

Key Largo Wastewater Treatment District Board of Commissioners Meeting Agenda Item Summary

Meeting Date:

May 21, 2024

Agenda Item Number: G-1

Action Required:

No

Department:

General Manager

Sponsor:

Peter Rosasco

Subject:

ACFR Presentation / Financial Audit Results for FY2023

Summary of Discussion:

Tony Grau will present the KLWTD ACFR (Annual Comprehensive Financial Report) and the results of the financial audit for Fiscal Year 2023.

Reviewed / Approved

Operations: _____

Administration: _____

Finance: _____

District Counsel: _____

District Clerk: _____

Engineering: _____

Financial Impact

\$

Funding Source:

N/A

Budgeted:

N/A

Attachments

1. Letter to the Board from Grau and Associates

2. FY23 ACFR Report

Approved By: _____

General Manager



Date: 5/15/2024



Grau & Associates

CERTIFIED PUBLIC ACCOUNTANTS

951 Yamato Road • Suite 280
Boca Raton, Florida 33431
(561) 994-9299 • (800) 299-4728
Fax (561) 994-5823
www.graucpa.com

April 25, 2024

To the Board of Commissioners
Key Largo Wastewater Treatment District
Key Largo, Florida

We have audited the financial statements of Key Largo Wastewater Treatment District ("District") as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated April 25, 2024. Professional standards require that we advise you of the following matters relating to our audit.

We have also examined the District's compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2023 which was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 6, 2023, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process.

However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

With respect to financial statement preparation, the following safeguards are in place:

- Management made all decisions and performed all management functions;
- A competent individual was assigned to oversee the services;
- Management evaluated the adequacy of the services performed;
- Management evaluated and accepted responsibility for the result of the service performed; and
- Management established and maintained internal controls, including monitoring ongoing activities.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 2 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the fiscal year. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements were:

Management's estimate of the useful lives of capital assets is based on information obtained from the experience of other governments as adapted for differences in application and environment. We evaluated the key factors and assumptions used to develop the estimate of the useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net Other Post-Employment Benefits (OPEB) liability is based on information received from the District's actuary. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the financial statements taken as a whole.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated April 25, 2024.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

This report is intended solely for the information and use of the Board of Commissioners, and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Grau & Associates



Key Largo Wastewater Treatment District

ANNUAL COMPREHENSIVE FINANCIAL REPORT

SEPTEMBER 30, 2023

**Key Largo Wastewater Treatment District
Annual Comprehensive Financial Report
For the Fiscal Year ended September 30, 2023**

Table of Contents

I. INTRODUCTORY SECTION

Letter of Transmittal.....	i-iii
Organization Chart.....	iv
List of Principal Officials	v

II. FINANCIAL SECTION

Independent Auditor's Report.....	1-3
Management's Discussion and Analysis	4-8
Basic Financial Statements:	
Statement of Net Position	9
Statement of Revenues, Expenses and Changes in Net Position.....	10
Statement of Cash Flows	11
Notes to Financial Statements	12-20
Required Supplementary Information:	
Schedule of Changes in Net OPEB Liability and Related Ratios	21
Supplementary Information (Other Schedule):	
Schedule of Revenues and Expenses (Budgetary Basis) – Budget and Actual.....	22
Other Information:	
Data Elements required by FL Statute 218.39 (3) (c)	23

III. STATISTICAL SECTION

Net Position by Component.....	24
Change in Net Position	25
Revenues by Source	26
Expenses by Function	26
Monthly Rate Structure.....	27
System Development Charge Structure	28
Ratio of Outstanding Debt	29
Demographic and Economic Statistics	30
District Employees by Function	30
Operating Indicators	31
Miscellaneous Statistical Information	32

**Key Largo Wastewater Treatment District
Annual Comprehensive Financial Report
For the Fiscal Year ended September 30, 2023**

Table of Contents (Continued)

IV. OTHER REPORTS (COMPLIANCE SECTION)

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.....	33-34
Independent Auditor's Report on Compliance for Each Major Federal Program and Major State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General.....	35-36
Schedule of Expenditures of Federal Awards and State Financial Assistance Projects.....	37
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance Projects	38
Schedule of Findings and Questioned Costs	39
Independent Auditor's Report on Compliance with the Requirements of Section 218.415, Florida Statutes, Required by Rule 10.556(10) of the Auditor General of the State of Florida	40
Management Letter Pursuant to the Rules of the Auditor General for the State of Florida	41-42

Key Largo Wastewater Treatment District

103355 Overseas Highway

Key Largo, FL 33037

Phone: (305) 451-4019 Fax: (305) 453-5807

www.klwtd.com



April 25, 2024

Honorable Chairman,
Members of the Board of Commissioners, and
Citizens of Key Largo

The comprehensive annual financial report of the Key Largo Wastewater Treatment District, Florida for the fiscal year ended September 30, 2023, is submitted herewith pursuant to Florida Statute Chapter 218.39 and Chapter 189.436(3) governing audit requirements for special districts.

This report consists of management's representations concerning the finances of the Key Largo Wastewater Treatment District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Key Largo Wastewater Treatment District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Key Largo Wastewater Treatment District's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the Key Largo Wastewater Treatment District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Key Largo Wastewater Treatment District's financial statements have been audited by Grau & Associates, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Key Largo Wastewater Treatment District for the fiscal year ended September 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Key Largo Wastewater Treatment District's financial statements for the fiscal year ended September 30, 2023, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

In addition to meeting the requirements set forth above, the independent audit was also designed to meet the requirements of Chapter 10.550, Rules of the Auditor General. These standards require the independent auditor to report not only on the fair presentation of the basic financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. The report is presented in the compliance section of this report.

In accordance with Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Key Largo Wastewater Treatment District's MD&A can be found immediately following the independent auditor's report on the basic financial statements.

The financial and accounting structure of the District consists of a single enterprise fund. The District is an Independent Special District authorized by Chapter 2002-337, Florida Statutes, enacted May 23, 2002. The principal function of the District is to provide for the design, construction and operation of wastewater treatment facilities to serve the island of Key Largo, an unincorporated portion of Monroe County, Florida. The District complies with the operating and reporting requirements of Chapter 189, Florida Statutes as applicable to Special Districts.

The District develops an annual budget to provide for the operations and capital programs of the District. A draft budget is developed by management and presented to the Board of Commissioners for review, revision and ultimate approval. The budget is adopted by the Board of Commissioners, by resolution, for the upcoming fiscal year of October 1st through September 30th.

The District's mission is part of larger state and national initiatives to save the Everglades and Florida Bay ecosystems for the benefit of future generations. In Key Largo, and typically all the Florida Keys except Key West, the disposal of domestic sewage has been historically handled by septic tanks and cesspits. Many commercial operations utilized small package sewage treatment plants. Florida statute 99-395 mandated the district establish goals which included the introduction of advanced wastewater treatment (AWT) and disposal infrastructure to serve all residents and commercial operations of Key Largo by July, 2010. This was later amended by the legislature in 2010 and the deadline for Advanced Wastewater Treatment standards required by the Statute 99-395 was extended to 2016.

