

GREATER PINE ISLAND WATER ASSOCIATION, INC.
FINANCIAL STATEMENTS FOR THE
YEARS ENDED DECEMBER 31, 2023 AND 2022
AND
INDEPENDENT AUDITORS' REPORT

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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, 2023 and 2022, 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, 2023 and 2022, 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

SUPLEE, SHEA, CRAMER, & MILLER, P.A.
Sarasota, FL
February 20, 2024

GREATER PINE ISLAND WATER ASSOCIATION, INC.

Balance Sheets

As of December 31, 2023 and 2022

ASSETS

	2023	2022
Current Assets		
Cash and cash equivalents		
Unrestricted	\$ 2,359,810	\$ 2,819,195
Restricted (Note 2)	3,606	795
Total Cash and cash equivalents	2,363,416	2,819,990
Accounts receivable	157,167	-
Other receivables	10,942	11,123
Accrued interest receivable	9,484	1,105
Patronage dividend receivable	-	16,132
Inventory	205,573	173,028
Prepaid expenses and other assets	161,182	112,606
Total Current Assets	2,907,764	3,133,984
Property, Plant, and Equipment, net (Note 3)	16,925,443	16,413,104
Other Assets		
CoBank investment	143,529	186,814
Certificate of deposit (Non-current)	1,500,000	1,506,123
Restricted certificate of deposit (Note 8)	115,000	115,000
Deferred rate study	16,782	23,016
Total Other Assets	1,775,311	1,830,953
Total Assets	\$ 21,608,518	\$ 21,378,041

GREATER PINE ISLAND WATER ASSOCIATION, INC.

Balance Sheets (continued)

As of December 31, 2023 and 2022

LIABILITIES AND MEMBERS' EQUITY

	<u>2023</u>	<u>2022</u>
Current Liabilities		
Current maturities of long-term debt (Note 7)	\$ 326,278	\$ 313,505
Accounts payable	41,201	351,735
Accrued liabilities (Note 4)	254,039	245,712
Deferred revenue (Note 5)	45,422	233,256
Total Current Liabilities	<u>666,940</u>	<u>1,144,208</u>
Long-Term Liabilities		
Long-term debt, less current maturities (Note 7)	27,780	352,089
Less: unamortized debt issuance costs	<u>(2,683)</u>	<u>(2,971)</u>
Net Long-Term Debt	25,097	349,118
Injection well liability (Note 8)	<u>35,964</u>	<u>32,292</u>
Total Long-Term Liabilities	<u>61,061</u>	<u>381,410</u>
Total Liabilities	<u>728,001</u>	<u>1,525,618</u>
Members' Equity		
Members' fees and capital investments	16,513,479	15,936,453
Retained earnings	4,367,038	3,915,970
Total Members' Equity	<u>20,880,517</u>	<u>19,852,423</u>
Total Liabilities and Members' Equity	<u>\$ 21,608,518</u>	<u>\$ 21,378,041</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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Revenues		
Metered water sales	\$ 4,301,911	\$ 2,993,688
Other	65,033	66,547
Total Operating Revenues	<u>4,366,944</u>	<u>3,060,235</u>
Operating Expenses		
Production	1,379,840	1,305,992
Distribution	839,517	693,003
Administrative	1,371,428	1,364,469
Depreciation (Note 3)	1,023,790	942,519
Total Operating Expenses	<u>4,614,575</u>	<u>4,305,983</u>
Operating Loss	<u>(247,631)</u>	<u>(1,245,748)</u>
Other Revenues (Expenses)		
Interest income	95,001	48,324
Interest expense	(22,131)	(44,957)
Gain on asset disposal	47,004	6,500
Hurricane related activity (Note 14)	130,577	(294,928)
FEMA recovery assistance (Note 14)	354,130	-
Miscellaneous income	94,118	115,096
Total Other Revenues (Expenses)	<u>698,699</u>	<u>(169,965)</u>
Excess (Deficiency) of Revenues over Expenses	<u>\$ 451,068</u>	<u>\$ (1,415,713)</u>

GREATER PINE ISLAND WATER ASSOCIATION, INC.

