

IMMOKALEE WATER & SEWER DISTRICT
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
TOGETHER WITH ADDITIONAL REPORTS
YEARS ENDED
SEPTEMBER 30, 2025 AND 2024

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HSC/Tuscan & Company, PA

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying basic financial statements of the business-type activities of Immokalee Water & Sewer District (an independent special district) (the "District") as of and for the years ended September 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Immokalee Water & Sewer District as of September 30, 2025 and 2024, and the respective changes in financial position and cash flows thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance

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and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

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

Other Required Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Immokalee Water & Sewer District's basic financial statements. The required supplementary information other than MD&A - budgetary comparison information - Schedule of Revenues, Expenses and Changes in Net Position - Budget (Non-GAAP Budgetary Basis) and Actual with Reconciliation to GAAP Basis - year ended September 30, 2025, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The required supplementary information other than MD&A - budgetary comparison information - Schedule of Revenues, Expenses and Changes in Net Position - Budget (Non-GAAP Budgetary Basis) and Actual with Reconciliation to GAAP Basis - year ended September 30, 2025, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the required supplementary information other than MD&A budgetary comparison information - Schedule of Revenues, Expenses and Changes in Net Position - Budget (Non-GAAP Budgetary Basis) and Actual with Reconciliation to GAAP Basis - year ended September 30, 2025, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements of Immokalee Water & Sewer District that collectively comprise the Immokalee Water & Sewer District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance for the year ended September 30, 2025 as required by the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" Single Audit Act (Florida Statue 215.97), Florida Auditor General Rule 10.550 and is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance for the year ended September 30, 2025 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Exhibit 1 - Management's Response to Independent Auditor's Report to Management and Exhibit 2 - Florida Rules of the Auditor General - Rule 10.554(1)(i)7-9 Compliance - Unaudited are not a required part of the basic financial statements but is required by Government Auditing Standards and/or Rules of the Auditor General, Section 10.554(i),

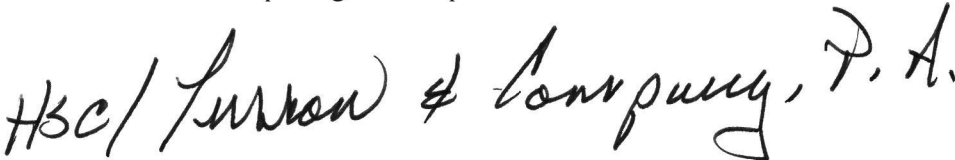
respectively. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Section 218.415, Florida Statutes

In accordance with Section 218.415, Florida Statutes, we have also issued a report dated May 7, 2026, on our consideration of Immokalee Water & Sewer District's compliance with provisions of Section 218.415, Florida Statutes. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and to provide an opinion on compliance with the aforementioned Statute. That report is an integral part of an audit performed in accordance with Sections 218.39 and 218.415, Florida Statutes in considering Immokalee Water & Sewer District's compliance with Section 218.415, Florida Statutes.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 7, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

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

HSC/TUSCAN & COMPANY, P.A.
Fort Myers, Florida
May 7, 2026

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

IMMOKALEE WATER & SEWER DISTRICT

Required Supplementary Information

Management's Discussion and Analysis

September 30, 2025

The management of the Immokalee Water & Sewer District offers readers of our financial statements the following narrative overview and analysis of our financial activities for the year ended September 30, 2025.

Basic Financial Statements

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

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

The statement of net position presents information on the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

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

IMMOKALEE WATER & SEWER DISTRICT

Required Supplementary Information

Management's Discussion and Analysis

September 30, 2025

Condensed Financial Statement

Condensed financial information from the statements of net position and revenues, expenses and changes in net position for the years ended September 30, 2025 and 2024 are as follows:

	September 30,	
	2025	2024
Current and other assets	\$ 22,629,551	\$ 21,345,628
Capital assets, net	67,405,347	59,317,324
Total assets	\$ 90,034,898	\$ 80,662,952
Current liabilities	\$ 4,653,618	\$ 4,521,890
Long-term liabilities	27,347,189	28,259,154
Total liabilities	32,000,807	32,781,044
Net position:		
Net Investment in capital assets	39,337,406	30,262,509
Restricted	5,602,665	3,305,854
Unrestricted	13,094,020	14,313,545
Total net position	58,034,091	47,881,908
Total liabilities and net position	\$ 90,034,898	\$ 80,662,952
Operating revenue:		
Water service	\$ 5,520,533	\$ 5,148,198
Wastewater service	7,945,435	7,311,558
Meter service charges	1,187,138	1,070,257
Late fees	166,277	164,083
Reconnection /transfer fee	160,715	139,725
Miscellaneous revenue	142,792	112,668
Cross connection control fees	500,591	491,821
Total operating revenues	15,623,481	14,438,310
Operating expenses:		
Water treatment and distribution expense	2,903,825	3,292,291
Wastewater treatment expense	2,740,518	2,734,939
Wastewater collection expense	1,059,326	948,747
Customer service and administrative expense	2,661,655	2,253,802
Maintenance	784,050	605,927
Total operating expenses, excluding depreciation	10,149,374	9,835,706
Depreciation	2,756,947	2,542,168
Total operating expenses, including depreciation	12,906,321	12,377,874
Operating profit (loss)	2,717,160	2,060,436
Net nonoperating revenue/(expense)	916,857	19,250
Profit (loss) before capital grants	3,634,017	2,079,686
Capital grants and contributions	6,518,166	306,442
Increase (Decrease) in net position	10,152,183	2,386,128
Net position, beginning of year	47,881,908	45,495,780
Net position, end of year	\$ 58,034,091	\$ 47,881,908

(Continued)

IMMOKALEE WATER & SEWER DISTRICT

Required Supplementary Information

Management's Discussion and Analysis

September 30, 2025

The information contained in the condensed financial information table is used as the basis for the discussion presented on the following pages, surrounding the District's activities for the fiscal year ended September 30, 2025.

Financial Highlights

- The District completed a rate study and adopted the related rate increase of 9.5% per year for FY23-25. Rate increases are effective on October 1.
- The District ended the year September 30, 2025, with a net position of \$58,034,091 of which \$39,337,406 represented the net investment in capital assets, \$5,602,665 represents restricted net position and \$13,094,020 was unrestricted. The ending net position was \$10,152,183 more than the net position at the beginning of the year. This was primarily the result of the implementation of the previous rate increases and capital contributions from cost reimbursement grants.
- The District ended the year September 30, 2024, with a net position of \$47,881,908 of which \$30,262,509 represented the net investment in capital assets, \$3,305,854 represented restricted net position and \$14,313,545 was unrestricted. The ending net position was \$2,386,128 more than the net position at the beginning of the year. This was primarily the result of the implementation of the rate increases.
- The District had profit before capital contributions, for the years ended September 30, 2025 and 2024 of \$3,634,017 and \$2,079,686, respectively.
- The District had minimized interest expense, because of utilizing low interest bonds/loans for capital projects funded through USDA Rural Development. These interest rates range from 2.0% to 4.0% in FY 25 and FY 24.
- The District ended the year September 30, 2025 with cash and cash equivalents and investments of approximately \$19,217,246. However, only \$12,053,980 of this amount is available for operations, with the remainder of these assets being restricted for specific purposes and unavailable for the District's general use.
- The District ended the year September 30, 2024 with cash and cash equivalents and investments of approximately \$19,310,212. However, only \$12,751,452 of this amount is available for operations, with the remainder of these assets being restricted for specific purposes and unavailable for the District's general use.
- The statement of cash flows identifies the sources and uses of cash activity for the fiscal year. For fiscal year 2025, cash and cash equivalents increased by \$3,140,723 compared to a increase of \$736,760 for the year ended September 30, 2024. This change resulted primarily from transferring investments to cash in the amount of \$3,742,940. The servicing of the District's debt (principal and interest) resulted in the spending of cash of nearly \$1,782,884 and \$1,774,339 for the years ended September 30, 2025 and 2024, respectively.
- The statement of cash flows identifies the sources and uses of cash activity for the fiscal year. For fiscal year 2024, cash and cash equivalents increased by \$736,760

IMMOKALEE WATER & SEWER DISTRICT

Required Supplementary Information

Management's Discussion and Analysis

September 30, 2025

compared to a decrease of \$12,798,353 for the year ended September 30, 2023. This change resulted primarily from less capital projects and the rate increase. The servicing of the District's debt (principal and interest) resulted in the spending of cash of nearly \$1,774,339 and \$1,802,712 for the years ended September 30, 2024 and 2023, respectively.

Revenue

As in previous years, the wastewater service revenues make up half or more of the operating revenues, accounting for 51% in 2025 and 51% in 2024. Water revenue accounted for 35% in 2025 and 36% in 2024. Meter service charges, late fee charges, reconnection fees, and miscellaneous revenues also remained constant between the two years. Cross connection control fees were 3% in 2025 and 3% in 2024.

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

Expenses

Due to the significant investments the District has in capital assets, depreciation continues to be one the largest operating expenses at 21% and 21% of total operating expenses for the year ended September 30, 2025 and 2024, respectively. Unlike the other expenses listed, depreciation is not a cash expense.

In FY 25 the administrative department was the third largest department at 21% of total expense. The largest expense, in this department, other than salaries and benefits are engineering and legal fees. The third largest department in FY 24, by expenses, was the administration department. The related operating expenses was 18% of total expenses in FY 24.

The water treatment and distribution departments consist of 23% and 27% of total expenses for the years ended September 30, 2025 and 2024, respectively. The District is programming a new advanced metering infrastructure project to use cellular data to read meters from the office. This interactive technology will allow staff access to real time data for customer inquiries on usage, quicker leak detection, efficient maintenance planning and ultimately effective monitoring of the water system.

IMMOKALEE WATER & SEWER DISTRICT

Required Supplementary Information

Management's Discussion and Analysis

September 30, 2025

The wastewater treatment department, by expenses, consist of 21% and 22% of total operating expenses which remained constant between 2025 and 2024, respectively. This department is one of the largest. One of the largest expenses, excluding salaries and benefits, in this department is electric, which accounted for over \$291,528 and \$308,915 in expenses in 2025 and 2024, respectively.

The wastewater collection department consists of 8% and 8% of total expenses for the years ended September 30, 2025 and 2024, respectively.

The smallest department is the maintenance department, which was created in fiscal year 2004 to reduce maintenance-related expenses from third-party vendors. It accounts for 6% and 5% of total operating expenses in 2025 and 2024, respectively. Labor costs in this department, except for those relating to the supervisor, are charged to the appropriate departments, based on the maintenance projects they are working on.

Wages and benefits account for 41% and 36% of the total operating expenses in 2025 and 2024, making it the largest expense category.

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

General Fund Budgetary Highlights

Over the course of the 2025 fiscal year the Board of Commissioners amended the District budget. These budget amendments were done primarily to a) increase appropriations revenue, and to b) capital funding primarily related to the District's capital projects and adjust designated funds.

Original to Final Budget Variance

For the fiscal year 2025 total operating revenues were decreased by approximately \$698,000 more than originally budgeted, and total operating expenses, excluding depreciation expense, were decreased by nearly \$1,100,000.

Capital outlay – capital outlay was increased by nearly \$6,000,000.

IMMOKALEE WATER & SEWER DISTRICT

Required Supplementary Information

Management's Discussion and Analysis

September 30, 2025

Capital Assets

The District's net capital assets as of September 30, 2025 and 2024 amounted to \$67,405,347 and \$59,317,324 (net of accumulated depreciation), respectively. This investment in capital assets includes land, construction in progress, buildings and improvements, water and wastewater plants and systems, and machinery and equipment.

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

	<u>2025</u>	<u>2024</u>
Construction in progress	\$ 9,843,155	\$ 1,199,902
Land	-	1,028,794
Water and wastewater plants and systems	100,447	404,540
Machinery and equipment	<u>1,164,265</u>	<u>96,576</u>
	<u>\$ 11,107,867</u>	<u>\$ 2,729,812</u>

Construction in progress for 2025 was primarily for the clay sewer pipe lining project, master lift station C upgrade project, and advanced metering infrastructure project.

Construction in progress for 2024 was primarily for the clarifier project and clay pipe replacement.

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

Debt

As of September 30, 2025, the District had \$27,601,400 of revenue bonds outstanding. The total amount outstanding for this category of debt decreased by \$919,900 in principal payments by the District.

As of September 30, 2024, the District had \$28,521,300 of revenue bonds outstanding. The total amount outstanding for this category of debt decreased by \$889,500 in principal payments by the District.

IMMOKALEE WATER & SEWER DISTRICT

Required Supplementary Information

Management's Discussion and Analysis

September 30, 2025

The District also had SRF loans outstanding at September 20, 2025 and 2024 of \$268,468 and \$309,323, respectively.

Unrestricted Net Assets

As of September 30, 2025, the District had designated \$13,094,020 in unrestricted net assets, as recommended by the auditor. The District designated \$852,891 for emergencies, \$4,806,900 for operations, \$426,446 for vehicle replacement, \$852,891 for capital equipment, \$852,891 for future capital projects, and \$5,302,001 for maintenance reserve.

As of September 30, 2024, the District had designated \$14,313,545 in unrestricted net assets, as recommended by the auditor. The District designated \$941,631 for emergencies, \$4,911,487 for operations, \$607,483 for vehicle replacement, \$1,000,000 for capital equipment, \$1,000,000 for future capital projects, and \$5,852,944 for maintenance reserve.

Upcoming Significant Changes or Impacts

Rate Increase: Raftelis Financial Consultants Inc was retained to evaluate the sufficiency of the monthly services rates through a financial forecast through FY 2030. The results identified the need for rate adjustments over the next three (3) fiscal years at a increase of 5.5% per year. The 5.5% rate increase went into effect on October 1, 2025.

Connection Fees: In response to increasing growth pressure within the Immokalee Water & Sewer District (IWSD) service boundary, the District authorized Raftelis Financial Consultants Inc to evaluate the feasibility of implementing connection fees (often referred to as impact fees) for water and wastewater related capital facilities. The purpose of a connection fee is to assign, to the extent practical, growth-related capital costs to new development responsible for such costs. Connection fees are necessary to ensure that the cost of expanding infrastructure is borne by those who benefit from it, rather than by existing residents. The IWSD Board of Commissioners adopted the proposed connection fees to be implemented October 1, 2025.