Over 13,000 individual parcels of land exist on Key Largo. The District designed, engineered and constructed a main transmission line and associated collection systems to provide vacuum based collection services to the District's entire service area excluding properties where it was cost prohibitive to do so. This project was completed and placed into service during fiscal year 2011, which was 4 years earlier than the extended deadline. The completion of this project concluded the construction of the District's basic wastewater infrastructure throughout its entire service area, however, those unique properties that were unable to be provided with vacuum based collection services were given the option of joining the District's grinder pump project that started in fiscal year 2012, and was completed before the 2016 deadline.

In FY2020, the District completed the steel storage building construction at the wastewater treatment plant, continued the installation of additional solar arrays at the plant, pump stations and Administration building. The District began installation of clean-agent fire suppression to protect major electrical panels at the wastewater treatment plant and vacuum pump stations.

In FY2022 the District continued work on the solar array projects and fire suppression projects. The vacuum trailer/VPS piping modification project and tanks coating project commenced in FY2022.

In FY2023, the District completed the solar array project, the fire suppression project, and the tanks coating project. The collections system monitoring project commenced in FY2023.

In FY2023, the fire suppression project and the tanks coating project were completed. Work continued on the VPS piping modification project and the filtration upgrade project in FY2023, and work commenced on the collections system monitoring project.

In FY2024, active projects include: filtration upgrade, collections system monitoring, and VPS modification. The equalization tank/headworks screening will commence in 2024.

The District continues to improve the Key Largo system to increase efficiency, harden assets, protect against hurricanes and other catastrophic events, and to lessen any negative environmental impact.

The preparation of this comprehensive annual financial report for the Key Largo Wastewater Treatment District was made possible by the dedicated efforts of all members of the District's staff. Each staff member has our sincere appreciation for the contributions made to this report.

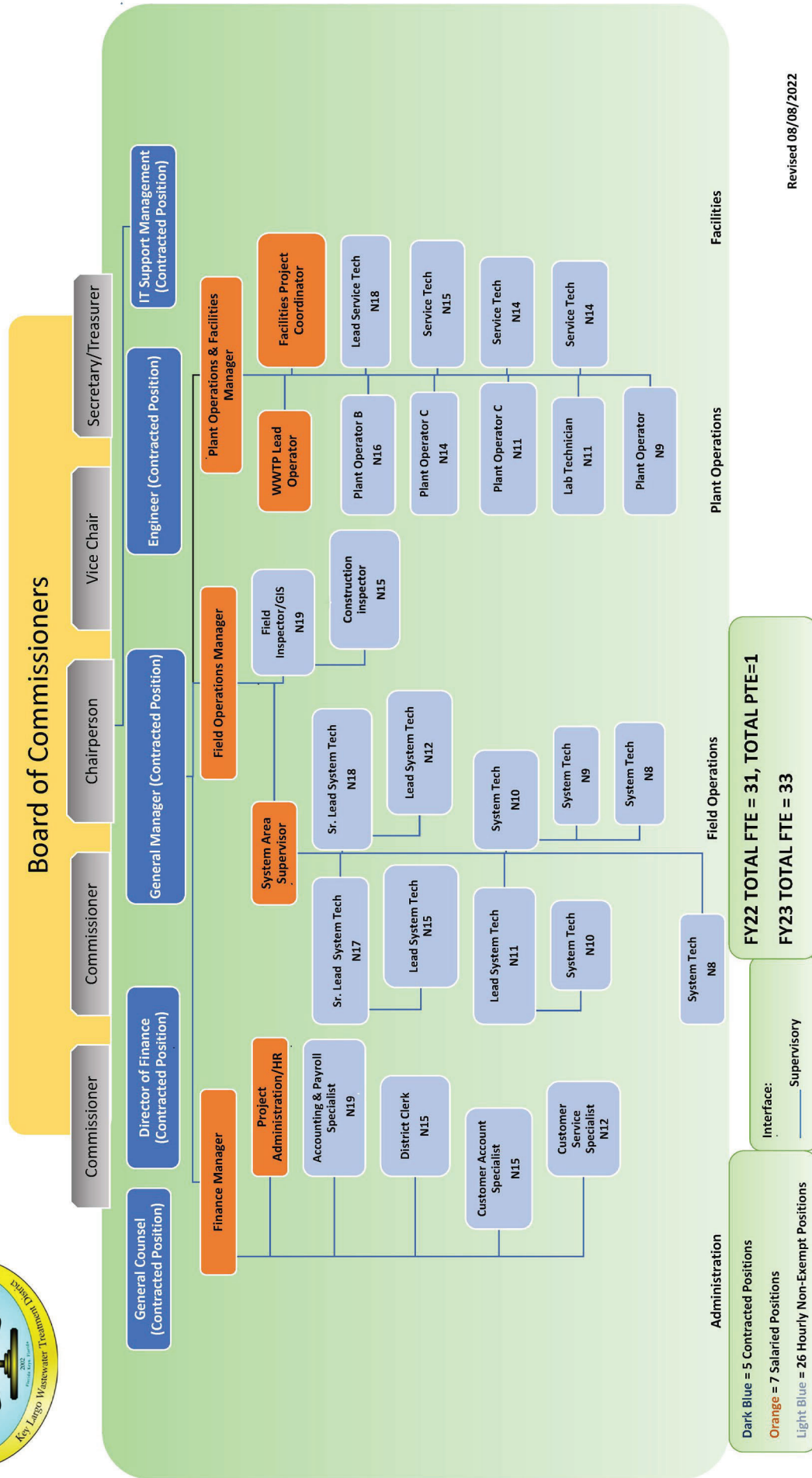
In closing, without the leadership and vision of the Board of Commissioners, preparation of this report would not have been possible.

A handwritten signature in blue ink, appearing to read "Rosasco CPA", is positioned above a horizontal line.

Peter Rosasco, CPA General Manager & Finance Director



Key Largo Wastewater Treatment District FY23 Organizational Chart



Revised 08/08/2022

**Key Largo Wastewater Treatment District
List of Principal Officials**

Board of Commissioners

FY2023

Nicolas Rodriguez, Chairman

Timothy Maloney, Vice Chairman

Susan Heim, Secretary/Treasurer

Robert Majeska, Commissioner

Philip Schwartz, Commissioner

District Management

Peter Rosasco, CPA, General Manager and Finance Director

Connie Fazio, Finance Manager

Shannon McCully, District Clerk

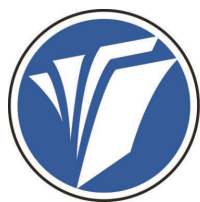
District Counsel

Nicholas Mulick

District Engineer

The Weiler Engineering Corp.
R. Jeff Weiler P.E., President
Edward R. Castle, Project Manager

Financial Section



INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Key Largo Wastewater Treatment District
Key Largo, Florida

Report on the Financial Statements

Opinion

We have audited the accompanying basic financial statements of Key Largo Wastewater Treatment District, Key Largo, Florida ("District") as of and for the fiscal year ended September 30, 2023, 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison schedule, schedule of expenditures of state financial assistance projects, as required by Chapter 10.550, Rules of the Auditor General of the State of Florida, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules, schedule of expenditures of state financial assistance projects and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 budgetary comparison schedules, schedule of expenditures of state financial assistance projects and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information Included in the Financial Report

Management is responsible for the other information included in the financial report. The other information comprises the information for compliance with FL Statute 218.39 (3) (c), the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 25, 2024, 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, contracts, grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the District's 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.