Statements of Changes in Members' Equity

For the years ended December 31, 2023 and 2022

	Members' Fees and Capital Investments							Retained Earnings	Total Members' Equity
	Membership Fees	Meter Fees	Capital Charges	Impact Fees and Aid-In Construction	Service Connection Fees	Plan Review	Total		
Balances as of December 31, 2021	\$ 2,353,583	\$ 5,093,357	\$ 7,446,196	\$ 270,379	\$ -	\$ -	\$ 15,163,515	\$ 5,331,683	\$ 20,495,198
Deficiency of Revenue over Expenses	-	-	-	-	-	-	-	(1,415,713)	(1,415,713)
New member fees	61,822	371,447	255,176	7,184	77,309	-	772,938	-	772,938
Balances as of December 31, 2022	\$ 2,415,405	\$ 5,464,804	\$ 7,701,372	\$ 277,563	\$ 77,309	\$ -	\$ 15,936,453	\$ 3,915,970	\$ 19,852,423
Excess of Revenues over Expenses	-	-	-	-	-	-	-	451,068	451,068
New member fees	58,752	343,109	122,337	8,723	42,630	1,475	577,026	-	577,026
Balances as of December 31, 2023	<u>\$ 2,474,157</u>	<u>\$ 5,807,913</u>	<u>\$ 7,823,709</u>	<u>\$ 286,286</u>	<u>\$ 119,939</u>	<u>\$ 1,475</u>	<u>\$ 16,513,479</u>	<u>\$ 4,367,038</u>	<u>\$ 20,880,517</u>

GREATER PINE ISLAND WATER ASSOCIATION, INC.

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Excess (deficiency) of revenues over expenses	\$ 451,068	\$ (1,415,713)
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation	1,023,790	942,519
Amortization	1,437	1,437
Gain on disposal of assets	(47,004)	(6,500)
Change in deep well injection liability	3,672	4,289
Changes in assets and liabilities		
(Increase) decrease in all accounts receivable	(149,233)	209,293
Increase in inventory	(32,545)	(47,134)
Increase in prepaid expenses and other assets	(48,576)	(7,296)
Decrease in deferred rate study	6,234	5,754
Increase (decrease) in accounts payable, trade	(310,534)	189,079
Increase in accrued liabilities	8,327	3,090
Increase (decrease) in deferred revenue	(187,834)	123,293
Total adjustments	<u>267,734</u>	<u>1,417,824</u>
Net cash provided by operating activities	<u>718,802</u>	<u>2,111</u>
Cash flows from investing activities:		
Change in certificates of deposit	6,123	(5,413)
Change in CoBank investment	43,285	20,655
Proceeds from asset dispositions	67,000	6,500
Capital expenditures	<u>(1,556,124)</u>	<u>(1,869,627)</u>
Net cash used by investing activities	<u>(1,439,716)</u>	<u>(1,847,885)</u>

GREATER PINE ISLAND WATER ASSOCIATION, INC.

Statements of Cash Flows (continued)

For the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from financing activities:		
Repayment of long-term debt	(311,536)	(302,236)
Payment of debt issuance costs	(1,150)	-
Members' fees and capital investments	<u>577,026</u>	<u>772,938</u>
Net cash provided by financing activities	<u>264,340</u>	<u>470,702</u>
Decrease in cash and cash equivalents	(456,574)	(1,375,072)
Cash and cash equivalents at beginning of year	<u>2,819,990</u>	<u>4,195,062</u>
Cash and cash equivalents at end of year	<u>\$ 2,363,416</u>	<u>\$ 2,819,990</u>
Supplemental Disclosure of Cash Flow Information		
Amortization of debt issuance costs as interest expense	<u>\$ 1,437</u>	<u>\$ 1,437</u>

GREATER PINE ISLAND WATER ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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 value of the Association’s financial instruments approximates fair value. The financial instruments consist of accounts receivable, accounts payable, accrued liabilities, deferred revenue, 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, 2023 and 2022.

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, 2023 AND 2022

Note 1 – Organization and Significant Accounting Policies (continued)

Significant Accounting Policies (continued)

Impairment of Long-Lived Assets

The 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 a maximum accumulation of 260 hours to employees leaving the Association's employment 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 revenue) 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, 2023 and 2022, 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, 2023 AND 2022

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, 2023 and 2022.

