended December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Deferred rate study costs	\$ 28,770	\$ 28,770
Less: accumulated amortized expense	<u>5,754</u>	<u>-0-</u>
	<u>\$ 23,016</u>	<u>\$ 28,770</u>

Expected amortization for each of the four succeeding years are as follows:

2023	\$ 5,754
2024	5,754
2025	5,754
2026	<u>5,754</u>
	<u>\$ 23,016</u>

Note 7 - Long-Term Debt

Following is a summary of long-term debt as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Mortgage note payable to CoBank. Payable in monthly installments, including interest at a fixed rate of 6.18% on a fixed amount of the note payable (\$1,504,590) and a fixed rate of 6.12% on the remainder of the note payable balance. The note payable is secured by revenues and the real and tangible personal property of the Association. The note payable matures in February 2025.	<u>\$ 665,594</u>	<u>\$ 967,830</u>
Total Long-term debt	665,594	967,830
Less:		
Current maturities	(313,505)	(301,232)
Unamortized debt issuance costs	<u>(2,971)</u>	<u>(4,408)</u>
	<u>\$ 349,118</u>	<u>\$ 662,190</u>

Following are maturities of long-term debt for each of the next three years:

2023	\$ 313,505
2024	326,278
2025	<u>25,811</u>
	<u>\$ 665,594</u>

GREATER PINE ISLAND WATER ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 7 - Long-Term Debt (continued)

Debt issuance costs associated with the Association's note payable are being amortized over the expected life. The Association's unamortized debt issuance costs for the years ended December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Debt issuance costs	\$ 29,583	\$ 29,583
Less: accumulated amortized expense	<u>26,612</u>	<u>25,175</u>
	<u>\$ 2,971</u>	<u>\$ 4,408</u>

Expected amortization for each of the three succeeding years are as follows:

2023	\$ 1,437
2024	1,437
2025	<u>97</u>
	<u>\$ 2,971</u>

Loan restrictions and covenants

The mortgage note payable between the Association and CoBank noted above contains restrictions and covenants that prevent or restrict the Association from engaging in certain transactions without the consent of CoBank. There are additional financial ratio requirements that were met during the reporting period.

Note 8 – Letter of Credit and Injection Well Liability

The Association operates a deep injection well as a disposal site for the brine water produced by its reverse osmosis process. The Florida Department of Environmental Protection (DEP) requires operators of deep injection wells to demonstrate that its operators can plug the well when it is no longer of any use. To be in compliance with DEP regulations the Association and Lee County, FL jointly maintain a letter of credit with a commercial bank for the deep well injection system, which was a jointly funded project. The Association and Lee County, FL jointly funded a certificate of deposit in the amount of \$230,000, which serves as security for the letter of credit.

Interest earned is allocable to both parties and may accumulate in the account. As of December 31, 2022 and 2021 accumulated payable interest to Lee County, FL amounted to \$230 and \$90, respectively. The Association's portion of the certificate of deposit is reported in the accompanying balance sheet as of December 31, 2022 and 2021 as a restricted certificate of deposit amounting to \$115,000.

The Association is recognizing a yearly charge to recognize the estimated liability of approximately \$103,255 for its anticipated future cost of plugging the well at the end of its useful life. The current present value liability amounts to \$32,292 and \$28,003 as of December 31, 2022 and 2021.

GREATER PINE ISLAND WATER ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 9 – Members’ Equity

Members’ equity consists of the following as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Membership fees	\$ 2,415,405	\$ 2,353,584
Meter fees	5,464,804	5,093,356
Impact fees	7,657,875	7,397,582
Unallocated impact fees	43,497	48,614
Service connection fees	77,309	-0-
Aid-in construction contributions	<u>277,563</u>	<u>270,379</u>
	<u>\$ 15,936,453</u>	<u>\$ 15,163,515</u>

Note 10– Defined Contribution 401(k) Plan

The Association has adopted a defined contribution 401(k) plan (the “Plan”) covering substantially all full-time employees who have attained the age of eighteen and completed six months of service within a plan year. Under the terms of the Plan, employees may defer a portion of eligible compensation subject to maximum allowable dollar limitations. The Association may also make discretionary contributions to the Plan, such as matching contributions and discretionary profit-sharing contributions. During the year ended December 31, 2022 and 2021 the Association contributed a total of \$136,091 and \$122,745 to the Plan in the form of matching contributions of \$30,591 and \$30,888 and discretionary profit sharing contributions of \$105,500 and \$91,857. The Association also incurred administrative costs related to the plan in the amount of \$9,566 and \$7,658 for the reporting period.

Note 11 – Concentrations of Credit Risk

The Association maintains its cash accounts at commercial banks. Such amounts on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. The Association had no funds on deposit at commercial banks exceeding the portion insured by the FDIC as of December 31, 2022 and 2021.