Bhav & Associates

April 25, 2024

Management's Discussion and Analysis

KEY LARGO WASTEWATER TREATMENT DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

On behalf of the Key Largo Wastewater Treatment District, Key Largo, Florida (District), management presents this narrative overview and analysis of financial activities of the District to readers of the District's financial statements for the fiscal year ended September 30, 2023. We are including this discussion and analysis in order to provide the reader with a better understanding of the District's overall financial position. This narrative should be considered in conjunction with the additional information contained in the introductory transmittal letter and the District's financial statements which follow in this section.

Overview of Operations

The District was formed as a special district with the election of inaugural commissioners on November 5, 2002, as provided in Chapter 2002-337, Florida Statutes. The District's mission includes the introduction and operation of advanced wastewater treatment and disposal infrastructure to serve all residents and commercial operations on the unincorporated island of Key Largo.

From FY2003 through FY2011, The District focused on its role as a new public utility and constructing a single regional treatment facility and vacuum collection system to the KLWTD service area. Originally, the wastewater treatment plant's capacity was 0.183mgd (million gallons per day) and was increased to 2.3mgd in FY2011 to ultimately serve the area with a single regional treatment facility. Installation of the transmission main and vacuum collection systems took place in all service areas.

The District created a policy of levying special assessments on all parcels to be benefited by the construction. The assessments on the benefiting property owners were intended to recover a portion of the cost of the improvements. Each parcel owner had the choice to pay the assessment in full or as a non-ad valorem tax over a 20 year period.

In FY2012 the District entered into an interlocal agreement with the Islamorada Village of Islands to treat its wastewater and sell treatment plant capacity space of 1.104 million gallons of average daily flow. In FY2014 the District began receiving flows from Islamorada for treatment.

From FY2015 through FY2016, the treatment plant capacity was upgraded to 3.45mgd to accommodate the additional flows from Islamorada. The system consistently meets Advanced Wastewater Treatment Standards (AWT).

A grinder pump project commenced during FY2012 and was substantially completed in FY2016. The grinder pump project provides centralized sewer service to properties where it was cost prohibitive to provide a vacuum based collection system.

A chemical feed system upgrade project and the blower upgrade project were completed in FY2017.

In FY2018, the District began a capital upgrades project that included a process water system project, a headworks bypass piping project, a bridge to SBR #3 and filter booster pump upgrade. In addition, a solar arrays project that was started in FY2018, which included solar panels over the disinfection basin and on the roof of the plant operations building.

In FY2019, the District installed solar panels over the disinfection basin to reduce chemical costs and produce clean energy, and began the construction of the steel storage building at the wastewater treatment plant.

In FY2020, the District completed, the capital upgrades project, and the installation of the solar panels over the disinfection basin. These projects were done to reduce chemical costs and produce clean energy. In addition, the District began work on the construction of a steel storage building at the wastewater treatment plant in FY2020.

In FY2022 the District continued work on the solar array projects and fire suppression projects. The vacuum trailer/VPS piping modification project and tanks coating project also commenced in FY2022.

Overview of Operations (Continued)

The District continues to improve the Key Largo system to increase efficiency, harden assets, protect against hurricanes and other catastrophic events, and to lessen any negative environmental impact.

The District's Single Enterprise Fund

The District uses proprietary fund accounting to record and report its results of operation as a single enterprise fund. This method of accounting is used when an entity charges customers for the services it provides.

Basic Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all 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 presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

District's Net Position

Total assets of the District at September 30, 2023 were \$168,245,233 and total liabilities amounted to \$23,323,025. Total net position of the District was \$144,839,695. For the prior year, total assets of the District at September 30, 2022, were \$167,932,065 and total liabilities amounted to \$28,110,531 and total net position of the District was \$139,727,744.

Total current assets of \$32,817,435 at September 30, 2023 included \$4,000,701 in amounts due to the District from other government agencies and unrestricted cash and cash equivalents of \$14,215,125. Restricted current assets included cash and cash equivalents of \$14,558,459, restricted for debt service and reserves for future repairs and replacements. For the prior year, total current assets of \$25,806,607 at September 30, 2022 included \$790,441 in amounts due to the District from other government agencies. The District had unrestricted cash and cash equivalents of \$13,393,004 and restricted cash and cash equivalents of \$11,410,303. These funds were restricted for debt service and reserves for future repairs and replacements.

Total noncurrent assets at September 30, 2023 of \$135,427,788 included \$3,899,589 in amounts due from other governments, \$58,295 in deposits, \$13,471,604 in assessments levied but not received, \$117,998,300 in land, equipment, and infrastructure (net of accumulated depreciation) owned by the District. In the prior year, total noncurrent assets at September 30, 2022 of \$142,125,458 included \$9,041,212 in amounts due from other governments, \$58,295 in prepaid expense and other assets, \$16,490,447 in assessments levied but not received, \$116,535,504 in land, equipment, and infrastructure (net of accumulated depreciation) owned by the District.

Total liabilities at September 30, 2023 of \$23,323,025 included \$962,272 due to vendors for goods and services rendered, \$88,303 due to construction contractors for contracts and retainage payable, \$45,937 in accrued interest expense, \$8,611,738 in loans payable, of which \$1,344,563 is due next year, and \$13,471,604 for assessments levied but not yet received and other deferred revenues. In the prior year, liabilities at September 30, 2022 of \$28,110,531 included \$1,402,028 due to vendors for goods and services rendered, \$114,160 due to construction contractors for retainage payable, \$53,007 in accrued interest expense, \$9,922,146 in loans payable, and \$16,490,447 for assessments levied but not yet received and other deferred revenues.

District's Net Position (Continued)

Key components of the District's net position are reflected in the following table:

Key Components of Net Position

	September 30,	
	2023	2022
Current and other assets	\$ 50,246,923	\$ 51,396,561
Capital assets, net of depreciation	117,998,300	116,535,504
Total assets	168,245,223	167,932,065
Current liabilities	2,441,075	2,879,603
Long-term liabilities	20,881,950	25,230,928
Total liabilities	23,323,025	28,110,531
Deferred inflows of resources	82,503	93,790
Net position		
Net investment in capital assets	109,298,259	106,499,198
Restricted	14,512,522	11,357,296
Unrestricted	21,028,914	21,871,250
Total net position	\$ 144,839,695	\$ 139,727,744

District Revenues, Expenses, and Changes in Net Position

The District's net position increased by \$5,111,951 during the current fiscal year; from \$139,727,744 on September 30, 2022 to \$144,839,695 on September 30, 2023. Total revenues for the period were \$19,109,703 and total expenses for the period were \$13,997,752. For the prior year, total revenues for the period were \$17,246,987 and total expenses for the period were \$12,365,735.