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 2020 through 2022 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>2023</u>	<u>2022</u>
Employee medical reimbursements	\$ <u>3,606</u>	\$ <u>795</u>

GREATER PINE ISLAND WATER ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 3 – Property, Plant, and Equipment

Details of property, plant, and equipment as of December 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Land and land improvements	\$ 2,392,379	\$ 2,303,986
Well systems	4,339,477	4,339,477
Water treatment plant	7,237,781	6,959,119
Distribution system	16,615,429	15,506,101
Pumping stations	2,709,259	2,684,211
Administrative office	433,892	397,340
Field equipment	513,291	524,606
Vehicles	484,194	350,061
Miscellaneous system assets	499,233	491,396
Construction in process	<u>615,658</u>	<u>800,685</u>
	35,840,593	34,356,982
Less accumulated depreciation	<u>(18,915,150)</u>	<u>(17,943,878)</u>
	<u>\$ 16,925,443</u>	<u>\$ 16,413,104</u>

Depreciation for the year ended December 31, 2023 and 2022 was \$1,023,790 and \$942,519.

Note 4 – Accrued Liabilities

Details of accrued liabilities as of December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Accrued sick leave	\$ 236,241	\$ 222,515
Accrued interest payable	1,964	3,624
Accrued wages and payroll taxes	13,194	19,343
Interest payable to Lee County	<u>2,640</u>	<u>230</u>
	<u>\$ 254,039</u>	<u>\$ 245,712</u>

Note 5 – Deferred Revenue

Details of deferred revenue as of December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Customer payments received in advance of billing	<u>\$ 45,422</u>	<u>\$ 233,256</u>

GREATER PINE ISLAND WATER ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Deferred rate study costs	\$ 28,770	\$ 28,770
Less: accumulated amortized expense	<u>11,988</u>	<u>5,754</u>
	<u>\$ 16,782</u>	<u>\$ 23,016</u>

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

2024	\$ 5,754
2025	5,754
2026	<u>5,274</u>
	<u>\$ 16,782</u>

Note 7 – Long-Term Debt

Following is a summary of long-term debt as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</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>\$ 354,058</u>	<u>\$ 665,594</u>
Total Long-term debt	354,058	665,594
Less:		
Current maturities	(326,278)	(313,505)
Unamortized debt issuance costs	<u>(2,683)</u>	<u>(2,971)</u>
	<u>\$ 25,097</u>	<u>\$ 349,118</u>

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

2024	\$ 326,278
2025	<u>27,780</u>
	<u>\$ 354,058</u>

GREATER PINE ISLAND WATER ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Debt issuance costs	\$ 30,733	\$ 29,583
Less: accumulated amortized expense	<u>28,050</u>	<u>26,612</u>
	<u>\$ 2,683</u>	<u>\$ 2,971</u>

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

2024	\$ 2,586
2025	<u>97</u>
	<u>\$ 2,683</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, 2023 and 2022 accumulated payable interest to Lee County, FL amounted to \$2,640 and \$230, respectively. The Association’s portion of the certificate of deposit is reported in the accompanying balance sheet as of December 31, 2023 and 2022 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 \$35,964 and \$32,292 as of December 31, 2023 and 2022.

GREATER PINE ISLAND WATER ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 9 – Members’ Equity

Members’ equity consists of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Membership fees	\$ 2,474,157	\$ 2,415,405
Meter fees	5,807,913	5,464,804
Impact fees	7,780,212	7,657,875
Unallocated impact fees	43,497	43,497
Service connection fees	119,939	77,309
Aid-in construction contributions	286,286	277,563
Plan review	1,475	-0-
	<u>\$ 16,513,479</u>	<u>\$ 15,936,453</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, 2023 and 2022 the Association contributed a total of \$122,471 and \$136,091 to the Plan in the form of matching contributions of \$34,007 and \$30,591 and discretionary profit sharing contributions of \$88,464 and \$105,500. The Association also incurred administrative costs related to the plan in the amount of \$4,234 and \$9,566 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, 2023 and 2022.

Note 12 – 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. As of December 31, 2023 the Association has no material contract commitments.