New Development: In 2025, the Immokalee Fair Housing Alliance (IFHA) completed the first four (4) phases of the 128-unit development. Currently, IFHA is planning to develop another multifamily housing development on an adjacent parcel. Habit for Humanity (Kaicasa) began construction on phase 2 of their 280-unit development. The Redlands Christian Migrant Association (RCMA) completed construction on their childcare facility. The Diocese of Venice through the National Development of America (NDA) company began construction of their multifamily development. Pulte Family Charitable Foundation's "Monarca" affordable housing project will begin construction on phase 1 of the 179-rental single-family homes and townhomes.

IMMOKALEE WATER & SEWER DISTRICT

Required Supplementary Information

Management's Discussion and Analysis

September 30, 2025

The Corkscrew Grove Stewardship District (Alico) was established through the 2025 Florida Legislature. IWSD was included as the water and sewer provider in the local bill.

The purchase of Williams Ranch by Collier County, which includes an approved Planned Unit Development (PUD) for 366 dwelling units, was completed.

Capital Improvements: The District completed phase 1 (wastewater smart cover) of the Smart Utility project. To-date seven (7) Sanitary Sewer Overflows (SSOs) have been prevented through this sensor and flowmeter technology. Phase II (water meters) began in the fall of 2025. To-date, approximately 2400 meters have been replaced.

Construction of the reuse/reclaimed wastewater improvements will begin in the late summer of 2026. The improvements will result in the reclassification of the reclaimed water from “restricted access” to “irrigation quality.”

The improvements designed for the Water Softening/Emerging Contaminants project will be tested on small scale prior to any larger scale implementation through a pilot test. The test should begin around July 2026. The District was unsuccessful in securing an additional \$21M in appropriations (2025 legislature) for the PFAS improvements. However, the District continues to receive PFAS settlement payments for drinking water impacts.

The District constructed upgrades to Master Lift Station C to accommodate future growth in western Immokalee. Improvements included redevelopment of the force main to the wastewater treatment plant.

Collier County Projects: Collier County completed the transportation and stormwater improvements through the Tiger Grant.

All the Lake Trafford Road Stormwater/Pedestrian/Bike Improvement projects have been delayed to 2030.

Request For Information

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

IMMOKALEE WATER & SEWER DISTRICT
STATEMENTS OF NET POSITION
September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 2,520,523	\$ 1,275,394
Investments - Cash Pools	9,533,457	11,476,058
Accounts receivable, net	990,117	913,834
Other receivables	30,281	16,866
Inventory	<u>386,157</u>	<u>278,887</u>
TOTAL CURRENT ASSETS	<u>13,460,535</u>	<u>13,961,039</u>
RESTRICTED ASSETS		
Cash	4,639,597	2,744,003
Investments - Cash Pools	2,523,669	3,814,757
Grant and assessment receivables	<u>2,005,750</u>	<u>825,829</u>
TOTAL RESTRICTED ASSETS	<u>9,169,016</u>	<u>7,384,589</u>
CAPITAL ASSETS		
Capital assets not being depreciated:		
Land	3,674,735	3,674,735
Construction in progress	10,800,630	1,760,343
Capital assets being depreciated:		
Buildings and improvements	1,831,189	1,730,742
Water and wastewater plants and systems	96,800,106	96,524,434
Machinery and equipment	5,027,215	3,808,350
Less:		
Accumulated depreciation	<u>(50,728,528)</u>	<u>(48,181,280)</u>
	<u>67,405,347</u>	<u>59,317,324</u>
TOTAL ASSETS	<u>\$ 90,034,898</u>	<u>\$ 80,662,952</u>

The accompanying notes are an integral part of this statement.

	<u>2025</u>	<u>2024</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and contracts payable	\$ 984,381	\$ 362,386
Other accrued expenses	<u>102,886</u>	<u>80,769</u>
TOTAL CURRENT LIABILITIES	<u>1,087,267</u>	<u>443,155</u>
CURRENT LIABILITIES (Payable from Restricted Assets)		
Unearned revenue	456,745	1,258,303
Revenue bonds payable, current portion	949,200	919,900
Loans payable - SRF, current portion	41,920	40,856
Accrued revenue bond interest	63,525	85,826
Retainage payable	195,480	-
Customer deposits	<u>1,859,481</u>	<u>1,773,850</u>
TOTAL CURRENT LIABILITIES (Payable from Restricted Assets)	<u>3,566,351</u>	<u>4,078,735</u>
LONG-TERM LIABILITIES		
Revenue bonds payable, net of current portion	26,850,273	27,825,592
Loans payable - SRF, net of current portion	226,548	268,467
Accrued compensated absences	<u>270,368</u>	<u>165,095</u>
TOTAL LONG-TERM LIABILITIES	27,347,189	28,259,154
Commitments	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>32,000,807</u>	<u>32,781,044</u>
NET POSITION		
Net investment in capital assets	39,337,406	30,262,509
Restricted	5,602,665	3,305,854
Unrestricted	<u>13,094,020</u>	<u>14,313,545</u>
TOTAL NET POSITION	<u>58,034,091</u>	<u>47,881,908</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 90,034,898</u>	<u>\$ 80,662,952</u>

IMMOKALEE WATER & SEWER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
OPERATING REVENUES		
Water service	\$ 5,520,533	\$ 5,148,198
Wastewater service	7,945,435	7,311,558
Meter service charge	1,187,138	1,070,257
Late fees	166,277	164,083
Reconnect and transfer fees	160,715	139,725
Miscellaneous charges, fees and other income	142,792	112,668
Cross connection control fee	<u>500,591</u>	<u>491,821</u>
TOTAL OPERATING REVENUES	<u>15,623,481</u>	<u>14,438,310</u>
OPERATING EXPENSES		
Water treatment	1,401,546	1,374,458
Water distribution	1,502,279	1,917,833
Wastewater treatment	2,740,518	2,734,939
Wastewater collection	1,059,326	948,747
Customer service and administrative	2,661,655	2,253,802
Maintenance	<u>784,050</u>	<u>605,927</u>
TOTAL OPERATING EXPENSES		
PRIOR TO DEPRECIATION	10,149,374	9,835,706
Depreciation	<u>2,756,947</u>	<u>2,542,168</u>
TOTAL OPERATING EXPENSES	<u>12,906,321</u>	<u>12,377,874</u>
OPERATING PROFIT (LOSS)	<u>2,717,160</u>	<u>2,060,436</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income	676,365	801,158
Gain (loss) on disposition of capital assets	(262,897)	-
Interest expense, including premium amortization	(765,578)	(795,797)
Other income	<u>1,268,967</u>	<u>13,889</u>
NET NON-OPERATING EXPENSES	<u>916,857</u>	<u>19,250</u>
PROFIT (LOSS) BEFORE CAPITAL		
CONTRIBUTIONS	3,634,017	2,079,686
CAPITAL CONTRIBUTIONS		
State Appropriations	4,941,250	-
Grants- HUD	1,485,166	126,417
Customers	<u>91,750</u>	<u>180,025</u>
TOTAL CAPITAL CONTRIBUTIONS	<u>6,518,166</u>	<u>306,442</u>
INCREASE (DECREASE) IN NET POSITION	10,152,183	2,386,128
NET POSITION - Beginning of the year	<u>47,881,908</u>	<u>45,495,780</u>
NET POSITION - End of the year	<u>\$ 58,034,091</u>	<u>\$ 47,881,908</u>

The accompanying notes are an integral part of this statement.

IMMOKALEE WATER & SEWER DISTRICT
STATEMENTS OF CASH FLOWS
Years ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Cash received from customers	\$ 15,619,414	\$ 15,532,761
Cash payments to suppliers and employees	<u>(9,493,844)</u>	<u>(10,944,660)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>6,125,570</u>	<u>4,588,101</u>
CASH FLOWS FROM (USED IN) NONCAPITAL FINANCING:		
Other income received	<u>1,268,967</u>	<u>13,889</u>
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING	<u>1,268,967</u>	<u>13,889</u>
CASH FLOWS FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(11,107,867)	(2,729,812)
(Deposit) use of escrow for land purchase	-	10,000
Principal paid on revenue bonds including premium amortization	(946,019)	(889,500)
Principal paid on loans - SRF	(40,855)	(39,821)
Interest paid on bonds and other obligations	(796,010)	(823,087)
Proceeds from special assessment collections	77,846	77,868
Principal paid on capital lease	-	(21,931)
Capital contributions - FDEP, FDEM, and HUD	5,233,652	1,258,303
Capital contributions - USDA	-	126,417
Membership/customer/developer connection fees/assessment	<u>91,750</u>	<u>180,025</u>
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(7,487,503)</u>	<u>(2,851,538)</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Interest earned on investments	676,365	801,158
Maturity of CD's	-	656,362
Purchases of investments	(1,185,616)	(2,471,212)
Proceeds from sale of investments	<u>3,742,940</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>3,233,689</u>	<u>(1,013,692)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,140,723	736,760
CASH AND CASH EQUIVALENTS- BEGINNING OF YEAR	<u>4,019,397</u>	<u>3,282,637</u>
CASH AND CASH EQUIVALENTS- END OF YEAR	<u>\$ 7,160,120</u>	<u>\$ 4,019,397</u>

The accompanying notes are an integral part of this statement.

	<u>2025</u>	<u>2024</u>
RECONCILIATION OF OPERATING PROFIT TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
OPERATING PROFIT (LOSS)	<u>\$ 2,717,160</u>	<u>\$ 2,060,436</u>
Adjustments to reconcile operating profit to net cash provided by operating activities:		
Depreciation (non cash)	2,756,947	2,542,168
Increase (decrease) in accrued compensated absences (non cash)	105,273	(2,959)
(Increase) decrease in accts. receivable, net of bad debt expense	(76,283)	24,226
(Increase) decrease in inventory	(107,270)	75,512
Increase (decrease) in accounts and contracts payable	621,995	(234,686)
Increase (decrease) in other accrued expenses	22,117	28,014
Increase (decrease) in customer deposits	<u>85,631</u>	<u>95,390</u>
TOTAL ADJUSTMENTS	<u>3,408,410</u>	<u>2,527,665</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 6,125,570</u>	<u>\$ 4,588,101</u>

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

Organization

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

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

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

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

Reporting Entity

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

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

Reporting Entity, continued

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

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

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

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

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

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

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

Government-Wide Financial Statements

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

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

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

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

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

Government-Wide Financial Statements, continued

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

Budgetary Information

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

Fund Accounting

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

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

Business - Type Activities - Proprietary Fund Type

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

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

Measurement Focus

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

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

Basis of Accounting

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

Budgetary Process

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

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

The District follows these procedures in establishing budgetary data.

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

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

Budgetary Process, continued

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

The Board of Commissioners did amend the budget during the fiscal year ended September 30, 2025, to decrease total budgeted net revenue by \$5,176,559 and a decrease in budgeted expenses (including net non-operating revenue and expense) by \$5,176,559.

Cash

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

Accounts Receivable/Allowance for Doubtful Accounts

Receivables include user fees for water and wastewater services provided as part of the operations by the District. The accounts receivable are recorded net of the estimated allowance for doubtful accounts. The District operates using an allowance and collection policy that ultimately provides for discontinuance of water service due to nonpayment by the user. The policy also provides for application of the respective user's security deposit upon certain criteria.

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

Inventory

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

Capital Assets and Depreciation

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

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

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

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

Restricted Assets

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

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

Compensated Absences

The District implemented GASB Statement 101, Compensated Absences on October 1, 2024 which did not result in net position being restated as of October 1, 2024. The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee benefit account) during or upon separation from employment. Based on the criteria listed, the following types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary related benefits, where applicable.

Vacation

The District's policy permits employees to accumulate earned but unused vacation benefits, with limits on accumulation. Vacation benefits are eligible for payment upon separation from employment, with limitations

Sick Leave

The District's policy permits employees to accumulate earned but unused sick leave benefits, with limits on accumulation. Sick leave benefits are not eligible for payment upon separation from employment.

A liability for the estimated value of leave benefits that will be paid upon separation of service or likely to be used by employees as time off is included in the liability for compensated absences.

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

Encumbrances

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

Membership (Connection) Fees

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

Income Taxes

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

Fund Equity

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

Use of Estimates

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

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

Application of FASB Pronouncements to Proprietary Funds

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

Accounting Pronouncement GASB Statement No. 42

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

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

The District incurred no capital asset impairment activity for the years ended September 30, 2025 and 2024.

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

Leases

During fiscal year ended September 30, 2023, the District adopted GASB Statement 87 - Leases. This Statement required the recognition of certain lease assets and liabilities in the Statements of Net Position for leases that previously were classified as operating leases. The District determined their current operating lease agreements to be immaterial and/or did not meet the recording criteria. Therefore, there was no effect from GASB Statement 87 at September 30, 2025 or 2024.

**Public-Private and Public-Public Partnerships and Availability
Payment Arrangements**

The District adheres to the requirements of GASB Statements No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements (PPPs)", in which a liability and right-to-use asset is recorded. The District evaluates its PPPs annually. The District had no arrangements that met this Statement's reporting criteria for the years ended September 30, 2025 and 2024.

Subscription-Based Information Technology Arrangements (SBITAs)

In May 2020, the GASB issued Statement No. 96 (*Subscription-Based Information Technology Arrangements (SBITAs)*), which defined the SBITAs and provides accounting and financial reporting for SBITAs by governments. This Statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for the SBITAs. The provisions of this Statement are effective for the District's financial statements for the years ended September 30, 2025 or 2024. The District, however, had no arrangements that met this Statement's reporting criteria and/or the related arrangement costs were considered immaterial.