In FY2020, a rate study was conducted, and a wastewater fee reduction rate of 15 percent was approved by the KLWTD Board of Commissioners by Resolution #22-12-19, effective January 1, 2020.

In FY2022, a rate study was conducted, and a wastewater fee reduction rate of 5 percent was approved by the KLWTD Board of Commissioners by Resolution #15-2022, effective October 1, 2022.

During the current fiscal year, operating revenues consisted of \$8,937,351 in charges to customers for services and related fees. The District received \$3,504,380 in assessments, \$1,099,822 in interest income and \$5,568,150 in grant income. For FY2022, operating revenue consisted of \$9,273,720 in charges to customers for services and related fees. Non-operating revenues consisted of \$3,767,952 in assessments, \$376,470 in interest income, and \$3,828,845 in grant income.

District Revenues, Expenses, and Changes in Net Position (Continued)

Key elements of the change in net position are reflected in the following table:

<u>Change in Net Position</u>		
Fiscal Year Ended September 30,		
	2023	2022
Operating activities:		
Charges for services	\$ 8,937,351	\$ 9,273,720
Cost of sales	(5,499,352)	(4,690,609)
Administration	(2,025,739)	(1,769,355)
Other	(1,044,197)	(720,948)
Depreciation	(5,186,981)	(4,896,589)
Net operating (loss)	(4,818,918)	(2,803,781)
Nonoperating activities:		
Grant revenue	5,568,150	3,828,845
Assessments	3,504,380	3,767,952
Interest income	1,099,822	376,470
Interest expense	(241,483)	(288,234)
Net nonoperating activities	9,930,869	7,685,033
Change in net position	5,111,951	4,881,252
Net position, beginning	139,727,744	134,846,492
Net position, ending	\$ 144,839,695	\$ 139,727,744

Capital Assets and Project Plan

The District adopted a master facilities plan in March, 2006 to construct wastewater collection transmission and treatment facilities to serve the entire island of Key Largo. The wastewater transmission and treatment facilities project was substantially completed and in service at the end of FY2011.

The grinder pump project consisted of the connection of approximately 165 properties where it was cost prohibitive to provide vacuum based collection services. These properties require a grinder pump based collection system. Work on the grinder pump project commenced during fiscal year 2012 and was substantially complete and in service at during fiscal year 2016. The District also completed work on the treatment plant expansion project to increase the treatment plant capacity from a 2.3 mgd capacity to 3.45 mgd. The plant expansion project was necessary to accommodate the wastewater flows that the District receives from the Village of Islamorada. Chemical feed system upgrades and blower upgrade projects were substantially completed and placed into service during FY2017. In FY2018, the District began a process water system project, a headworks bypass piping project and other various small projects.

In FY2022 the District continued work on the solar array projects and fire suppression projects. The vacuum trailer/VPS piping modification project and tanks coating project also commenced in FY2022.

In FY2023, the District completed the solar array project, the fire suppression project, and the tanks coating project. The vac trailer/VPS piping modification project continued throughout FY2023. The collections system monitoring project and the effluent filtration upgrade project continued through FY2023.

The District's collection systems monitoring project, the VPS modification project and the effluent filtration project will continue in FY2024.

At September 30, 2023 the District had \$175,588,888 invested in land, infrastructure, equipment, and construction in progress. Depreciation of \$57,590,588 has been taken, which resulted in a net book value of \$117,998,300. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Capital Debt

The District's capital debt decreased by \$1,310,408 during the current fiscal year, due to the regularly scheduled annual debt service payments. More detailed information about the District's capital debt is presented in the notes to the financial statements.

Economic Factors and Next Year's Budget

The unemployment rate for Monroe County was 1.84% at December 2023. The rate compares favorably to the state's average unemployment rate of 3.1%.

Assessed property values in the District's service area increased in 2023; however, the District has no taxing authority, and no District revenue is derived from or dependent upon ad-valorem taxation. Therefore, this increase in property value should have no significant effect on the current or future financial performance.

In FY2024 the District's active projects will include the vac trailer/VPS piping modification project and the collections system monitoring project.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, landowners, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Key Largo Wastewater Treatment District's Finance Department at 103355 Overseas Highway, Key Largo, Florida, 33037. The KLWTD email address is: finance@klwtd.com

Basic Financial Statements

KEY LARGO WASTEWATER TREATMENT DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

ASSETS

Current assets:

Unrestricted:

Cash and cash equivalents	\$ 14,215,125
Accounts receivable	358
Due from other governments	4,000,701
Prepaid expenses	42,792
Total unrestricted current assets	<u>18,258,976</u>

Restricted:

Cash and cash equivalents	<u>14,558,459</u>
Total restricted current assets	<u>14,558,459</u>
Total current assets	<u>32,817,435</u>

Noncurrent assets:

Due from other governments	3,899,589
Deposits	58,295
Assessments receivable	13,471,604
Capital assets:	
Land	2,012,494
Construction in progress	7,790,790
Depreciable assets	165,785,604
Less accumulated depreciation	<u>(57,590,588)</u>
Total capital assets, net	<u>117,998,300</u>
Total noncurrent assets	<u>135,427,788</u>
Total assets	<u>168,245,223</u>

LIABILITIES

Current liabilities:

Accounts payable and accrued expenses	962,272
Payable from restricted assets:	
Accrued bond interest payable	45,937
Contracts and retainage payable	88,303
Current portion of long term debt	<u>1,344,563</u>
Total current liabilities	<u>2,441,075</u>

Noncurrent liabilities:

Unearned revenue	13,471,604
Loans payable	7,267,175
Compensated absences	112,637
Other post employment benefits	<u>30,534</u>
Total noncurrent liabilities	<u>20,881,950</u>
Total liabilities	<u>23,323,025</u>

DEFERRED INFLOWS OF RESOURCES

Other post employment benefits	<u>82,503</u>
Total deferred inflows of resources	<u>82,503</u>

NET POSITION

Net investment in capital assets	109,298,259
Restricted for debt service	1,760,601
Restricted for other	12,751,921
Unrestricted	<u>21,028,914</u>
Total net position	<u>\$ 144,839,695</u>

See accompanying notes to financial statements

KEY LARGO WASTEWATER TREATMENT DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Operating revenues:	
Charges for services	\$ 7,484,757
Other service fees	1,452,594
Total operating revenues	<u>8,937,351</u>
Operating expenses:	
Costs of sales and services	5,499,352
Administration	2,025,739
Other	1,044,197
Depreciation	5,186,981
Total operating expenses	<u>13,756,269</u>
Operating income (loss)	<u>(4,818,918)</u>
Nonoperating revenues (expenses):	
Grant revenues	5,568,150
Assessments	3,504,380
Interest income	1,099,822
Interest expense	(241,483)
Total nonoperating revenues (expenses)	<u>9,930,869</u>
Change in net position	5,111,951
Total net position - beginning	<u>139,727,744</u>
Total net position - ending	<u>\$ 144,839,695</u>