GREATER PINE ISLAND WATER ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 13 – 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>2023</u>	<u>2022</u>
Financial assets at year-end	\$ 4,299,538	\$ 4,656,286
Less those unavailable for general expenditures within one year due to:		
Meter fees	115,000	115,000
Aid-in construction contributions	3,606	795
CoBank investment	<u>143,529</u>	<u>186,814</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,037,403</u>	<u>\$ 4,353,677</u>

Note 14 – Hurricane Ian

On September 28, 2022, the area was impacted by Hurricane Ian, which resulted in damage to the facilities and equipment. As a result of the devastation to the service area the Association suspended water sales invoicing and collection efforts for the remainder of the 2022 reporting period.

The Association has received recovery assistance from FEMA amounting to \$354,130 recorded as part of Other Revenue (Expenses) on the Statement of Revenues and Expenses. The Association has applied for additional assistance that is expected to be received during the year ended December 31, 2024.

Hurricane related activity, net of insurance proceeds and cost of damages, amounted to \$130,577 and (\$294,928) for the years ended December 31, 2023 and 2022, respectively. Hurricane related activity was recorded as part of Other Revenues (Expenses) on the Statement of Revenues and Expenses. Additional costs to resolve the remaining damages are estimated to be \$30,000.

Note 15 – Subsequent Events

Subsequent events were evaluated through February 20, 2024, 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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Production Expenses		
Salaries	\$ 521,100	\$ 591,980
Employee benefits	106,181	108,927
Chemicals	84,430	113,675
Electricity	358,600	271,586
Office expense	15,226	19,443
Professional fees	36,515	11,348
Repairs and maintenance	209,928	152,788
Vehicle expense	6,970	-
Miscellaneous expense	40,890	36,245
Total Production Expenses	<u>\$ 1,379,840</u>	<u>\$ 1,305,992</u>
Distribution Expenses		
Salaries	\$ 527,857	\$ 447,462
Employee benefits	111,641	89,960
Office expense	16,252	16,871
Professional fees	10,724	21,137
Repairs and maintenance	138,879	110,640
Vehicle expense	26,995	-
Miscellaneous expense	7,169	6,933
Total Distribution Expenses	<u>\$ 839,517</u>	<u>\$ 693,003</u>

GREATER PINE ISLAND WATER ASSOCIATION, INC.

Schedules of Administrative Expenses

For the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Administrative Expenses		
Salaries	\$ 541,532	\$ 530,855
Employee benefits	123,216	120,030
Electricity	37,257	31,804
Insurance	211,696	186,945
Office expense	96,780	92,928
Operating supplies	795	623
Professional fees	164,646	101,159
Repairs and maintenance	3,670	5,271
Taxes and permits	119,119	141,115
Vehicle expense	4,436	57,356
Miscellaneous expense	68,281	96,383
Total Administrative Expenses	<u>\$ 1,371,428</u>	<u>\$ 1,364,469</u>

GREATER PINE ISLAND WATER ASSOCIATION, INC.

Schedules of Employee Benefit, Insurance, and Professional Fee Expenses

For the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Employee Benefit Expense		
Group health insurance	\$ 206,182	\$ 166,446
Pension expense	126,705	145,657
Uniforms	8,151	6,814
	<u> </u>	<u> </u>
Total Employee Benefit Expense	<u>\$ 341,038</u>	<u>\$ 318,917</u>
Insurance Expense		
General insurance	\$ 142,679	\$ 142,771
Workers' compensation insurance	16,401	20,403
Vehicle insurance	52,616	23,771
	<u> </u>	<u> </u>
Total Insurance Expense	<u>\$ 211,696</u>	<u>\$ 186,945</u>
Professional Fees		
Contract services	\$ 163,060	\$ 99,159
Auditing	37,987	19,537
Legal	10,838	9,194
Rate study expense	-	5,754
	<u> </u>	<u> </u>
Total Professional fees	<u>\$ 211,885</u>	<u>\$ 133,644</u>

GREATER PINE ISLAND WATER ASSOCIATION, INC.

Schedules of Capital Expenditures

For the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Capital Expenditures		
Land and land improvements	\$ 88,392	\$ -
Water treatment plant	278,662	496,120
Mains (over 6")	252,511	789,923
Water meters	75,162	394,311
Pump stations	25,048	18,066
Field equipment	57,571	24,868
Admin office	17,525	24,735
Vehicles	134,133	68,566
Hurricane repairs	615,658	-
Miscellaneous	11,462	53,038
Total Capital Expenditures	<u>\$ 1,556,124</u>	<u>\$ 1,869,627</u>