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

Compensated Absences

In June 2022, the GASB issued Statement No. 101 (Compensated Absences) which defined compensated absences and established recognition and measurement guidance for liabilities related to compensated absences, such as vacation, sick leave, and similar employee benefits. The provisions of the Statement are effective for the District's financial statements for the year ended September 30, 2025. The adoption of the Statement 101 did not result in any changes to the District's accounting policies, financial reporting practices, or previously reported amounts. Accordingly, there was no impact on beginning net position or fund balance, and no restatement of prior-period financial statements was required for the years ended September 30, 2025 or 2024.

Reclassifications

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

Subsequent Events

Subsequent events have been evaluated through May 7, 2026, which is the date the basic financial statements were available to be issued.

NOTE B - CASH AND INVESTMENTS

At September 30, 2025 and 2024, cash and cash equivalents (including both restricted and unrestricted cash and cash equivalents) were \$7,160,120 and \$4,019,397 respectively, including unrestricted cash on hand of \$85,949 and \$79,057, respectively.

Deposits

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

**IMMOKALEE WATER & SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025 and 2024**

NOTE B - CASH AND INVESTMENTS, CONTINUED

Deposits, continued

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

Deposits consist of the following at September 30:

	Insured/ Collateralized	Bank Balance	Carrying Amount
<u>September 30, 2025</u>			
Unrestricted			
Depository accounts	\$ 2,205,991	\$ 2,205,991	\$ 1,855,634
Money market	<u>578,940</u>	<u>578,940</u>	<u>578,940</u>
	<u>2,784,931</u>	<u>2,784,931</u>	<u>2,434,574</u>
Restricted			
Depository accounts	1,865,763	1,865,763	1,865,763
Money market	<u>2,773,834</u>	<u>2,773,834</u>	<u>2,773,834</u>
	<u>4,639,597</u>	<u>4,639,597</u>	<u>4,639,597</u>
	<u>\$ 7,424,528</u>	<u>\$ 7,424,528</u>	<u>\$ 7,074,171</u>
 <u>September 30, 2024</u>			
Unrestricted			
Depository accounts	\$ 931,028	\$ 931,028	\$ 642,863
Money market	<u>553,474</u>	<u>553,474</u>	<u>553,474</u>
	<u>1,484,502</u>	<u>1,484,502</u>	<u>1,196,337</u>
Restricted			
Depository accounts	1,769,054	1,769,054	1,769,054
Money market	<u>974,949</u>	<u>974,949</u>	<u>974,949</u>
	<u>2,744,003</u>	<u>2,744,003</u>	<u>2,744,003</u>
	<u>\$ 4,228,505</u>	<u>\$ 4,228,505</u>	<u>\$ 3,940,340</u>

Unrestricted and Restricted Deposits

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

**IMMOKALEE WATER & SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025 and 2024**

NOTE B - CASH AND INVESTMENTS, CONTINUED

Restricted Deposits

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

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

	<u>2025</u>	<u>2024</u>
Construction account/Clarifier	\$ 62	\$ 60
Bond sinking fund reserve	1,737,658	831,712
Principal and interest reserve	866,832	-
Deep well injection reserve*	-	10,392
Customer deposits	1,865,763	1,769,054
Loan debt service	510	48,431
Special assessment - ArrowHead	115,604	57,962
Special assessment - SR 29	53,168	26,392
	<u>\$ 4,639,597</u>	<u>\$ 2,744,003</u>

*During the year ended September 30, 2025, the Deep Well Injection Reserve was moved to an investment account. See Restricted Investments.

Investments

Florida Statutes and the District's investment policy authorize investments in certificates of deposit (CD's). Certificates of deposit whose values exceed the amount of the Federal Depository Insurance are collateralized pursuant to the Public Depository Security Act of the State of Florida. The District had \$0 and \$0 (bank and book balance) invested in certificates of deposit at September 30, 2025 and 2024, respectively. The CDs matured on June 18, 2024, and were not renewed.

Florida Statutes and the District's investment policy also authorize investments in local government surplus investment pools.

The District's investments in three (3) local government surplus investment pools consist of the following at September 30:

<u>2025</u>	<u>Cost Basis</u>	<u>Fair Value (NAV)/ Carrying Amount</u>
Local Government Surplus Trust Fund (SBA) (LGIP) Prime	\$ 5,171,111	\$ 5,171,111
Florida Surplus Asset Fund Trust (FL SAFE) Stable Net Asset Value	2,270,766	2,270,766
Florida Cooperative Liquid Assets Security System (FLCLASS) Prime-Style Fund	4,615,249	4,615,249
Total investments	<u>\$ 12,057,126</u>	<u>\$ 12,057,126</u>

**IMMOKALEE WATER & SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025 and 2024**

NOTE B - CASH AND INVESTMENTS, CONTINUED

Investments, continued

<u>2024</u>	<u>Cost Basis</u>	<u>Fair Value (NAV)/ Carrying Amount</u>
Local Government Surplus Trust Fund (SBA) (LGIP) Prime	\$ 6,609,440	\$ 6,609,440
Florida Surplus Asset Fund Trust (FL SAFE) Stable Net Asset Value	2,171,530	2,171,530
Florida Cooperative Liquid Assets Security System (FLCLASS) Prime-Style Fund	<u>6,509,845</u>	<u>6,509,845</u>
Total investments	<u>\$ 15,290,815</u>	<u>\$ 15,290,815</u>

Restricted Investments

Restricted investments are required by the District's outstanding debt agreements as well as grant and other agreements.

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

	<u>2025</u>	<u>2024</u>
Construction	\$ 610,484	\$ 1,343,229
DEP - Deep Well Injection Reserve*	209,042	-
USDA - Debt Reserve	38,996	879,482
USDA - Short-Lived Asset Reserve	<u>1,665,147</u>	<u>1,592,046</u>
	<u>\$ 2,523,669</u>	<u>\$ 3,814,757</u>

*At September 30, 2024, the Deep Well Injection Reserve was held in a depository account. During the year ended September 30, 2025, the reserve was moved to an investment account. The District was required to have a reserve of \$210,078 and \$202,302 for the years ended September 30, 2025 and 2024, respectively. The District held sufficient unrestricted cash and investments to properly fund this account in its other unrestricted cash and investment accounts at September 30, 2025 and 2024. Once the District was informed by the Auditors during the audit of the need to hold and fully fund the reserve in a separate account, the account was immediately properly funded.

The Local Government Surplus Funds Trust Fund (Florida PRIME (formerly Fund "A")) is an external 2a7-like investment pool, administered by the Florida State Board of Administration. The Local Government Surplus Funds Investment Pool Trust Fund is not categorized as it is not evidenced by securities that exist in physical or book entry form. The Local Government Surplus Trust Funds Investment Pool's (LGIP) shares are stated at amortized cost (NAV), which approximates fair value. These investments are subject to the risk that the market value of an investment, collateral protecting a deposit or securities underlying a repurchase agreement, will decline. The District's investment in the Fund represented less than 1% of the Fund's

NOTE B - CASH AND INVESTMENTS, CONTINUED

Restricted Investments, continued

total investments. Investments held in the Fund include, but are not limited to, short-term federal agency obligations, treasury bills, repurchase agreements and commercial paper. These short-term investments are stated at amortized cost, which approximates market. Investment income is recognized as earned and is allocated to participants of the Fund based on their equity participation.

At September 30, 2025, the District reported SBA investments of \$5,171,111 fair value/cost for amounts held in Florida PRIME. The Florida PRIME carried a credit rating of AAAM by Standard and Poors and had a weighted average days to maturity (WAM) of 47 days at September 30, 2025. The weighted average life (WAL) of PRIME was 73 days at September 30, 2025.

The District adheres to GASB Statement No. 79 which requires the following disclosures related to its Florida PRIME investment:

Redemption Gates: Chapter 218.409(8)(a), Florida Statutes, states that “The principal, and any part thereof, of each account constituting the trust fund is subject to a payment at any time from the moneys in the trust fund. However, the Executive Director of the fund may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants. The Trustees, the Joint Legislative Auditing Committee, the Investment Executive Director have instituted such measures to review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on the contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.”

Foreign Currency Risk: Prime was not exposed to any foreign risk during the period October 1, 2024 to September 30, 2025.

Liquidity Fees: Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosures in the enrollment

NOTE B - CASH AND INVESTMENTS, CONTINUED

materials of the amount and purpose of such fees. At September 30, 2025, no such disclosure has been made.

Redemption Fees: As of September 30, 2025, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Fair Value: The cost and carrying value of the cash, cash equivalents, and investments held by the District approximate fair value and as such are reported at amortized cost.

Security Lending: PRIME did not participate in a securities lending program during the year October 1, 2024 through September 30, 2025.

PRIME audited financial statements for the year ended June 30, 2025, are available online.

At September 30, 2025, the District held investments of \$4,615,249 in the Florida Cooperative Liquid Assets Securities System (FL CLASS), a local government investment pool organized under the laws of the State of Florida pursuant to Florida Statutes (FS) 163.01 and is an authorized investment under FS 218.415, is presented at Net Asset Value (NAV), which reflects fair value. The objectives of FL CLASS are to generate investment income while maintaining safety and liquidity. There are no restrictions or terms and conditions on the District in redeeming the investment and the District has no unfunded commitments related to this investment.

General Description: According to the Governmental Accounting Standards Board (GASB), in order for an investment pool to qualify for the use of amortized cost accounting for financial reporting purposes, it must meet all the criteria listed in GASB Statement No. 79. FL CLASS is managed as stable value NAV pool, while FL CLASS Enhanced Cash is managed with a floating NAV, but FL CLASS does not meet all of the specific criteria outlined in GASB 79 Paragraph 4, therefore the District reports this investment in the pool at fair value.

Fair Value: FL CLASS measures this investment at fair value and therefore, the District's investment in this pool is not required to be categorized within the fair value hierarchy for purposes of paragraph 81a(2) of Statement 72.

FL CLASS is rated by S&P Global Ratings. The current rating is "AAAm." FL CLASS Enhanced Cash is rated by Fitch Ratings. The current rating is 'AAAf/S1.'

NOTE B - CASH AND INVESTMENTS, CONTINUED

Custodial Credit Risk: FL CLASS is an external investment pool and therefore is not subject to custodial credit risk; the investment in this pool is exempt from the reporting requirement.

Interest Rate Risk: The dollar weighted average days to maturity (WAM) of FL CLASS at September 30, 2025, was 42 days and the weighted average life (WAL) was 85 days.

A "AAAM" rating by S&P Global Ratings is obtained after S&P evaluated a number of factors including credit quality, market prices exposure, and management. Ratings are subject to change and do not remove credit risk.

Weighted Average Maturity (WAM) calculates the average number of days until maturity for a portfolio of securities. WAM uses the next interest rate reset date, call dated or put date in the calculation and therefore should always be less than or equal to weighted average life (WAL).

Weighted Average Life (WAL) calculates the average number of days until maturity for a portfolio of securities using the stated maturity date for all securities, including variable rate, callable or puttable securities.

The FL CLASS financial audit is available at: <http://www.FLCLASS.com>

At September 30, 2025, the District also held \$2,270,766 in the Florida Surplus Asset Fund Trust (FL SAFE) Stable NAV, a local government investment pool. FL SAFE is organized pursuant to Florida Statutes (FS) 163.01 and is an authorized investment under FS 218.415. The Indenture of Trust provides for the creation of multiple separate investment portfolios called "Series" within the FL SAFE and sets forth the manner in which the Series can be created and managed. Currently FL SAFE is a liquid stable net asset value \$1.00 fund (Stable NAV), a variable net asset value fund (Variable NAV). FL SAFE is governed by a Board of Trustees consisting of representatives from its local government members. The Administrator is Florida Management and Administrative Services, LLC, and the Investment Advisor is Prudent Man Advisors, LLC.

The FL SAFE Stable NAV Fund is a liquid money market-like investment rated AAAM by Standard & Poor's. The fund invests in high-quality fixed income investments with a weighted average maturity of less than 60 days and a weighted average life not to exceed 90 days. It seeks to maintain, but does not guarantee, a constant net asset value at \$1.00 per share. The FL SAFE Variable NAV Fund

NOTE B - CASH AND INVESTMENTS, CONTINUED

invests in high-quality fixed income investments with an average maturity of about one year. It is rated AAf/S1 by Standard & Poor's.

The District has no unfunded commitments to FL SAFE, FL CLASS or Florida PRIME, and is allowed daily redemptions and investments with a 1-day minimum holding period.

Following is a discussion of the various risks applicable to the District's FL CLASS and FL SAFE investments and how the District responds to those risks.

Interest Rate Risk: Interest rate risk exists when changes in interest rates could adversely affect an investment's fair value. When interest rates rise, the value of fixed rate securities fall. The District manages its exposure by adhering to FS 218.415(17).

Credit Risk: Credit quality risk results from potential default of investments that are not financially sound. The District assures the credit quality of its portfolio by investing in state-approved investment pools and U.S. government/agency securities. In addition, the investment policy requires specific ratings for investments in money market funds, bankers' acceptances, and state/local government obligations. The District manages its exposure by adhering to FS 218.415(17).

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District limits this risk by permitting investments permitted by FS 218.415(17).

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributable to the dollar amount of investments with a single issuer. The District limits this risk by limiting investments permitted by FS 218.415(17).

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The District's investment policy limits investments to investments permitted by FS 218.415(17).

The Fund does not invest in derivatives, asset backed commercial paper or mortgage backed securities.

The Fund management believes it is exempt from GASB 72 fair value hierarchy disclosures.

The FL SAFE financial audit is available at: <http://FLASAFE.org>

**IMMOKALEE WATER & SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025 and 2024**

NOTE C - ACCOUNTS RECEIVABLE, NET

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

	<u>2025</u>	<u>2024</u>
Customer receivables (water/sewer)	\$ 1,064,868	\$ 1,003,098
Less allowance for doubtful accounts	<u>(74,751)</u>	<u>(89,264)</u>
Net receivables	<u>\$ 990,117</u>	<u>\$ 913,834</u>

Bad debt expense was \$0 and \$0 for the years ended September 30, 2025 and 2024, respectively.