See accompanying notes to financial statements

**KEY LARGO WASTEWATER TREATMENT DISTRICT
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Cash flows from operating activities:	
Receipts from customers and users	\$ 5,727,167
Payments to employees	(3,161,111)
Payments to suppliers	<u>(5,675,159)</u>
Net cash provided (used) by operating activities	<u>(3,109,103)</u>
Cash flows from capital and related financing activities:	
Grants and other intergovernmental	5,568,150
Assessments	3,504,380
Other income	5,141,623
Payments and fees on loan from other government	(1,310,408)
Interest payments	(248,553)
Acquisition and construction of capital assets	<u>(6,675,634)</u>
Net cash provided (used) by capital and related financing activities	<u>5,979,558</u>
Cash flows from investing activities:	
Investment earnings	<u>1,099,822</u>
Net cash provided (used) by investing activities	<u>1,099,822</u>
Net increase (decrease) in cash and cash equivalents	<u>3,970,277</u>
Cash and cash equivalents (including restricted), October 1	<u>24,803,307</u>
Cash and cash equivalents (including restricted), September 30	<u><u>\$ 28,773,584</u></u>
Reconciliation of operating (loss) to net cash provided (used) by operating activities:	
Operating (loss)	<u>\$ (4,818,918)</u>
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:	
Depreciation expense	5,186,981
(Increase)/Decrease in accounts receivable	76
(Increase)/Decrease in due from other governments	(3,210,260)
(Increase)/Decrease in prepaid	169,633
Increase/(Decrease) in accounts payable	(439,756)
Increase/(Decrease) in other post employment benefits	(6,618)
Increase/(Decrease) in compensated absences payable	<u>9,759</u>
Total adjustments	<u>1,709,815</u>
Net cash provided (used) by operating activities	<u><u>\$ (3,109,103)</u></u>

See accompanying notes to financial statements

KEY LARGO WASTEWATER TREATMENT DISTRICT NOTES TO FINANCIAL STATEMENTS

NOTE 1 – REPORTING ENTITY

The Key Largo Wastewater Treatment District, Key Largo, Florida (“District”) is an autonomous independent Special District and political body formed in 2002 by the Legislature of the State of Florida by House Bill 471, enacted as Chapter 2002-337, Laws of Florida, for the purpose of carrying out the planning, acquisition, development, operation, and management of a wastewater management system within the District’s boundaries in Key Largo, Monroe County, Florida. This responsibility was transferred from the Florida Keys Aqueduct Authority (“FKAA”) to the District pursuant to an Interlocal Agreement dated February 26, 2003 between the District, Monroe County, and FKAA. The District is governed by a five member Board of Directors which are elected in a nonpartisan election.

The financial statements were prepared in accordance with Governmental Accounting Standards Board (“GASB”) Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District is considered to be financially accountable and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District operates as a proprietary fund type, specifically an enterprise fund. The District’s financial statements are presented on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States of America. The focus of a proprietary fund is the measurement of economic resources. Under this method revenues are recorded when earned and expenses are recorded when the liability is incurred, and all assets and liabilities associated with the entity are included on the balance sheet. The generally accepted accounting principles applicable to proprietary funds are similar to those applicable in the private sector.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund’s principal ongoing operations. The operating revenues of the District are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Deposits and Investments – The District’s cash and cash equivalents are considered to be cash on hand and demand deposits (interest and non-interest bearing).

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due.

The District records all interest revenue related to investment activities in the respective funds. Investments are measured at amortized cost or reported at fair value as required by generally accepted accounting principles.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepays – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Restricted Assets – Restricted assets represent cash and other assets whose use is restricted by legal requirements, amounts set aside to meet sinking fund requirements and reserves for future repairs and replacements.

Capital Assets – Capital assets include property, plant, equipment and the wastewater collection system. The District maintains a \$750 threshold and estimated useful life of more than one year for additions to equipment. The remainder of capital assets with a value in excess of \$5,000 and an estimated useful life of in excess of two years are capitalized. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized but expensed as incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment – field and plant equipment	7-10
Equipment – vehicles	5
Infrastructure and building	30-40

The District's wastewater system was completed in sections. Depreciation begins when the section is completed and placed in service.

Long-term Obligations – The long-term debt of the District is reported as a liability in the statement of net position.

Compensated Absences – It is the District's policy to permit employees to accumulate earned but unused PTO leave benefits. 48 hours of Personal Time Off (PTO) is given to each employee at the start of each calendar year and must be used by the end of the calendar year. PTO leave up to 8 hours per month is earned by employees with the District under 5 years, 13 hours per month for employees with the District over 5 years, and 15 hours per month for employees with the District over 10 years. All PTO leave is accrued when earned in the government-wide and proprietary fund financial statements.

Other Postemployment Benefits (OPEB) – Effective October 1, 2017, the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. See Note 8, Other Postemployment Benefits (OPEB), for more information on the District's OPEB Plan.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Revenue Recognition – Revenues that do not meet revenue recognition requirements (not earned) are recorded as unearned revenue.

Assessments are non-ad valorem assessments on parcels served within the District. The assessments were levied in phases one to two years before the related infrastructure for the area was completed. The assessments may be paid in one lump sum or allocated over a 20 year period. For assessments paid over a 20 year period, interest will be the lesser of the District's borrowing rate or 8% per year. There is no penalty for prepayments or deferred payments. The fiscal year for which annual assessments are levied begins on October 1 with discounts available for payments through February 28 and become delinquent on April 1. The District's annual assessments are billed and collected by the County Tax Assessor/Collector. The amounts remitted to the District are net of applicable discounts or fees and include interest on monies held from the day of collection to the day of distribution. The assessments were levied to fund a portion of the costs of the infrastructure being constructed to benefit parcels served and are reported as nonoperating revenues.

The portion of assessments receivable due and earned within the current fiscal period is considered to be revenue of the current period. The remainder is recorded as unearned revenue in the statement of net position.

Fund Equity/Net Position - Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the District's debt covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

The District first uses restricted resources, followed by unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Use of Estimates – The preparation of 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 amount of assets, liabilities, and changes therein, and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

NOTE 3 – RESTRICTED CASH AND DEPOSITS

Cash and investment amounts restricted for specific use by outside parties at September 30, 2023 are as follows:

Restricted for debt service on loans	\$ 1,806,538
Restricted for renewal and replacement of capital assets and insurance reserves	12,751,921
	<u>\$ 14,558,459</u>

Deposits

The District's cash balances were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

NOTE 4 – CAPITAL ASSETS

The table below summarizes the capital activity for the fiscal year ended September 30, 2023.