GREATER PINE ISLAND WATER ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 12 – Liquidity and Availability of Financial Assets

The following reflects the Association’s financial assets as of the balance sheet date, reduced by amounts not available for general use because of restriction within one year of the balance sheet date.

	<u>2022</u>	<u>2021</u>
Financial assets at year end	\$ 4,656,286	\$ 6,255,894
Less those unavailable for general expenditures within one year due to:		
Meter fees	115,000	115,000
Aid-in construction contributions	795	35,043
CoBank investment	<u>186,814</u>	<u>207,469</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,353,677</u>	<u>\$ 5,898,382</u>

Note 13 - Commitments

The Association has a contract commitment related to water system improvements outstanding as of December 31, 2022. The remaining commitment on the contract is approximately \$508,210 as of December 31, 2022, of which \$250,715 is included in Accounts Payable reported on the Balance Sheet.

Note 14 - Hurricane Ian

On September 28, 2022, the area was impacted by a major hurricane, which resulted in damage to the facilities and equipment. Costs for repairs, net of amounts recovered through, are approximately \$294,928, which is reported as an item of Other Revenues (Expenses) on the Statement of Revenue and Expenses. Due to the devastation the hurricane caused in the service area, invoicing for water sales for the remainder of the year was suspended.

Note 15 – Subsequent Events

Subsequent events were evaluated through March XX, 2023, which is the date the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.

SUPPLEMENTARY INFORMATION

GREATER PINE ISLAND WATER ASSOCIATION, INC.

Schedules of Production and Distribution Expenses

For the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Production Expenses		
Salaries	\$ 591,980	\$ 485,823
Employee benefits	108,927	84,488
Chemicals	113,675	77,818
Electricity	271,586	220,772
Office expense	19,443	21,907
Professional fees	11,348	4,899
Repairs and maintenance	152,788	149,624
Miscellaneous expense	36,245	17,781
Total Production Expenses	<u>\$ 1,305,992</u>	<u>\$ 1,063,112</u>
Distribution Expenses		
Salaries	\$ 447,462	\$ 363,516
Employee benefits	89,960	62,483
Office expense	16,871	1,140
Professional fees	21,137	17,127
Repairs and maintenance	110,640	132,888
Miscellaneous expense	6,933	3,829
Total Distribution Expenses	<u>\$ 693,003</u>	<u>\$ 580,983</u>

GREATER PINE ISLAND WATER ASSOCIATION, INC.

Schedules of Administrative Expenses

For the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Administrative Expenses		
Salaries	\$ 530,855	\$ 454,125
Employee benefits	120,030	84,613
Electricity	31,804	23,983
Insurance	186,945	176,715
Office expense	92,928	78,911
Operating supplies	623	-
Professional fees	101,159	66,296
Repairs and maintenance	5,271	4,509
Taxes and permits	141,115	98,943
Vehicle expense	57,356	37,426
Miscellaneous expense	96,383	39,204
Total Administrative Expenses	<u>\$ 1,364,469</u>	<u>\$ 1,064,725</u>

GREATER PINE ISLAND WATER ASSOCIATION, INC.

Schedules of Employee Benefit, Insurance, and Professional Fee Expenses

For the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Employee Benefit Expense		
Group health insurance	\$ 166,446	\$ 94,881
Pension expense	145,657	130,403
Uniforms	<u>6,814</u>	<u>6,300</u>
Total Employee Benefit Expense	<u>\$ 318,917</u>	<u>\$ 231,584</u>
Insurance Expense		
General insurance	\$ 142,771	\$ 127,422
Workers' compensation insurance	20,403	18,857
Vehicle insurance	<u>23,771</u>	<u>30,436</u>
Total Insurance Expense	<u>\$ 186,945</u>	<u>\$ 176,715</u>
Professional Fees		
Contract services	\$ 99,159	\$ 64,158
Auditing	19,537	20,401
Legal	9,194	3,763
Rate study expense	<u>5,754</u>	<u>-</u>
Total Professional fees	<u>\$ 133,644</u>	<u>\$ 88,322</u>

GREATER PINE ISLAND WATER ASSOCIATION, INC.

Schedules of Capital Expenditures

For the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Capital Expenditures		
Land and land improvements	\$ -	\$ 20,650
Water treatment plant	496,120	231,031
Mains (over 6")	789,923	882,760
Water meters	394,311	386,552
Pump stations	18,066	52,480
Field equipment	24,868	3,717
Admin office	24,735	8,831
Vehicles	68,566	24,647
Miscellaneous	53,038	44,890
Total Capital Expenditures	<u>\$ 1,869,627</u>	<u>\$ 1,655,558</u>