NOTE D - GRANT AND ASSESSMENT RECEIVABLES

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

	<u>2025</u>	<u>2024</u>
Grant receivables	\$ 1,258,472	\$ 705
Special Assessments	<u>747,278</u>	<u>825,124</u>
	<u>\$ 2,005,750</u>	<u>\$ 825,829</u>

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

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 477,412	\$ 530,444
Assessment levied	-	-
Collections	<u>(53,009)</u>	<u>(53,032)</u>
Balance, end of year	<u>\$ 424,403</u>	<u>\$ 477,412</u>

The District levied a special assessment of \$496,731 on system users benefiting from system improvements on State Road 29 during the year ended September 30, 2019. The assessment was initially levied through the Collier County Tax Collector on

**IMMOKALEE WATER & SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025 and 2024**

NOTE D - GRANT AND ASSESSMENT RECEIVABLES, CONTINUED

November 1, 2018 (FY19). The assessment is a one time assessment payable in full or over 20 years by the affected system users. The special assessment had the following activity for the years ended September 30:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 347,712	\$ 372,548
Assessment levied	-	-
Collections	<u>(24,837)</u>	<u>(24,836)</u>
Balance, end of year	<u>\$ 322,875</u>	<u>\$ 347,712</u>

NOTE E - CAPITAL ASSET ACTIVITY

The following is a summary of changes in capital asset activity for the year ended September 30, 2025:

	<u>Balance October 1 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments/ Reclassifications</u>	<u>Balance September 30 2025</u>
Capital Assets Not					
Being Depreciated:					
Land	\$ 3,674,735	\$ -	\$ -	\$ -	\$ 3,674,735
Construction in Progress	<u>1,760,343</u>	<u>9,843,155</u>	<u>-</u>	<u>(802,868)</u>	<u>10,800,630</u>
Total Capital Assets Not					
Being Depreciated	<u>5,435,078</u>	<u>9,843,155</u>	<u>-</u>	<u>(802,868)</u>	<u>14,475,365</u>
Capital Assets					
Being Depreciated:					
Buildings & Improvements	1,730,742	100,447	(140,363)	140,363	1,831,189
Water and Wastewater	-	-	-	-	-
Plant and Systems	96,419,626	-	(282,025)	662,505	96,800,106
Machinery & Equipment	<u>3,913,158</u>	<u>1,164,265</u>	<u>(50,208)</u>	<u>-</u>	<u>5,027,215</u>
Total Capital Assets					
Being Depreciated	<u>102,063,526</u>	<u>1,264,712</u>	<u>(472,596)</u>	<u>802,868</u>	<u>103,658,510</u>
Less Accumulated					
Depreciation:					
Buildings & Improvements	(1,086,401)	(57,032)	-	-	(1,143,433)
Plant and Systems	(45,038,504)	(2,631,996)	209,699	-	(47,460,801)
Machinery & Equipment	<u>(2,056,375)</u>	<u>(67,919)</u>	<u>-</u>	<u>-</u>	<u>(2,124,294)</u>
Total Accumulated Depreciation	<u>(48,181,280)</u>	<u>(2,756,947)</u>	<u>209,699</u>	<u>-</u>	<u>(50,728,528)</u>
Capital Assets, Net	<u>\$ 59,317,324</u>	<u>\$ 8,350,920</u>	<u>\$ (262,897)</u>	<u>\$ -</u>	<u>67,405,347</u>
				Related debt	<u>(28,067,941)</u>
				Net Investment in Capital Assets	<u>\$ 39,337,406</u>

NOTE E - CAPITAL ASSET ACTIVITY, CONTINUED

The depreciation expense for the years ended September 30, 2025 and 2024, was \$2,756,947 and \$2,542,168, respectively. During the years ended September 30, 2025 and 2024, the District continued construction on its system-wide improvements.

During the year ended September 30, 2018, the District early implemented GASB Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period". The implementation of the pronouncement requires the interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statement prepared using the economic resources measurement focus. As a result, no interest costs were capitalized on the project for fiscal years ended September 30, 2025 and 2024.

NOTE F - RETIREMENT PLANS

Plan Description and Provisions

Section 401(a) Plan

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

The Plan allows all employees to participate after three (3) months creditable employment. Employees who elect to participate must contribute three (3%) percent of their gross wages, excluding overtime compensation, up to \$3,000. If the employee desires to defer more than \$3,000 they can defer those amounts into the available IRC Section 457 Plan. The employer is required to contribute six (6%) percent of the respective participating employees' gross wages, excluding overtime compensation. Employer contributions into the 401(a) Plan are only required for those participating employees who contribute three (3%) of their gross wages, as defined. During the years ended September 30, 2025, 2024, and 2023, the District contributed 100% of its required contributions.

NOTE F - RETIREMENT PLANS, CONTINUED

Plan Description and Provisions, continued

Section 401(a) Plan

The District's gross contributions (employer portion) to the Plan for the years ended September 30, 2025, 2024, and 2023, were \$180,593, \$167,904 and \$169,897 respectively. Employee contributions to the Plan were \$92,175, \$86,243 and \$76,759, respectively for the years ended September 30, 2025, 2024, and 2023, respectively. There were no forfeitures used to reduce employer contributions.

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

Section 457 Plan

Effective November 1, 2012, the District approved a resolution to establish a Deferred Compensation Plan to be made available to all eligible District employees pursuant to Section 457 of the Internal Revenue Code (IRC). The Plan is administered by a third party administrator. The employer funds substantially all administrative costs of the Plan. All contributions made to the Plan are voluntary deferrals from employees' wages, with no contributions to the Plan made by the District. Employees are eligible to participate after 3 months employment and attainment of age 18. Deferral amounts are limited per IRS Code Section 457(e)(15). For the year ended September 30, 2025, the deferral limit to the Plan was \$23,500. Employees are immediately vested in their salary deferral amounts.

**IMMOKALEE WATER & SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025 and 2024**

NOTE G - REVENUE BONDS PAYABLE

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

	<u>Amount</u>
Balances - September 30, 2023	\$ 29,410,800
Principal retired	(889,500)
Bonds issued	<u>-</u>
Balances - September 30, 2024	28,521,300
Principal retired	(919,900)
Bonds issued	<u>-</u>
Balances - September 30, 2025	27,601,400
Issuance premium - unamortized	198,073
	<u><u>\$ 27,799,473</u></u>

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

	<u>2025</u>	<u>2024</u>
\$4,932,000 Series 2013, Water and Sewer Revenue Bonds, issued March 1, 2013, through USDA Rural Development. Principal and interest are payable annually beginning September 1, 2016, through September 1, 2052; interest payable annually at the rate of 2.5%; collateralized by the gross operating revenues of the system and a special assessment levied on the lands benefited by the system.	\$ 4,299,000	\$ 4,368,000
\$17,134,000 Series 2018 A & B, Water and Sewer Revenue Bonds, issued May 3, 2018, through USDA Rural Development. Interest only due September 1, 2018, then principal and interest are payable annually beginning September 1, 2019, through September 1, 2057; interest payable annually at the rate of 2.25%; collateralized by the gross operating revenues of the system and a special assessments levied on the lands benefited by the system.	15,043,000	15,362,000
\$9,570,000 Refunding Bonds Series 2022, issued May 12, 2022, through US Bank to refund the Series 1989, 1996, 1998, 2001 and 2008 USDA Rural Development Bonds. Principal is payable annually beginning September 1, 2022, and semi-annual interest payable each March 1 and September 1, beginning September 1, 2022, through September 1, 2042; interest payable at the rate of 4%; collateralized by the gross operating revenues of the system.	7,365,000	7,880,000

**IMMOKALEE WATER & SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025 and 2024**

NOTE G - REVENUE BONDS PAYABLE, CONTINUED

	<u>2025</u>	<u>2024</u>
\$944,000 Series 2022, Water and Sewer Revenue Bonds, issued June 25, 2022, through USDA Rural Development. Interest only due September 1, 2022, then principal and interest are payable annually beginning September 1, 2023, through September 1, 2062; interest payable annually at the rate of 2.00%; collateralized by the gross operating revenues of the system. These bonds were issued at a premium of \$280,761.	<u>894,400</u>	<u>911,300</u>
Less: Current portion (due in one year)	27,601,400 <u>(949,200)</u>	28,521,300 <u>(919,900)</u>
Long-term portion	26,652,200	27,601,400
Plus: Unamortized premium on refunding	<u>198,073</u>	<u>224,192</u>
Balance, less current portion	<u><u>\$ 26,850,273</u></u>	<u><u>\$ 27,825,592</u></u>

Bond Resolutions

The bond resolutions established certain accounts and determined the order in which certain revenues are to be deposited into those accounts. In addition, there are various other covenants established by the respective bond official statements and District resolutions, including such items as debt service coverage, reporting requirements, and maintenance of facilities. The bond issues require certain sinking fund balances be maintained. At September 30, 2025, the District had fully funded the reserve accounts. Management believes that it has complied, in all material respects, with these covenants. All Reserve balances at September 30, 2025 and 2024, are reflected as restricted deposits/investments within these financial statements.

**IMMOKALEE WATER & SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025 and 2024**

NOTE G - REVENUE BONDS PAYABLE, CONTINUED

Bond Resolutions

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

Years Ending September 30	Principal	Interest	Total
2026	\$ 949,200	\$ 758,543	\$ 1,707,743
2027	984,144	728,089	1,712,233
2028	1,015,490	69,600	1,085,090
2029	1,050,843	662,850	1,713,693
3030	1,087,204	628,460	1,715,664
2031-2035	6,119,680	2,598,229	8,717,909
2036-2040	4,193,839	1,793,070	5,986,909
2041-2045	3,627,065	1,222,356	4,849,421
2046-2050	3,594,471	814,380	4,408,851
2051-2055	3,483,181	394,010	3,877,191
2056-2060	1,445,332	60,232	1,505,564
2061-2062	50,951	2,471	53,422
	27,601,400	9,732,290	37,333,690
Premium	198,073	-	198,073
	<u>\$ 27,799,473</u>	<u>\$ 9,732,290</u>	<u>\$ 37,531,763</u>

Revenue bond debt interest expense was \$784,113 and \$814,704 for the years ended September 30, 2025 and 2024, respectively. No revenue bond debt interest expense was capitalized in either year.

The District paid a premium of \$280,761 when it issued the 2022 refunding bonds. As such, it is amortizing the premium over 20 years (the life of the related bonds). The District recognized amortization expense of \$26,119 and \$27,290 for the years ended September 30, 2025 and 2024, respectively. Accumulated amortization at September 30, 2025 and 2024 was \$82,687 and \$56,568, respectively.

**IMMOKALEE WATER & SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025 and 2024**

NOTE H - LOANS PAYABLE - SRF

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

	DEP.SRF DW110120	DEP.SRF DW110121	Total
Balance-September 30, 2023	\$ 195,311	\$ 153,833	\$ 349,144
Principal retired	(22,177)	(17,644)	(39,821)
Balance-September 30, 2024	173,134	136,189	309,323
Principal retired	(22,781)	(18,074)	(40,855)
Balance-September 30, 2025	<u>\$ 150,353</u>	<u>\$ 118,115</u>	<u>\$ 268,468</u>

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

	<u>2025</u>	<u>2024</u>
<p>\$419,681 loan payable representing 15% of a grant/loan payable to Florida Department of Environmental Protection. The maximum amount of the loan is \$2,735,112, in which the FDEP has forgiven \$2,324,845 of the note. The loan also required the District to capitalize interest of \$9,414 during the year ended September 30, 2011. Interest accrues at 2.71%. Principal and interest is payable in forty (40) semi-annual payments of \$13,660 in May and November beginning November 15, 2011. Final payment due May 2031. The loan is collateralized by the gross operating revenues of the system and assessments levied on the lands benefited by the system.</p>	\$ 150,353	\$ 173,134
<p>\$335,504 loan payable to Florida Department of Environmental Protection. The loan requires forty (40) semi-annual payments of \$10,637 in November and May beginning November 15, 2011. The loan required the District to capitalize interest of \$7,346 during the year ended September 30, 2011. Final payment date May 2031. Interest accrues at 2.43%. The loan is collateralized by the gross operating revenues of the system and assessments levied on the lands benefited by the system.</p>	<u>118,115</u>	<u>136,189</u>
Total loans payable	268,468	309,323
Less current portion:	<u>(41,920)</u>	<u>(40,856)</u>
	<u>\$ 226,548</u>	<u>\$ 268,467</u>

**IMMOKALEE WATER & SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025 and 2024**

NOTE H - LOANS PAYABLE - SRF, CONTINUED

Years Ending September 30	Principal	Interest	Total
2026	\$ 41,920	\$ 6,675	\$ 48,595
2027	43,011	5,584	48,595
2028	44,131	4,465	48,596
2029	45,280	3,316	48,596
2030	46,458	2,137	48,595
2031	47,668	927	48,595
	<u>\$ 268,468</u>	<u>\$ 23,104</u>	<u>\$ 291,572</u>

Loans payable - SRF related interest expense was \$7,584 and \$8,383 for the years ended September 30, 2025 and 2024, respectively. No loan interest costs were capitalized in either year.

NOTE I - CAPITAL LEASE

On October 31, 2018, the District entered into a sixty (60) month, 0% interest capital lease agreement, for the lease of eight (8) vehicles, in the amount of \$219,307. Monthly payments are \$3,655 plus monthly maintenance fees. Payments began in April, 2019 with final payment due in March 2024. The lease agreement is collateralized by the respective eight (8) vehicles. The lease has been extended on a month-to-month basis until the District could obtain replacement vehicles. The lease agreement ended during the year ended September 30, 2024.

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

	Amount
Balances - September 30, 2023	\$ 21,931
Proceeds	-
Principal payments	<u>(21,931)</u>
Balances - September 30, 2024	-
Proceeds	-
Principal payments	<u>-</u>
Balances - September 30, 2025	<u>\$ -</u>

The cost of capital assets under lease was \$219,307 at September 30, 2025. The accumulated depreciation was \$219,307 and the current year depreciation expense was \$0 on those capital assets.