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,012,494	\$ -	\$ -	\$ 2,012,494
Construction in progress	3,783,759	5,498,541	(1,491,509)	7,790,791
Total capital assets, not being depreciated	5,796,253	5,498,541	(1,491,509)	9,803,285
Capital assets, being depreciated:				
Buildings	3,015,701	1,156,657	-	4,172,358
Treatment facilities	42,042,642	863,214	-	42,905,856
Collection system	116,011,495	581,708	-	116,593,203
Equipment	2,097,560	41,166	(24,540)	2,114,186
Total capital assets, being depreciated	163,167,398	2,642,745	(24,540)	165,785,603
Less accumulated depreciation for:				
Buildings	237,944	163,726	-	401,670
Treatment facilities	16,420,185	1,782,579	-	18,202,764
Collection system	34,549,465	3,067,160	-	37,616,625
Equipment	1,220,553	173,515	(24,540)	1,369,528
Total accumulated depreciation	52,428,147	5,186,980	(24,540)	57,590,587
Total capital assets, being depreciated, net	110,739,251	(2,544,235)	(49,080)	108,195,016
Total capital assets, net	\$ 116,535,504	\$ 2,954,306	\$ (1,540,589)	\$ 117,998,301

In connection with the District's wastewater treatment project, the District has entered into various contracts with engineers and contractors to construct the collection system and treatment plant. As of September 30, 2023, there are open contracts totaling \$5,761,491.

NOTE 5 – INTERLOCAL AGREEMENTS

On May 22, 2012, the District entered into an interlocal agreement with Islamorada Village of Islands ("Islamorada") for wastewater services. Under the terms of the agreement, the District will provide wastewater treatment and disposal services to Islamorada for a period of 30 years. The fee charged to Islamorada is \$4.65 per thousand gallons and adjusted in accordance with true-up provisions in the agreement. Wastewater treatment and disposal services commenced during June 2014. Total revenue earned relating to wastewater services provided to Islamorada during the year ended September 30, 2023 totaled \$1,342,261. Furthermore, Islamorada purchased capacity from the District and also agreed to pay for its proportionate share of plant capacity upgrades that the District constructed. In fiscal year 2012, the District charged Islamorada \$10,176,000 for the purchase of this capacity.

Florida Keys Water Quality Improvement Program

On October 31, 2014, the District entered into an interlocal agreement with the City of Marathon ("City"), Florida, and the Village of Islamorada ("Village"), Florida, to reallocate future grant revenue related to the United States Army Corps of Engineers' Florida Keys Water Quality Improvement Program ("FKWQIP"). The original FKWQIP agreement authorized grant reimbursements to the District, City, and Village in a total amount of \$100,000,000. Under the agreement, the District is eligible to receive \$29,560,000 in grant reimbursements. During the current fiscal year the District was allocated \$2,000,000 and received \$1,990,000 of funding, as \$10,000 was withheld by ACOE for their fees, which increased the total amount allocated to \$25,875,276 as of September 30, 2023.

NOTE 5 – INTERLOCAL AGREEMENTS (Continued)

Monroe County Interlocal Agreement

On March 11, 2015, the District was awarded a \$17,000,000 grant from the State of Florida Department of Environmental Protection to be applied toward the construction of the wastewater system improvements. During the fiscal year 2016 the District executed an interlocal agreement with Monroe County whereby the grant was assigned to Monroe County in exchange for the amount being repaid over a 10 year period with zero interest. The agreement also stipulated that during the first three years of the assignment, Monroe County would be obligated to repay a maximum of \$1,000,000 per year. Furthermore, since the note is being repaid over 9 more years, the District discounted the remaining \$16,000,000 due from Monroe County over 9 years (3 years remaining at September 30, 2023) using a 2.04% discount rate to arrive at a discounted receivable balance of \$3,113,642. This amount is included as due from other governments.

Under the ILA agreement any other additional grant funds received by the District are eligible to be part of this exchange. The Florida Keys Environmental Stewardship Act was passed by the Florida State Legislature and signed into law in 2016. The Florida Keys received \$5,000,000 in 2016 from the Stewardship Act. The District was allocated \$1,250,000 of the \$5,000,000 allocation from the State of Florida Department of Environmental Protection for water quality improvement projects. The District Board, on October 18, 2016, approved exchanging the \$1,250,000 allocation with Monroe County. The note is being repaid over 12 years, therefore, the District discounted the \$1,250,000 due from Monroe County over 12 years (6 years remaining at September 30, 2023) using a 2.04% discount rate to arrive at a discounted receivable balance of \$490,495, which is included as due from other governments on the balance sheet.

NOTE 6 – LONG-TERM DEBT

State Revolving Fund Loans

As of September 30, 2023, the District has entered into four revolving loan agreements with the State of Florida Department of Environmental Protection Clean Water State Revolving Fund Loan program to finance its wastewater utility capital projects. Under the terms of the loan agreements pledged revenues shall be the gross revenues, together with system development charges, and annual wastewater assessments, derived yearly from the operation of the sewer system after payment of operating and maintenance expenses and any yearly payment obligation of any senior debt obligations. Each loan shall be repaid in 40 semiannual payments. Through September 30, 2023 the District has borrowed a total of \$57,818,739 under these agreements, including capitalized interest. As of September 30, 2023, repayments have begun on all loan agreements and WW464020 and WW464030 were paid off in a prior year as well as WW464010 being paid off in the current year. The breakdown as of September 30, 2023 of the total amounts authorized, the fixed weighted average interest rate, the estimated semi-annual payment amount and the amounts drawn to date on each loan are as follows:

SRF Loan Agreement	Total Loan Authorized Amount	Interest Rate	Semi-Annual Payment Amount	Total Obligation September 30, 2023
WW46401P	\$ 9,922,146	2.41% - 2.68%	\$ 779,480	\$ 8,611,738
Total	\$ 18,462,363		\$ 779,480	\$ 8,611,738

NOTE 6 – LONG-TERM DEBT (Continued)

Long-term debt transactions

Changes in long-term liability activity for the fiscal year ended September 30, 2023 were as follows:

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
State Revolving Loan WW46401P	\$ 9,922,146	\$ -	\$ 1,310,408	\$ 8,611,738	\$ 1,344,563
Compensated absences	102,878	208,281	198,522	112,637	-
Total long term debt	\$ 10,025,024	\$ 208,281	\$ 1,508,930	\$ 8,724,375	\$ 1,344,563

The District's schedule of future debt service requirements is as follows:

Year Ending September 30	Total		
	Principal	Interest	Total
2024	\$ 1,344,563	\$ 214,398	\$ 1,558,961
2025	1,379,609	179,352	1,558,961
2026	1,415,571	143,390	1,558,961
2027	1,452,471	106,489	1,558,960
2028	1,490,336	68,625	1,558,961
2029	1,529,189	29,772	1,558,961
	<u>\$ 8,611,739</u>	<u>\$ 742,026</u>	<u>\$ 9,353,765</u>

NOTE 7 – DEFERRED COMPENSATION PLAN

The Key Largo Wastewater Treatment District Retirement Plan is a Deferred Compensation Plan 457(b) Plan established by the District to provide benefits at retirement to the employees of the District. All full-time employees can contribute at the first day of employment. For employer contributions, an employee is eligible on the first full payroll period coinciding with or following the completion of six months of service. Employees' interest in the District's contributions vest as follows: 25% after 1 year, 50% after 2 years, 75% after 3 years and 100% after 4 years.