**IMMOKALEE WATER & SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025 and 2024**

NOTE I - CAPITAL LEASE, CONTINUED

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

Years Ending September 30	Principal	Interest	Total
2026	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -

Interest expense related to the capital lease was \$0 and \$0 for the years ended September 30, 2025 and 2024, respectively.

NOTE J - ACCRUED COMPENSATED ABSENCES

Accrued compensated absences had the following activity for the year ended September 30:

	Amount
Accrued compensated absences, September 30, 2023	\$ 168,054
Net decrease	(2,959)
Accrued compensated absences, September 30, 2024	165,095
Net increase	105,273
Accrued compensated absences, September 30, 2025	\$ 270,368

NOTE K - CONTINGENCIES

General Litigation

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

NOTE K - CONTINGENCIES, CONTINUED

PFAS Litigation

During the fiscal year ended September 30 2025, the District received partial settlement proceeds related to nationwide litigation against certain manufacturers of per- and polyfluoroalkyl substances (PFAS). These proceeds are intended to partially reimburse the District for past and future costs associated with PFAS testing, monitoring, treatment, and regulatory compliance.

Settlement proceeds received during the year ended September 30, 2025 totaled \$1,185,616 and have been recorded as nonoperating revenue in the accompanying financial statements. The District recognizes PFAS settlement proceeds when received, as the total amount to be received under the settlement is not currently determinable and future payments are contingent on factors outside the District's control.

Federal Grants

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

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

**IMMOKALEE WATER & SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025 and 2024**

NOTE L - NET POSITION (NET ASSETS)

Restricted net assets consist of the following at September 30:

	<u>2025</u>	<u>2024</u>
Restricted assets	\$ 9,169,016	\$ 7,384,589
Less: liabilities payable from restricted cash	<u>(3,566,351)</u>	<u>(4,078,735)</u>
	<u>\$ 5,602,665</u>	<u>\$ 3,305,854</u>

Unrestricted net assets consist of the following at September 30:

	<u>2025</u>	<u>2024</u>
Designated for emergencies	\$ 852,891	\$ 941,631
Designated for operations	4,806,900	4,911,487
Designated for vehicle replacement	426,446	607,483
Designated for capital equipment	852,891	1,000,000
Designated for future capital projects	852,891	1,000,000
Designated for maint. reserve - wastewater	2,331,805	1,000,000
Designated for maint. reserve - water	<u>2,970,196</u>	<u>4,852,944</u>
Total Designated	13,094,020	14,313,545
Undesignated	-	-
Total unrestricted net assets	<u>\$ 13,094,020</u>	<u>\$ 14,313,545</u>

NOTE M - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees, and natural disasters.

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

**IMMOKALEE WATER & SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025 and 2024**

NOTE N - COMMITMENTS

On June 30, 2023, the District entered into an agreement to purchase land for future construction of an administrative building. The purchase price was approximately \$1,025,000, contingent on the District being able to obtain a use permit and gaining approval to relocate power lines. As of September 30, 2023, a \$10,000 deposit was placed by the District in escrow toward the purchase of this parcel of land. The purchase closed during the year ended September 30, 2024.

As noted above, the District intends to construct a new administrative building on the site in the future. As of September 30, 2025 and 2024, the District has expended \$181,538 and \$182,061, respectively, in preconstruction and clean up costs. The District has no immediate plan to begin construction.

NOTE O - SUBSEQUENT EVENTS

Subsequent to year end, the District entered into a subrecipient agreement with the State of Florida Department of Commerce (pass-through entity) under the Community Development Block Grant – Disaster Recovery (CDBG-DR) program. The agreement provides for up to approximately \$10.8 million in grant funding to support wastewater infrastructure improvements, subject to compliance with program requirements and reimbursement provisions.

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

IMMOKALEE WATER & SEWER DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - BUDGET (NON-GAAP BUDGETARY BASIS) AND
ACTUAL WITH RECONCILIATION TO GAAP BASIS
Year ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance
OPERATING REVENUES				
Water service	\$ 5,900,000	\$ 5,520,532	\$ 5,520,533	\$ 1
Wastewater service	8,350,000	7,945,435	7,945,435	-
Meter service charge	1,175,000	1,187,137	1,187,138	1
Late fees	160,000	166,276	166,277	1
Reconnect and transfer fees	141,000	160,715	160,715	-
Miscellaneous charges, fees and other income	95,000	142,250	142,792	542
Cross connection control fee	500,000	500,591	500,591	-
TOTAL OPERATING REVENUES	<u>16,321,000</u>	<u>15,622,936</u>	<u>15,623,481</u>	<u>545</u>
OPERATING EXPENSES				
WATER TREATMENT				
Salaries and wages	349,600	349,655	377,999	(28,344)
Overtime	12,000	20,858	23,978	(3,120)
FICA	27,750	27,352	29,520	(2,168)
Unemployment taxes	230	213	212	1
Employer pension contribution	21,000	18,218	19,919	(1,701)
Health/life insurance	114,000	136,022	136,025	(3)
Workers' compensation	5,750	6,294	6,294	-
Other professional services	-	300	300	-
Engineering services	-	-	-	-
Travel and training	9,500	10,199	10,199	-
Telephone and fax	8,500	8,203	8,401	(198)
Electric	228,000	219,723	219,723	-
General liability insurance	14,360	13,625	13,624	1
Comprehensive auto insurance	2,590	2,349	2,349	-
Other insurance	75,190	72,752	72,752	-
Equipment maintenance	219,000	41,917	(8,293)	50,210
Repairs and maintenance	200,000	77,871	77,871	-
Other contract services	24,000	1,713	1,712	1
Vehicle fuel	9,600	7,233	7,232	1
Vehicle maintenance	2,500	1,935	2,384	(449)
Vehicle Lease	-	-	-	-
Diesel Fuel - Vehicle/Equipment	4,900	2,683	2,683	-
Office expense	1,000	820	809	11
Licenses and permits	500	8,075	8,075	-
Chemicals	190,000	176,851	176,851	-
Other materials	82,000	54,235	54,234	1
Tools	500	213	212	1
Safety and security	30,000	37,389	37,388	1
Laboratory fees	24,000	116,734	116,734	-
Uniforms/clothing allowance	1,200	781	780	1
Memberships/periodicals/books	120	1,579	1,579	-
SUB-TOTAL WATER TREATMENT	<u>1,657,790</u>	<u>1,415,792</u>	<u>1,401,546</u>	<u>14,246</u>

The accompanying notes are an integral part of this statement.

IMMOKALEE WATER & SEWER DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - BUDGET (NON-GAAP BUDGETARY BASIS) AND
ACTUAL WITH RECONCILIATION TO GAAP BASIS, CONTINUED
Year ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance
WATER DISTRIBUTION				
Salaries and wages	741,750	598,903	627,546	(28,643)
Overtime	35,000	35,732	35,731	1
FICA	59,500	47,578	49,769	(2,191)
Unemployment taxes	650	506	506	-
Employer pension contribution	44,550	33,571	35,289	(1,718)
Health/life insurance	313,500	235,548	235,559	(11)
Workers' compensation	11,800	13,511	13,510	1
Temporary Labor	-	81,945	81,944	1
Other professional services	-	500	500	-
Engineering services	23,500	-	-	-
Travel and training	6,378	31,685	31,685	-
Telephone and fax	-	6,097	6,588	(491)
General liability insurance	14,640	13,889	13,889	-
Comprehensive auto insurance	8,400	7,635	7,634	1
Other insurance	3,050	3,264	3,263	1
Repairs and maintenance	52,919	90,390	113,690	(23,300)
Water meter & registers replacement	184,738	147,144	147,144	-
Other contract services	14,500	11,291	11,291	-
Vehicle fuel	19,813	19,951	19,951	-
Vehicle maintenance	9,000	8,152	8,151	1
Vehicle Lease	3,500	5,505	5,505	-
Diesel Fuel - Vehicle/Equipment	22,926	5,190	5,190	-
Office expense	3,204	2,454	2,454	-
Other materials	45,157	12,307	12,306	1
Tools	10,963	6,456	9,037	(2,581)
Safety and security	15,000	19,945	19,945	-
Uniforms/clothing allowance	3,300	2,453	2,452	1
Memberships/periodicals/books	961	1,750	1,750	-
SUB-TOTAL WATER DISTRIBUTION	<u>1,648,699</u>	<u>1,443,352</u>	<u>1,502,279</u>	<u>(58,927)</u>
SUB-TOTAL WATER PLANTS/DISTRIBUTION	<u>3,306,489</u>	<u>2,859,144</u>	<u>2,903,825</u>	<u>(44,681)</u>

The accompanying notes are an integral part of this statement.

IMMOKALEE WATER & SEWER DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - BUDGET (NON-GAAP BUDGETARY BASIS) AND
ACTUAL WITH RECONCILIATION TO GAAP BASIS, CONTINUED
Year ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance
WASTEWATER TREATMENT				
Salaries and wages	712,750	588,251	657,891	(69,640)
Overtime	38,000	39,351	39,350	1
FICA	57,500	46,895	52,222	(5,327)
Unemployment taxes	520	391	390	1
Employer pension contribution	42,800	34,336	38,514	(4,178)
Health/life insurance	256,500	228,136	228,136	-
Workers' compensation	10,050	11,398	11,397	1
Other professional services	-	450	450	-
Engineering services	60,000	8,657	8,657	-
Travel and training	17,500	24,788	24,788	-
Telephone and fax	3,000	3,253	3,379	(126)
Electric	312,000	291,528	291,527	1
Section 8 electric	3,600	3,722	3,722	-
General liability insurance	28,400	26,957	26,956	1
Comprehensive auto insurance	3,880	3,524	3,523	1
Other insurance	255,740	246,102	246,101	1
Repairs and maintenance	510,000	356,363	356,559	(196)
Section 8 Field Maintenance	-	39,161	39,160	1
Other contract services	245,520	54,682	54,681	1
Vehicle fuel	3,500	1,689	1,688	1
Vehicle maintenance	2,000	4,214	4,214	-
Vehicle Lease	2,200	3,963	3,963	-
Diesel Fuel - Vehicle/Equipment	10,000	7,815	7,814	1
Office expense	4,000	6,669	6,669	-
Licenses and permits	55,000	10,305	10,305	-
Chemicals	81,950	142,112	142,112	-
Other materials	13,200	6,030	6,029	1
Tools	1,500	994	993	1
Safety & security	19,800	29,003	29,002	1
Laboratory fees	57,200	51,626	51,625	1
Residuals management	486,200	384,399	384,399	-
Uniforms/clothing allowance	2,400	2,032	2,032	-
Memberships/periodicals/books	1,500	2,270	2,270	-
SUB-TOTAL WASTEWATER TREATMENT	<u>3,298,210</u>	<u>2,661,066</u>	<u>2,740,518</u>	<u>(79,452)</u>

The accompanying notes are an integral part of this statement.

IMMOKALEE WATER & SEWER DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - BUDGET (NON-GAAP BUDGETARY BASIS) AND
ACTUAL WITH RECONCILIATION TO GAAP BASIS, CONTINUED
Year ended September 30, 2025

WASTEWATER COLLECTION	Original Budget	Final Budget	Actual	Variance
Salaries and wages	441,000	428,646	474,196	(45,550)
Overtime	28,000	56,139	53,018	3,121
FICA	36,000	35,999	39,483	(3,484)
Unemployment taxes	350	294	294	-
Employer pension contribution	26,500	24,800	27,533	(2,733)
Health/life insurance	171,000	160,619	160,630	(11)
Workers' compensation	6,200	7,048	7,048	-
Temporary	-	5,067	5,066	1
Other professional services	1,350	350	350	-
Engineering services	-	1,148	1,148	-
Travel and training	12,500	26,433	26,432	1
Telephone and fax	4,550	5,081	5,366	(285)
Electric	62,000	56,558	56,558	-
General liability insurance	18,310	17,381	17,381	-
Comprehensive auto insurance	6,460	5,873	5,873	-
Other insurance	13,340	12,765	12,765	-
Repairs and maintenance	114,000	52,142	52,141	1
Other contract services	9,600	11,001	11,201	(200)
Vehicle fuel	10,000	6,893	6,893	-
Vehicle maintenance	66,000	4,841	4,841	-
Vehicle Lease	8,000	14,689	14,689	-
Diesel Fuel - Vehicle/Equipment	7,000	7,986	7,985	1
Office expense	6,500	7,461	7,461	-
Licenses and permits	600	-	-	-
Chemicals	25,000	23,265	23,265	-
Other materials	20,500	13,087	13,087	-
Tools	4,200	2,449	2,449	-
Safety security	13,000	18,235	18,235	-
Uniforms/clothing allowance	1,800	1,486	1,486	-
Memberships/periodicals/books	500	2,453	2,452	1
SUB-TOTAL WASTEWATER COLLECTION	<u>1,114,260</u>	<u>1,010,189</u>	<u>1,059,326</u>	<u>(49,137)</u>

The accompanying notes are an integral part of this statement.

IMMOKALEE WATER & SEWER DISTRICT

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - BUDGET (NON-GAAP BUDGETARY BASIS) AND
ACTUAL WITH RECONCILIATION TO GAAP BASIS, CONTINUED
Year ended September 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
CUSTOMER SERVICE / ADMIN				
Salaries and wages	820,500	721,013	772,138	(51,125)
Overtime	15,000	13,579	13,578	1
FICA	64,000	54,587	58,498	(3,911)
Unemployment taxes	650	487	487	-
Employer pension contribution	47,000	32,716	35,783	(3,067)
Health/life insurance	313,500	275,916	275,915	1
Workers' compensation	800	756	755	1
Temporary	-	13,866	13,866	-
Legal services	200,000	126,331	126,027	304
Other professional services	130,000	199,489	127,163	72,326
Accounting/auditing	45,000	42,490	42,490	-
Engineering services	600,000	604,417	588,183	16,234
Travel and training	40,000	51,088	51,104	(16)
Telephone and fax	5,000	2,683	2,829	(146)
Postage and freight	45,000	49,622	49,633	(11)
General liability insurance	14,530	13,787	13,786	1
Comprehensive auto insurance	650	909	908	1
Other insurance	54,810	54,646	54,646	-
Other contract services	145,000	60,238	60,238	-
Repairs and maintenance	5,000	219,013	219,012	1
Vehicle fuel	52,500	2,451	2,451	-
Vehicle maintenance	1,500	2,364	2,364	-
Vehicle Lease	2,500	4,141	4,141	-
Office expense	50,000	25,665	25,665	-
Miscellaneous bank fees	8,500	8,802	8,802	-
Miscellaneous expense	10,000	13,131	13,130	1
Arrowhead Assessment fees/discount	4,500	4,715	4,715	-
Community outreach programs	9,000	32,393	32,393	-
Advertising	15,000	27,880	27,879	1
Licenses and permits	1,000	525	525	-
Other materials	1,000	1,439	1,438	1
Safety & security	15,000	17,077	17,077	-
Uniforms/clothing allowance	2,200	2,247	2,246	1
Memberships/periodicals/books	15,000	11,791	11,790	1
SUB-TOTAL CUSTOMER SERVICE / ADMIN	<u>2,734,140</u>	<u>2,692,254</u>	<u>2,661,655</u>	<u>30,599</u>

The accompanying notes are an integral part of this statement.

IMMOKALEE WATER & SEWER DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - BUDGET (NON-GAAP BUDGETARY BASIS) AND
ACTUAL WITH RECONCILIATION TO GAAP BASIS, CONTINUED
Year ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance
MAINTENANCE				
Salaries and wages	418,200	405,155	419,745	(14,590)
Overtime	15,000	18,731	18,730	1
FICA	33,150	32,333	33,448	(1,115)
Unemployment taxes	350	324	323	1
Employer pension contribution	25,100	22,681	23,555	(874)
Health/life insurance	171,000	148,510	148,521	(11)
Workers' compensation	4,400	4,962	4,961	1
Temporary labor	-	1,485	1,485	-
Other professional services	-	375	375	-
Travel and training	7,500	16,863	16,862	1
Telephone and fax	4,800	5,759	6,000	(241)
General liability insurance	11,750	11,145	11,145	-
Comprehensive auto insurance	9,050	8,222	8,222	-
Other insurance	4,110	3,922	3,922	-
Repairs and maintenance	39,500	164,687	24,323	140,364
Other contract services	4,500	3,869	3,868	1
Vehicle fuel	7,500	6,668	6,668	-
Vehicle maintenance	12,000	6,516	6,516	-
Diesel Fuel - Vehicle/Equipment	6,000	1,869	1,869	-
Vehicle lease	6,000	14,913	14,913	-
Chemicals	6,000	3,777	3,777	-
Office expense	1,000	9,678	9,678	-
Other materials	15,000	6,745	6,744	1
Tools	10,000	1,306	1,324	(18)
Safety & security	5,000	4,591	4,590	1
Uniforms/clothing allowance	1,500	1,102	1,102	-
Memberships/periodicals/books	500	1,385	1,384	1
SUB-TOTAL MAINTENANCE	<u>818,910</u>	<u>907,573</u>	<u>784,050</u>	<u>123,523</u>
DEPRECIATION				
Depreciation	-	-	2,756,947	(2,756,947)
SUB-TOTAL DEPRECIATION	<u>-</u>	<u>-</u>	<u>2,756,947</u>	<u>(2,756,947)</u>
TOTAL OPERATING EXPENSES	<u>11,272,009</u>	<u>10,130,226</u>	<u>12,906,321</u>	<u>(2,776,095)</u>
OPERATING PROFIT	<u>\$ 5,048,991</u>	<u>\$ 5,492,710</u>	<u>\$ 2,717,160</u>	<u>\$ (2,775,550)</u>

The accompanying notes are an integral part of this statement.

IMMOKALEE WATER & SEWER DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - BUDGET (NON-GAAP BUDGETARY BASIS) AND
ACTUAL WITH RECONCILIATION TO GAAP BASIS, CONTINUED
Year Ended September 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING PROFIT, BROUGHT FORWARD	<u>\$ 5,048,991</u>	<u>\$ 5,492,710</u>	<u>\$ 2,717,160</u>	<u>\$ (2,775,550)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest income	810,000	676,364	676,365	1
State Appropriations	-	4,946,156	4,941,250	(4,906)
Contributed capital - HUD	-	-	1,485,166	1,485,166
Contributed capital - customers	-	-	91,750	91,750
Other non-operating revenue	19,500	1,268,058	1,268,967	909
Capital outlay	(4,868,638)	(10,731,988)	(11,107,867)	(375,879)
Principal retirement - bonds	(920,000)	(919,900)	(919,900)	-
Principal retirement - SRF	(41,000)	(40,857)	(40,855)	2
Principal retirement - capital lease	-	-	-	-
Net Assets - brought forward	14,500,000	14,313,545	-	(14,313,545)
Net Assets - carryforward	(13,710,353)	(14,238,509)	-	14,238,509
Interest expense	(808,500)	(765,579)	(765,578)	1
Bad debt expense	(30,000)	-	-	-
Gain (Loss) on disposal of capital assets	-	-	(262,897)	(262,897)
NET NON-OPERATING REVENUES (EXPENSES)	<u>(5,048,991)</u>	<u>(5,492,710)</u>	<u>(4,633,599)</u>	<u>859,111</u>
NET PROFIT (LOSS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,916,439)</u>	<u>\$ (1,916,439)</u>

Reconciliation:

Net profit (loss) (Non-GAAP Budgetary Basis)	\$ (1,916,439)
Capital outlay	11,107,867
Principal retirement - bonds	919,900
Principal retirement - SRF	40,855
Principal retirement - capital lease	-
Capital contributions - special assessments	-
Increase in Net Position (GAAP Basis)	10,152,183
Net position - beginning of the year	<u>47,881,908</u>
Net position - end of the year	<u>\$ 58,034,091</u>

The accompanying notes are an integral part of this statement.

**IMMOKALEE WATER & SEWER DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 Year ended September 30, 2025**

Federal Agency/Pass Through State Agency/Program Title	CFDA# CSFA #	Pass-Through or Grant Contract Number
FEDERAL AWARDS		
<u>U.S. Department of Housing and Urban Development (HUD)</u>		
MAJOR (TYPE A) - FEDERAL AWARDS		
Passed through Collier County:		
Community Development Block Grants /Entitlement Grants		
Clay Sewer Pipe Lining	14.218	(1) CD24-01
TOTAL FEDERAL FINANCIAL AWARDS		
STATE AWARDS		
<u>Florida Department of Environmental Protection (DEP)</u>		
MAJOR (TYPE A) - STATE AWARDS		
Statewide Water Quality Restoration Projects		
Immokalee Smart Utility	37.039	LPA0545
Statewide Water Quality Restoration Projects		
Reclaimed Water Treatment	37.039	LPA0544
Statewide Water Quality Restoration Projects		
Water Softening	37.039	LPA0546
<u>Florida Division of Emergency Management</u>		
MAJOR (TYPE A) - STATE AWARDS		
State Hurricane Recovery Grant Program		
Well Access Road Improvement & Water Main Replacement	37.081	D1494
TOTAL STATE FINANCIAL ASSISTANCE		
TOTALS		

(1) included in CDBG - Entitlement Grants cluster
 (2) Revenue includes \$122,334 reimbursement for FY 24 expenditures.
 (3) includes receivable of \$396,570
 (4) includes receivable of \$845,716

<u>Program or Award Amount</u>	<u>Revenue</u>	<u>Disbursements/ Expenditures</u>	<u>Pass Through to Subrecipients</u>
\$ 2,066,506	\$ 1,485,166	\$ 1,485,166	\$ -
\$ 2,066,506	\$ 1,485,166	(3) \$ 1,485,166	\$ -
\$ 3,500,000	\$ 3,500,000	\$ 3,409,697	\$ -
5,000,000	386,632	380,884	-
9,000,000	253,060	226,777	-
<u>17,500,000</u>	<u>4,139,692</u>	(2) (4) <u>4,017,358</u>	<u>-</u>
1,384,720	801,558	801,558	-
\$ 18,884,720	\$ 4,941,250	\$ 4,818,916	\$ -
<u>\$ 20,951,226</u>	<u>\$ 6,426,416</u>	<u>\$ 6,304,082</u>	<u>\$ -</u>

IMMOKALEE WATER & SEWER DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
Year ended September 30, 2025

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) includes the federal award and State of Florida financial assistance activity of the District under the programs of the federal government and State of Florida for the year ended September 30, 2025. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Florida Single Audit Act (Florida Statute 215.97) and Florida Auditor General Rule 10.550. Because the Schedule presents only a selected portion of the operations of the District it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Schedule of Expenditures of Federal Awards and State Financial Assistance has been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America and is in accordance with the provisions of OMB Uniform Guidance , "Audits of States, Local Governments and Non-Profit Organizations", the Florida Single Audit Act (FS 215.97) and the State of Florida, Rules of the Auditor General 10.550.

Expenditures reported on the Schedule of Expenditures of Federal Awards and State Financial Assistance include cash disbursements, whether capitalized or expensed, during the fiscal year as well as grant related amounts recorded as payable at year end. Revenues reported on the Schedule of Expenditures of Federal Awards and State Financial Assistance include cash receipts, whether recognized or deferred, as well as grant receivables recorded at year end.

Basis of Accounting

Expenditures reported on the Schedule are recognized following the cost principles contained in the Uniform Guidance, Florida Single Audit Act (Florida Statute 215.97) and Florida Auditor General Rule 10.550 wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

IMMOKALEE WATER & SEWER DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
Year ended September 30, 2025

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NOTE C - INDIRECT COSTS

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

The District has elected not to use the 15% de minimus indirect cost rate allowed under OMB Uniform Guidance.

NOTE D - SUBRECIPIENTS

During the year ended September 30, 2025, there were no federal or state funds passed through to subrecipients.

NOTE E - MATCH/PARTICIPATION REQUIREMENTS

The District received financial assistance under several grants and contracts.

For the fiscal year ended September 30, 2025, the District had no matching/participation requirements.

ADDITIONAL REPORTS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States of America, the basic financial statements of the business-type activities of Immokalee Water & Sewer District (the "District") which comprise the statement of net position as of September 30, 2025, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended and the related notes to the financial statements and have issued our report thereon dated May 7, 2026.

Internal Control Over Financial Reporting

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

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

INTEGRITY SERVICE EXPERIENCE

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

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

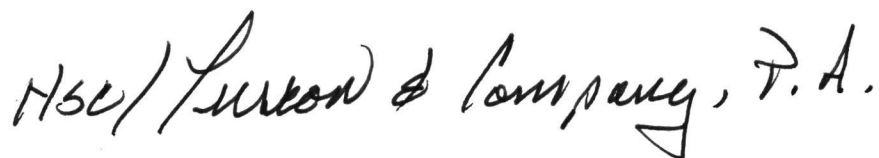
We, however, noted certain other matters that we have reported in our Report to Management dated May 7, 2026.

Compliance and Other Matters

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

Purpose of This Report

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

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

HSC/TUSCAN & COMPANY, P.A.

Fort Myers, Florida

May 7, 2026

Independent Auditor's Report on Compliance on Each Major Federal Program and Each Major State Project and on Internal Control Over Compliance in Accordance with the Uniform Guidance and the Florida Single Audit Act (Florida Statute 215.97)

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

Report on Compliance For Each Major Federal Program and Each Major State Project

We have audited Immokalee Water & Sewer District compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Florida Department of Financial Services "State Projects Compliance Supplement" that could have a direct and material effect on each of the Immokalee Water & Sewer's major federal programs and major state projects for the year ended September 30, 2025. Immokalee Water & Sewer's major federal programs and major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Immokalee Water & Sewer's major federal programs and its major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America; and audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" ("Uniform Guidance") and the Florida Single Audit Act (Florida Statute 215.97) and the Auditor General Rule 10.550. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and/or major state project occurred. An audit includes examining, on a test basis, evidence about Immokalee Water & Sewer's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

INTEGRITY SERVICE EXPERIENCE

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

Opinion on Each Major Federal Program and Each Major State Project

In our opinion, Immokalee Water & Sewer complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and its major state projects for the year ended September 30, 2025.

Report on Internal Control Over Compliance

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

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

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

We, however, noted certain other matters that we have reported in our Report to Management dated May 7, 2026.

Purpose of the Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Uniform Guidance the Florida Single Audit Act (Florida Statute 215.97) and the State of Florida, Rules of the Auditor General 10.550. Accordingly, this report is not suitable for any other purpose.

HSC/Tuscan & Company, P.A.

HSC/TUSCAN & COMPANY, P.A.

Fort Myers, Florida

May 7, 2026

IMMOKALEE WATER & SEWER DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE, CONTINUED
Year ended September 30, 2025

Section III- Federal Award Findings and Questioned Costs

There are no current year findings.

Section IV- Status of Federal Prior Year Findings

There were no prior year findings.

State Financial Assistance

Section I – Summary of Auditor’s Results

Internal control over major projects:

Control deficiency(ies) identified?	_____	Yes	X	No
Significant deficiency(ies) identified?	_____	Yes	X	No
Material weakness(es) identified?	_____	Yes	X	None Reported

Type of auditors report issued on compliance for major projects Unmodified

Any audit findings disclosed that are required to be reported in accordance with Rules of the Auditor General 10.557 _____ Yes X No

Identification of major state projects:

CSFA

<u>Number(s)</u>	<u>Name of State Project</u>
37.039	Statewide Water Quality Restoration
31.081	State Hurricane Recovery Grant

Dollar threshold used to distinguish between Type A and Type B projects: Threshold used was \$750,000.

Listing of Subrecipients and matching amounts passed-through:
 None - not applicable

Section II- Financial Statement Findings

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

Section III- State Financial Assistance Findings and Questioned Costs - Rule 10.554(1)(i)4

There are no current year findings.

Section IV - Status of State Financial Assistance Prior Year Findings

There were no prior year findings.