The total payroll for employees covered by the 457(b) Plan for the current year was \$2,496,509. The District will match up to 6% of the employee's gross wages. For the year ended September 30, 2023, the District and the covered employees made the required contributions of \$108,266 and \$155,950, respectively, for a total of \$238,196.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The District provides post-employment healthcare insurance coverage to eligible individuals pursuant to the requirements of State law.

Eligibility - Eligible individuals include all regular, full-time employees of the District who retire from active service and are eligible for retirement or disability benefits under one of the pension plans sponsored by the District. Under certain conditions, eligible individuals for healthcare coverage also include spouses and dependent children.

Explicit Benefit Cost Sharing – Retiree and Dependents - Retirees must pay 100% of the monthly premium as determined by the insurance carrier. The premium varies depending on whether the retiree elects single or spouse / family coverage.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Plan Description (Continued)

Implicit Benefits - Employees are permitted to continue coverage under the plans offered by the District in retirement by paying 100% of the cost of the premium for the continued coverage. This arrangement creates an implicit cost and liability for the District because the premium charged for these retirees is the same as the premium charged for active employees, who are younger than retirees on average. Since the same premiums are charged to active employees and retirees, and the District is unable to obtain age-adjusted premium information for the retirees, GASB 75 requires the district to calculate age-adjusted premiums for the purpose of projecting future benefits for retirees.

Surviving Spouse Benefit - Surviving beneficiaries continue to receive access to the District's medical coverage after the death of the retired employee as long as they pay the required premiums.

Disability Retirement Benefits - There are two types of disability retirement available to employees of the District: (1) in-line-of-duty disability retirement and (2) regular disability retirement. To qualify for either type of disability retirement, members must be totally and permanently disabled to the extent that they are unable to work in any job for any employer. In-line-of-duty disability benefits are available to members on their first day of employment. To be eligible for regular disability retirement, members must complete eight years of creditable service with the District.

Post Employment Benefits – As of October 1, 2021, the date of the most recent actuarial valuation, 0 retired employees receive health benefits from the District. Future retirees will contribute 100% for coverage.

The District recognizes the cost of providing health insurance annually as expenses in the Statement of Revenues, Expenses and Changes in Net Position as costs are incurred.

At October 1, 2021, the date of the most recent actuarial valuation, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to, but not yet receiving benefits	-
Active employees	25
	<u>25</u>

Changes in Net OPEB Liability

Sources of changes in the net OPEB liability at September 30, 2023 were as follows:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance as of September 30, 2022	\$ 25,865	\$ -	\$ 25,865
Changes due to:			
Service cost	3,913	-	3,913
Interest	1,034	-	1,034
Assumption changes	-	-	-
Difference between expected and actual experience	-	-	-
Benefit payments	(278)	-	(278)
Balance as of September 30, 2023	<u>\$ 30,534</u>	<u>\$ -</u>	<u>\$ 30,534</u>

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Deferred Inflows of Resources

Amounts reported as deferred inflows of resources related to the plan will be recognized in pension expense as follows:

Year Ending September 30	Deferred Inflows of Resources
2024	\$ 11,287
2025	11,287
2026	11,287
2027	11,287
Thereafter	37,355
Total	<u>\$ 82,503</u>

Actuarial Assumptions

Significant actuarial assumptions used to calculate the total OPEB liability were as follows:

Measurement date	September 30, 2023
Actuarial valuation date	October 1, 2021
Actuarial cost method	Entry age normal (Percent of Salary)
Actuarial assumptions:	
Discount Rate	4.02%
Year 1 Inflation Rates	4.50%
Year 2 Inflation Rates	7.00%
Ultimate Inflation Rate	4.24%
Year Ultimate Inflation Rate is Reached	2090
Payroll Growth	4.20% per year.
Mortality	RP-2014 Total Datasets Mortality with Scale MP-2019 (Base year 2006)
Retirement Rates	Experience-based table of rates

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.02%) or 1-percentage-point higher (5.02%) than the current discount rate:

1% Decrease (3.02%)	Current Discount Rate (4.02%)	1% Increase (5.02%)
\$ 35,215	\$ 30,534	\$ 26,396

Sensitivity of the Net OPEB Liability Using Alternative Healthcare Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5% decreasing to 3.5%) or 1-percentage-point higher (4.5% increasing to 5.5%) than the current healthcare cost trend rates:

1% Decrease 3.50%	Healthcare Cost Trend Rates - 4.5% Baseline	1% Increase 5.50%
\$ 24,055	\$ 30,534	\$ 38,893

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**OPEB Expense**

For the year ended September 30, 2023, the District recognized OPEB expense of (\$6,340).

NOTE 9 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts and errors and omissions. During the current fiscal year, the District maintained liability and errors and omissions insurance through PGIT Insurance, coverage may not extend to all situations. There were no significant settled claims during the past three years that exceeded the insurance coverage.

Required Supplementary Information

**KEY LARGO WASTEWATER TREATMENT DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,**

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Beginning balance	\$ 25,865	\$ 77,726	\$ 64,021	\$ 90,982	\$ 68,908	\$ 53,846
Service cost	3,913	3,761	14,150	13,853	16,729	15,762
Interest	1,034	859	1,357	1,074	2,457	1,912
Assumption Changes	-	(36,659)	-	(28,892)	-	-
Difference between expected and actual experience	-	(19,555)	-	(11,232)	5,707	50
Benefit payments and refunds	(278)	(267)	(1,802)	(1,764)	(2,819)	(2,662)
Ending balance (a)	<u>\$ 30,534</u>	<u>\$ 25,865</u>	<u>\$ 77,726</u>	<u>\$ 64,021</u>	<u>\$ 90,982</u>	<u>\$ 68,908</u>
Plan Fiduciary Net Position						
Beginning balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending balance (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB Liability						
Total net OPEB Liability (a) - (b)	<u>\$ 30,534</u>	<u>\$ 25,865</u>	<u>\$ 77,726</u>	<u>\$ 64,021</u>	<u>\$ 90,982</u>	<u>\$ 68,908</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	1,679,567	1,599,588	1,864,468	1,789,317	\$ 1,605,707	\$ 1,540,986
Net OPEB liability as a percentage of covered employee payroll	1.82%	1.62%	4.17%	3.58%	5.67%	4.47%