HSC/Tuscan & Company, PA

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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

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

We have examined Immokalee Water & Sewer District's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2025. Management is responsible for Immokalee Water & Sewer District's compliance with those requirements. Our responsibility is to express an opinion on Immokalee Water & Sewer District's compliance based on our examination.

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

In our opinion, Immokalee Water & Sewer District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2025.

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



HSC/TUSCAN & COMPANY, P.A.
Fort Myers, Florida
May 7, 2026

INTEGRITY SERVICE EXPERIENCE

1470 Royal Palm Square Blvd. • Fort Myers, FL 33919-1049
Phone: (239) 939-2233 • Fax: (239) 939-0554 • www.hsctuscan.com

INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT

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

We have audited the accompanying basic financial statements of Immokalee Water & Sewer District (the "District") as of and for the year ended September 30, 2025 and have issued our report thereon dated May 7, 2026.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, which is dated May 7, 2026, should be considered in conjunction with this report to management.

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

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

INTEGRITY SERVICE EXPERIENCE

- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The District discloses this information in the notes to the financial statements.
- Section 10.554(1)(i)5.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.554(1)(i)5.b.(1) and 10.556(7), Rules of the Auditor General, we have applied financial condition assessment procedures. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. In connection with our audit, we determined that the District did not meet any of the criteria of a deteriorating financial condition as described in Auditor General Rule Section 10.554(1)(i)(5).a.
- Pursuant to Section 10.544(1)(i)5.b(2), Rules of the Auditor General, if a deteriorating financial condition(s) is noted then a statement is so required along with the conditions causing the auditor to make such a conclusion. No such conditions were noted.
- Pursuant to Section 10.554(1)(i)5.c., Rules of the Auditor General, requires a statement indicating a failure, if any, of a component unit special district to provide financial information necessary to a proper reporting of the component unit within the audited financial statements of this entity (F.S. Section 218.39(3)(b)). There are no known component special districts required to report within these financial statements.
- Pursuant to Section 10.554(1)(i)7, Rules of the Auditor General, requires disclosure of certain unaudited data. See Exhibit 2.
- Pursuant to Section 10.554(1)(i)8, Rules of the Auditor General, requires an independent special district that imposes ad valorem taxes to disclose certain related unaudited data. See Exhibit 2.

- Section 10.554(1)9, Rules of the Auditor General, requires an independent special district that imposes a non-ad valorem special assessment to disclose certain unaudited data. See Exhibit 2.
- Section 10.556(10)(a), Rules of the Auditor General, requires that the scope of our audit to determine the entity's compliance with the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes as reported in our Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes dated May 7, 2026, included herein.
- Section 10.557(3)(m), Rules of the Auditor General, requires a notarized affidavit, related to impact fees, signed and sworn to be the Chief Financial Officer be included in the audit report. No such affidavit is included as the District has not implemented any Impact Fees.

PRIOR YEAR COMMENTS:

2022-2 Fixed Asset Listing Should Include Identifying Tag Number

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

2023 Addendum

We continue to recommend that the fixed asset listing include the asset tag number.

2024 Addendum

The District's recently hired Finance Director is actively working on reviewing and revising the District's capital asset records. As such, the District's capital asset records are being reconciled to the physical inventory of assets and assets are being renumbered and properly marked. The District is committed to having this issue resolved by end of fiscal year 25. We expect this comment will be resolved in fiscal year 25.

2025 Current Year Comments

This comment appears to be resolved.

2023-1 Commissioners Should be Bonded

The District's Enabling Act LOF 78-494 and LOF 2022-258 requires each member of its Board of Commissioners to be bonded. The District currently has 6 Board seats filled. We noted at September 30, 2023 one of the six Board members was not properly

bonded. We recommend the District immediately bond this Board member and ensure all members are properly bonded in the future.

2024 Addendum

The District currently has 5 Board seats filled. We noted at September 30, 2024, one of the five Board members was not properly bonded. We recommend the District immediately bond this Board member and ensure all members are properly bonded in the future. It should be noted once the District was notified of the issue, the District initiated the process of renewing the expired bond.

Current Year Comments

This comment appears to be resolved.

2023-2 Security Deposits Bank Account Should Be Kept Funded

During the audit, we noted the district was not funded in the security deposits bank account to match the security deposits liability at fiscal year-end.

We recommend that the District client transfer money from other operating bank accounts to the security deposits bank account to maintain a balance that meets the amount of the liability.

2024 Addendum

We recommend that the District client transfer money from other operating bank accounts to the security deposits bank account to maintain a balance that meets the amount of the liability.

Current Year Comments

This comment appears to be resolved.

2023-3 Outstanding Checks Should be Investigated

During the audit, we noted the District had outstanding checks that were outstanding for over twelve months.

We recommend that the District regularly investigate old outstanding checks and properly dispose of the outstanding checks over twelve months old.

2024 Addendum

This comment appears to be resolved.

CURRENT YEAR COMMENTS:

2025-1 Schedule of Expenditures of Federal Awards and State Financial Assistance should be reconciled timely.

During the audit, we noted multiple errors in expenditures reported by Assistance Listing number and CSFA number on the initial draft of the SEFA, as well as errors in federal and state revenues reported on the SEFA. Corrections were required to properly classify expenditures among applicable state programs and to reconcile reported amounts to the District's accounting records. In addition, audit adjustments were proposed to correct the federal and state revenues reported on the SEFA. The District reviewed, adopted and posted the proposed adjustments and also corrected the SEFA.

We recommend management establish and document effective internal controls over the preparation and review of the Schedule of Expenditures of Federal and State Financial Assistance (SEFA). Such controls should include reconciling SEFA amounts to the general ledger, fixed asset related expenditures and supporting grant records, as well as performing an independent supervisory review with documented approval prior to submission.

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

HSC/Tuscan & Company, P.A.

HSC/TUSCAN & COMPANY, P.A.

Fort Myers, Florida

May 7, 2026

EXHIBIT 1



Board of IWSD
Commissioners

Mr. Joseph Brister
Chair

Mr. Robert Halman
Vice Chair

Ms. Bonnie Keen
Secretary

Ms. Magda Ayala
Treasurer

Ms. Patricia Anne
Goodnight
Commissioner

May 20, 2026

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

Dear Ms. Norman:

This letter is in response to the Management Letter in the Immokalee Water and Sewer District's Year Ending September 30, 2025 audit, performed by Tuscan & Company, P.A., which was presented to and accepted by the Board on May 20, 2026.

PRIOR YEAR COMMENTS:

2022-2 Fixed Asset Listing Should Include Identifying Tag Number

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

2023 Addendum

We continue to recommend that the fixed asset listing includes the asset tag number.

2024 Addendum

The District's recently hired Finance Director is actively working on reviewing and revising the District's capital asset records. As such, the District's capital asset records are being reconciled to the physical inventory of assets and assets are being renumbered and properly marked. The District is committed to having this issue resolved by end of fiscal year 25. We expect this comment will be resolved in fiscal year 25.

2025 Current Year Comments

This comment appears to be resolved.

2023-1 Commissioners Should be Bonded

The District's Enabling Act LOF 78-494 and LOF 2022-258 requires each member of its Board of Commissioners to be bonded. The District currently has 6 Board seats filled. We noted at September 30, 2023 one of the six Board members was not properly bonded. We recommend the District immediately bond this Board member and ensure all members are properly bonded in the future.

2024 Addendum

The District currently has 5 Board seats filled. We noted at September 30, 2024, one of the five Board members was not properly bonded. We recommend the District immediately bond this Board member and ensure all members are properly bonded in the future. It should be noted once the District was notified of the issue, the District initiated the process of renewing the expired bond.

2025 Current Year Comments

This comment appears to be resolved.

2023-2 Security Deposits Bank Account Should Be Kept Funded

During the audit, we noted the district was not funded in the security deposits bank account to match the security deposits liability at fiscal year-end. We recommend that the District client transfer money from other operating bank accounts to the security deposits bank account to maintain a balance that meets the amount of liability.

2024 Addendum

We recommend that the District client transfer money from other operating bank accounts to the security deposits bank account to maintain a balance that meets the amount of the liability.

2025 Current Year Comments

This comment appears to be resolved.

2023-3 Outstanding Checks Should be Investigated

During the audit, we noted the District had outstanding checks that were outstanding for over twelve months. We recommend that the District regularly investigate old outstanding checks and properly dispose of the outstanding checks over twelve months old.

2024 Addendum

This comment appears to be resolved.

CURRENT YEAR COMMENTS:

2025-1 **Schedule of Expenditures of Federal Awards and State Financial Assistance should be reconciled timely.**

During the audit, we noted multiple errors in expenditures reported by Assistance Listing Number (ALN) and Catalog of State Financial Assistance (CSFA) number on the initial draft of the Schedule of Expenditures of Federal and State Financial Assistance (SEFA), as well as errors in federal and state revenues reported on the SEFA. Corrections were required to properly classify expenditures among applicable state programs and to reconcile reported amounts to the District's accounting records. In addition, audit adjustments were proposed to correct the federal and state revenues reported on the SEFA. The District reviewed, adopted and posted the proposed adjustments and corrected the SEFA.

We recommend management establish and document effective internal controls over the preparation and review of the SEFA. Such controls should include reconciling SEFA amounts to the general ledger, fixed asset related expenditures and supporting grant records, as well as performing an independent supervisory review with documented approval prior to submission.

Response: The District will perform additional internal training of finance staff and grant managers to ensure that amounts reported on the SEFA are properly reconciled to the general ledger and subledgers. The internal training will be on the documentation and approval requirements needed to support timely SEFA reconciliation. This training will focus on:

- **required forms, applications, and approvals; and**
- **reconciliation of SEFA amounts to the general ledger**

IWSD supports annual audits conducted under the purview of the Florida Auditor General as they provide governmental entities with an important layer of financial oversight, transparency, and accountability. These audits help ensure that public funds are managed in accordance with applicable laws, regulations, and sound accounting practices, while also identifying opportunities to strengthen internal controls and operational efficiency. In addition, regular independent audits enhance public trust by demonstrating a commitment to fiscal responsibility and the ethical stewardship of taxpayer resources.

Please do not hesitate to contact me with any questions or concerns.

Sincerely,



Sarah Catala, CPM

Executive Director

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HELPING YOUR LIFE FLOW 

EXHIBIT 2

**UNAUDITED
COMPLIANCE WITH REPORTING REQUIRED BY:**

Auditor General Rule 10.554(1)(i)7

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

- a. The total number of district employees compensated in the last pay period of the district’s fiscal year being reported (see information required in Section 218.32(1)(e)2.a., Florida Statutes). 43

- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district’s fiscal year being reported (see information required in Section 218.32(1)(e)2.b., Florida Statutes). 1

- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency (see information required in Section 218.32(1)(e)2.c., Florida Statutes). (Total wage compensation for the fiscal year being audited) \$ 3,513,900

- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency (see information required in Section 218.32(1)(e)2.d., Florida Statutes). (Amounts paid that would be reported on a Form 1099 for FYE) \$ 125,281

- e. Each construction project with a total cost of at least \$65,000 approved by the district that was scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project (see information required in Section 218.32(1)(e)2.e., Florida Statutes).

<u>Project</u>	<u>FY 25 Spend</u>	<u>Budgeted Costs</u>
Immokalee Smart Utility (AMI)	\$ 3,810,824	\$ 9,403,288
Master Lift Station C & Carson Road	3,117,329	4,649,304
Clay Sewer Pipe Project - FMV Section A & B	1,485,166	2,006,506
Well Access Road Improvement & Watermain Pipe Replacement	801,559	1,384,720
Reuse/Reclaimed Water Treatment	380,884	5,000,000
Water Softening	153,360	9,000,000
	<u>\$ 9,749,122</u>	<u>\$ 31,443,818</u>

*small projects under \$65,000 make up difference

- f. A budget variance report based on the budget adopted under section 189.016(4), Florida Statutes, before the beginning of the fiscal year reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes (see information required in Section 218.32(1)(e)3., Florida Statutes). If there were amendments then include budget variance (original budget vs. actual at FYE). See attached pages 3 - 9.

Auditor General Rule 10.554(1)(i)8

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

- a. The millage rate or rates imposed by the district. N/A
- b. The current year gross amount of ad valorem taxes collected by or on behalf of the district. N/A
- c. The total amount of outstanding bonds issued by the district and terms of such bonds. \$ 26,652,200

Auditor General Rule 10.554(1)(i)9

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

- a. The rate or rated of such assessment imposed by the district. Initially levied in a prior year and collected over 20 years.

SR 29	\$	219
Arrowhead	\$	47
- b. The total amount of special assessments collected by or on behalf of the district.
 - Arrowhead \$53,009 total for current year
 - SR 29 \$24,837 total for current year
- c. The total amount of outstanding bonds issued by the district and the terms of such bonds. \$ 26,652,200

IMMOKALEE WATER & SEWER DISTRICT
ORIGINAL BUDGET (NON-GAAP) vs. ACTUAL WITH RECONCILIATION
TO GAAP BASIS COMPARISON REPORT - UNAUDITED -
Year ended September 30, 2025

	Original Budget	Actual	Variance
OPERATING REVENUES			
Water service	\$ 5,900,000	\$ 5,520,533	\$ (379,467)
Wastewater service	8,350,000	7,945,435	(404,565)
Meter service charge	1,175,000	1,187,138	12,138
Late fees	160,000	166,277	6,277
Reconnect and transfer fees	141,000	160,715	19,715
Miscellaneous charges, fees and other income	95,000	142,792	47,792
Cross connection control fee	500,000	500,591	591
	<u>16,321,000</u>	<u>15,623,481</u>	<u>(697,519)</u>
TOTAL OPERATING REVENUES			
OPERATING EXPENSES			
WATER TREATMENT			
Salaries and wages	349,600	377,999	(28,399)
Overtime	12,000	23,978	(11,978)
FICA	27,750	29,520	(1,770)
Unemployment taxes	230	212	18
Employer pension contribution	21,000	19,919	1,081
Health/life insurance	114,000	136,025	(22,025)
Workers' compensation	5,750	6,294	(544)
Other Professional Services	-	300	(300)
Travel and training	9,500	10,199	(699)
Telephone and fax	8,500	8,401	99
Electric	228,000	219,723	8,277
General liability insurance	14,360	13,624	736
Comprehensive auto insurance	2,590	2,349	241
Other insurance	75,190	72,752	2,438
Equipment maintenance	219,000	(8,293)	227,293
Repairs and maintenance	200,000	77,871	122,129
Other contract services	24,000	1,712	22,288
Vehicle fuel	9,600	7,232	2,368
Vehicle maintenance	2,500	2,384	116
Vehicle Lease	-	-	-
Diesel fuel - vehicle	4,900	2,683	2,217
Office expense	1,000	809	191
Licenses and permits	500	8,075	(7,575)
Chemicals	190,000	176,851	13,149
Other materials	82,000	54,234	27,766
Tools	500	212	288
Safety and security	30,000	37,388	(7,388)
Laboratory fees	24,000	116,734	(92,734)
Uniforms/clothing allowance	1,200	780	420
Memberships/periodicals/books	120	1,579	(1,459)
	<u>1,657,790</u>	<u>1,401,546</u>	<u>256,244</u>
SUB-TOTAL WATER TREATMENT			

The accompanying notes are an integral part of this statement.

IMMOKALEE WATER & SEWER DISTRICT
ORIGINAL BUDGET (NON-GAAP) vs. ACTUAL WITH RECONCILIATION
TO GAAP BASIS COMPARISON REPORT - UNAUDITED - CONTINUED
Year ended September 30, 2025

	Original Budget	Actual	Variance
WATER DISTRIBUTION			
Salaries and wages	741,750	627,546	114,204
Overtime	35,000	35,731	(731)
FICA	59,500	49,769	9,731
Unemployment taxes	650	506	144
Employer pension contribution	44,550	35,289	9,261
Health/life insurance	313,500	235,559	77,941
Workers' compensation	11,800	13,510	(1,710)
Temporary Labor	-	81,944	(81,944)
Other Professional Services	-	500	(500)
Engineering services	23,500	-	23,500
Travel and training	6,378	31,685	(25,307)
Telephone and fax	-	6,588	(6,588)
Electric	-	-	-
General liability insurance	14,640	13,889	751
Comprehensive auto insurance	8,400	7,634	766
Other insurance	3,050	3,263	(213)
Repairs and maintenance	52,919	113,690	(60,771)
Water meter & registers replacement	184,738	147,144	37,594
Other contract services	14,500	11,291	3,209
Vehicle fuel	19,813	19,951	(138)
Vehicle maintenance	9,000	8,151	849
Vehicle Lease	3,500	5,505	(2,005)
Diesel fuel - vehicle	22,926	5,190	17,736
License and permits	-	-	-
Office expense	3,204	2,454	750
Other materials	45,157	12,306	32,851
Tools	10,963	9,037	1,926
Safety and security	15,000	19,945	(4,945)
Laboratory fees	-	-	-
Uniforms/clothing allowance	3,300	2,452	848
Memberships/periodicals/books	961	1,750	(789)
SUB-TOTAL WATER DISTRIBUTION	<u>1,648,699</u>	<u>1,502,279</u>	<u>146,420</u>
SUB-TOTAL WATER PLANTS/DISTRIBUTION	<u>3,306,489</u>	<u>2,903,825</u>	<u>402,664</u>

The accompanying notes are an integral part of this statement.

IMMOKALEE WATER & SEWER DISTRICT
ORIGINAL BUDGET (NON-GAAP) vs. ACTUAL WITH RECONCILIATION
TO GAAP BASIS COMPARISON REPORT - UNAUDITED - CONTINUED
Year ended September 30, 2025

	Original Budget	Actual	Variance
WASTEWATER TREATMENT			
Salaries and wages	712,750	657,891	54,859
Overtime	38,000	39,350	(1,350)
FICA	57,500	52,222	5,278
Unemployment taxes	520	390	130
Employer pension contribution	42,800	38,514	4,286
Health/life insurance	256,500	228,136	28,364
Workers' compensation	10,050	11,397	(1,347)
Other professional services	-	450	(450)
Engineering services	60,000	8,657	51,343
Travel and training	17,500	24,788	(7,288)
Telephone and fax	3,000	3,379	(379)
Electric	312,000	291,527	20,473
Section 8 electric	3,600	3,722	(122)
General liability insurance	28,400	26,956	1,444
Comprehensive auto insurance	3,880	3,523	357
Other insurance	255,740	246,101	9,639
Repairs and maintenance	510,000	356,559	153,441
Section 8 field maintenance	-	39,160	(39,160)
Other contract services	245,520	54,681	190,839
Vehicle fuel	3,500	1,688	1,812
Vehicle maintenance	2,000	4,214	(2,214)
Vehicle Lease	2,200	3,963	(1,763)
Diesel Fuel - Vehicle	10,000	7,814	2,186
Office expense	4,000	6,669	(2,669)
Licenses and permits	55,000	10,305	44,695
Chemicals	81,950	142,112	(60,162)
Other materials	13,200	6,029	7,171
Tools	1,500	993	507
Safety & security	19,800	29,002	(9,202)
Laboratory fees	57,200	51,625	5,575
Residuals management	486,200	384,399	101,801
Uniforms/clothing allowance	2,400	2,032	368
Memberships/periodicals/books	1,500	2,270	(770)
SUB-TOTAL WASTEWATER TREATMENT	<u>3,298,210</u>	<u>2,740,518</u>	<u>557,692</u>

The accompanying notes are an integral part of this statement.

IMMOKALEE WATER & SEWER DISTRICT
ORIGINAL BUDGET (NON-GAAP) vs. ACTUAL WITH RECONCILIATION
TO GAAP BASIS COMPARISON REPORT - UNAUDITED - CONTINUED
Year ended September 30, 2025

	Original Budget	Actual	Variance
WASTEWATER COLLECTION			
Salaries and wages	441,000	474,196	(33,196)
Overtime	28,000	53,018	(25,018)
FICA	36,000	39,483	(3,483)
Unemployment taxes	350	294	56
Employer pension contribution	26,500	27,533	(1,033)
Health/life insurance	171,000	160,630	10,370
Workers' compensation	6,200	7,048	(848)
Temporary	-	5,066	(5,066)
Other professional services	1,350	350	1,000
Engineering services	-	1,148	(1,148)
Travel and training	12,500	26,432	(13,932)
Telephone and fax	4,550	5,366	(816)
Electric	62,000	56,558	5,442
General liability insurance	18,310	17,381	929
Comprehensive auto insurance	6,460	5,873	587
Other insurance	13,340	12,765	575
Repairs and maintenance	114,000	52,141	61,859
Other contract services	9,600	11,201	(1,601)
Vehicle fuel	10,000	6,893	3,107
Vehicle maintenance	66,000	4,841	61,159
Vehicle Lease	8,000	14,689	(6,689)
Diesel Fuel - Vehicle	7,000	7,985	(985)
Office expense	6,500	7,461	(961)
Licenses and permits	600	-	600
Chemicals	25,000	23,265	1,735
Other materials	20,500	13,087	7,413
Tools	4,200	2,449	1,751
Safety security	13,000	18,235	(5,235)
Uniforms/clothing allowance	1,800	1,486	314
Memberships/periodicals/books	500	2,452	(1,952)
SUB-TOTAL WASTEWATER COLLECTION	<u>1,114,260</u>	<u>1,059,326</u>	<u>54,934</u>

The accompanying notes are an integral part of this statement.

IMMOKALEE WATER & SEWER DISTRICT
ORIGINAL BUDGET (NON-GAAP) vs. ACTUAL WITH RECONCILIATION
TO GAAP BASIS COMPARISON REPORT - UNAUDITED - CONTINUED
Year ended September 30, 2025

	Original Budget	Actual	Variance
CUSTOMER SERVICE / ADMIN			
Salaries and wages	820,500	772,138	48,362
Overtime	15,000	13,578	1,422
FICA	64,000	58,498	5,502
Unemployment taxes	650	487	163
Employer pension contribution	47,000	35,783	11,217
Health/life insurance	313,500	275,915	37,585
Workers' compensation	800	755	45
Temporary	-	13,866	(13,866)
Legal services	200,000	126,027	73,973
Other professional services	130,000	127,163	2,837
Accounting/auditing	45,000	42,490	2,510
Engineering services	600,000	588,183	11,817
Travel and training	40,000	51,104	(11,104)
Telephone and fax	5,000	2,829	2,171
Postage and freight	45,000	49,633	(4,633)
General liability insurance	14,530	13,786	744
Comprehensive auto insurance	650	908	(258)
Other insurance	54,810	54,646	164
Other contract services	145,000	60,238	84,762
Repairs and maintenance	5,000	219,012	(214,012)
Vehicle fuel	52,500	2,451	50,049
Vehicle maintenance	1,500	2,364	(864)
Vehicle Lease	2,500	4,141	(1,641)
Office expense	50,000	25,665	24,335
Miscellaneous bank fees	8,500	8,802	(302)
Miscellaneous expense	10,000	13,130	(3,130)
Arrowhead Assessment fees/discount	4,500	4,715	(215)
Community outreach programs	9,000	32,393	(23,393)
Advertising	15,000	27,879	(12,879)
Licenses and permits	1,000	525	475
Other materials	1,000	1,438	(438)
Safety & security	15,000	17,077	(2,077)
Uniforms/clothing allowance	2,200	2,246	(46)
Memberships/periodicals/books	15,000	11,790	3,210
Hurricane Ian - Supplies	-	-	-
SUB-TOTAL CUSTOMER SERVICE / ADMIN	<u>2,734,140</u>	<u>2,661,655</u>	<u>72,485</u>

The accompanying notes are an integral part of this statement.

IMMOKALEE WATER & SEWER DISTRICT
ORIGINAL BUDGET (NON-GAAP) vs. ACTUAL WITH RECONCILIATION
TO GAAP BASIS COMPARISON REPORT - UNAUDITED - CONTINUED
Year ended September 30, 2025

	Original Budget	Actual	Variance
MAINTENANCE			
Salaries and wages	418,200	419,745	(1,545)
Overtime	15,000	18,730	(3,730)
FICA	33,150	33,448	(298)
Unemployment taxes	350	323	27
Employer pension contribution	25,100	23,555	1,545
Health/life insurance	171,000	148,521	22,479
Workers' compensation	4,400	4,961	(561)
Temporary labor	-	1,485	(1,485)
Other professional services	-	375	(375)
Travel and training	7,500	16,862	(9,362)
Telephone and fax	4,800	6,000	(1,200)
General liability insurance	11,750	11,145	605
Comprehensive auto insurance	9,050	8,222	828
Other insurance	4,110	3,922	188
Repairs and maintenance	39,500	24,323	15,177
Other contract services	4,500	3,868	632
Vehicle fuel	7,500	6,668	832
Vehicle maintenance	12,000	6,516	5,484
Diesel Fuel - Vehicle	6,000	1,869	4,131
Vehicle lease	6,000	14,913	(8,913)
Licenses and permits	-	-	-
Chemicals	6,000	3,777	2,223
Office expense	1,000	9,678	(8,678)
Other materials	15,000	6,744	8,256
Tools	10,000	1,324	8,676
Safety & security	5,000	4,590	410
Uniforms/clothing allowance	1,500	1,102	398
Memberships/periodicals/books	500	1,384	(884)
SUB-TOTAL MAINTENANCE	<u>818,910</u>	<u>784,050</u>	<u>34,860</u>
DEPRECIATION			
Depreciation	-	2,756,947	(2,756,947)
SUB-TOTAL DEPRECIATION	<u>-</u>	<u>2,756,947</u>	<u>(2,756,947)</u>
TOTAL OPERATING EXPENSES	<u>11,272,009</u>	<u>12,906,321</u>	<u>(1,634,312)</u>
OPERATING PROFIT	<u>\$ 5,048,991</u>	<u>\$ 2,717,160</u>	<u>\$ (2,331,831)</u>

The accompanying notes are an integral part of this statement.

IMMOKALEE WATER & SEWER DISTRICT
ORIGINAL BUDGET (NON-GAAP) vs. ACTUAL WITH RECONCILIATION
TO GAAP BASIS COMPARISON REPORT - UNAUDITED - CONTINUED
Year ended September 30, 2025

	Original Budget	Actual	Variance
OPERATING PROFIT,			
BROUGHT FORWARD	\$ 5,048,991	\$ 2,717,160	\$ (2,331,831)
NON-OPERATING REVENUES (EXPENSES)			
Interest income	810,000	676,365	(133,635)
State Appropriations	-	4,941,250	4,941,250
Contributed capital - HUD	-	1,485,166	1,485,166
Contributed capital - customers	-	91,750	91,750
Other non-operating revenue	19,500	1,268,967	1,249,467
Capital outlay	(4,868,638)	(11,107,867)	(6,239,229)
Principal retirement - bonds	(920,000)	(919,900)	100
Principal retirement - SRF	(41,000)	(40,855)	145
Principal retirement - capital lease	-	-	-
Net Assets - brought forward	14,500,000	-	(14,500,000)
Net Assets - carryforward	(13,710,353)	-	13,710,353
Interest expense	(808,500)	(765,578)	42,922
Bad debt expense	(30,000)	-	30,000
Gain (Loss) on disposal of assets	-	(262,897)	(262,897)
NET NON-OPERATING REVENUES (EXPENSES)	<u>(5,048,991)</u>	<u>(4,633,599)</u>	<u>415,392</u>
NET PROFIT (LOSS)	<u>\$ -</u>	<u>\$ (1,916,439)</u>	<u>\$ (1,916,439)</u>

Reconciliation:

Net profit (loss) (Non-GAAP Budgetary Basis)	\$ (1,916,439)
Capital outlay	11,107,867
Principal retirement - bonds	919,900
Principal retirement - SRF	40,855
Principal retirement - Capital lease	-
Capital contributions - special assessments	-
Increase in Net Position (GAAP Basis)	10,152,183
Net position - beginning of the year	<u>47,881,908</u>
Net position - end of the year	<u>\$ 58,034,091</u>

The accompanying notes are an integral part of this statement.