Supplementary Information

KEY LARGO WASTEWATER TREATMENT DISTRICT
SCHEDULE OF REVENUES AND EXPENSES (BUDGETARY BASIS) – BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>	Actual	Variance with Final Budget - Positive (Negative)
	Original	Amounts	
OPERATING REVENUES:			
Wastewater Service Revenue	\$ 7,410,000	\$ 7,484,757	\$ 74,757
Other revenues	1,358,000	1,452,594	94,594
Total operating revenues	<u>8,768,000</u>	<u>8,937,351</u>	<u>169,351</u>
OPERATING EXPENSES:			
Department:			
Administrative	2,086,927	2,032,357	54,570
Field	2,406,283	2,381,253	25,030
Maintenance	809,097	1,044,197	(235,100)
Treatment Plant	3,285,816	3,118,099	167,717
Total operating expenses	<u>8,588,123</u>	<u>8,575,906</u>	<u>12,217</u>
Budgetary basis operating income (loss)	<u>179,877</u>	<u>361,445</u>	<u>181,568</u>
NON OPERATING REVENUES (EXPENSES):			
Assessments	3,265,000	3,464,219	199,219
SDC Prepayments	150,000	40,161	(109,839)
Interest income	175,000	1,099,822	924,822
Monroe County Interlocal Agreement	2,125,000	2,125,000	-
Capital outlay	(12,575,708)	(6,649,777)	5,925,931
Debt service	(1,558,961)	(1,551,891)	7,070
Grant income	8,475,000	5,568,150	(2,906,850)
Transfer to capital insurance & reserve	(2,260,000)	(2,260,000)	-
Total non operating revenues (expenses)	<u>(2,204,669)</u>	<u>1,835,684</u>	<u>4,040,353</u>
Budgetary basis income (loss)	<u>(2,024,792)</u>	<u>2,197,129</u>	<u>4,221,921</u>
OPEB Expense/Income	-	6,618	6,618
Debt service principal	-	1,310,408	1,310,408
Depreciation	-	(5,186,981)	(5,186,981)
Capital asset additions	-	6,649,777	6,649,777
Transfer to capital & insurance reserve	-	2,260,000	2,260,000
Monroe County Interlocal Agreement	-	(2,125,000)	(2,125,000)
GAAP basis change in net position	<u>\$ (2,024,792)</u>	<u>\$ 5,111,951</u>	<u>\$ 7,136,743</u>

**KEY LARGO WASTEWATER TREATMENT DISTRICT
OTHER INFORMATION – DATA ELEMENTS
REQUIRED BY FL STATUTE 218.39(3)(C)
UNAUDITED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

<u>Element</u>	<u>Comments</u>
Number of District employees compensated in the last pay period of the District's fiscal year being reported.	39
Number of independent contractors compensated to whom nonemployee compensation was paid in the last month of the District's fiscal year being reported.	2
Employee compensation	\$2,496,509
Independent contractor compensation	\$313,000
Construction projects to begin on or after October 1; (\$65K)	4
Keys Holding Lift Station	\$375,555
Grinder Pump Lateral Pit	\$590,625
Effluent Filtration Upgrades	\$3,067,345
Power Conditioning & Electrical Upgrades at Plant	\$700,000
Budget variance report	See page 22 of annual financial report
Ad Valorem taxes;	Not applicable
Non ad valorem special assessments;	
Special assessment rate	\$88.50 - \$45,940.20
Special assessments collected	\$3,504,380
Outstanding Bonds:	\$8,611,738

Statistical Section

This part of the District's comprehensive annual financial report represents information as a context for understanding what the information in the accompanying financial statements and notes to the basic financial statements says about the District's overall financial health.

Financial Trends:

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity:

These schedules contain information to help readers assess the factors affecting the District's ability to generate revenues.

Debt Capacity:

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to incur additional debt in the future.

Demographic and Economic Information:

These schedules offer demographic and economic indications to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time with other agencies.

Operating Information:

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

Sources: Unless otherwise indicated, information in these schedules is derived from the comprehensive annual financial reports for the respective years.

**KEY LARGO WASTEWATER TREATMENT DISTRICT
NET POSITION BY COMPONENT**

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017 *	2016	2015	2014
Net investment in capital assets	\$ 109,298,259	\$ 106,499,198	\$ 104,185,761	\$ 97,793,849	\$ 94,838,093	\$ 89,444,170	\$ 88,109,122	\$ 84,330,537	\$ 78,118,004	\$ 72,420,100
Restricted	14,512,522	11,357,296	9,217,910	7,230,871	6,898,265	4,722,326	3,648,137	4,437,594	4,553,495	2,533,008
Unrestricted	21,028,914	21,871,250	21,442,821	23,855,218	23,446,004	25,144,142	23,664,064	23,004,180	10,595,667	13,515,500
Total net position	\$ 144,839,695	\$ 139,727,744	\$ 134,846,492	\$ 128,879,938	\$ 125,182,362	\$ 119,310,638	\$ 115,421,323	\$ 111,772,311	\$ 93,267,166	\$ 88,468,608

* Restated

**KEY LARGO WASTEWATER TREATMENT DISTRICT
CHANGE IN NET POSITION**

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017 *	2016	2015	2014
Operating revenues:										
Charges for service	\$ 8,937,351	\$ 9,273,720	\$ 9,432,042	\$ 9,275,186	\$ 10,240,010	\$ 9,905,815	\$ 9,556,501	\$ 9,369,902	\$ 9,024,977	\$ 8,648,563
Ad valorem taxes	-	-	-	-	-	-	-	-	-	-
Total operating revenues	8,937,351	9,273,720	9,432,042	9,275,186	10,240,010	9,905,815	9,556,501	9,369,902	9,024,977	8,648,563
Operating expenses:										
Cost of sales and services	5,499,352	4,690,609	4,327,366	4,229,384	4,133,726	3,758,317	3,858,023	3,462,536	3,434,263	3,063,570
Administration	2,025,739	1,769,355	1,763,018	1,727,973	1,819,576	1,765,615	2,135,299	2,061,163	1,933,311	1,755,937
Professional and other	1,044,197	720,948	545,447	456,727	425,150	441,702	354,727	134,052	175,224	262,912
Depreciation	5,186,981	4,896,589	4,852,766	4,822,983	4,673,688	4,652,670	4,623,560	4,188,921	4,003,065	3,975,919
Total operating expenses	13,756,269	12,077,501	11,488,597	11,237,067	11,052,140	10,618,304	10,971,609	9,846,672	9,545,863	9,058,338
Total operating income (loss)	(4,818,918)	(2,803,781)	(2,056,555)	(1,961,881)	(812,130)	(712,489)	(1,415,108)	(476,770)	(520,886)	(409,775)
Nonoperating revenues (expenses):										
Grant revenue	5,568,150	3,828,845	4,244,859	1,847,734	3,244,803	1,206,791	498,000	1,257,882	795,356	195,762
Intergovernmental	-	-	-	-	-	-	1,190,014	14,747,826	-	-
Assessments	3,504,380	3,767,952	3,875,371	4,075,774	3,964,986	4,086,967	4,201,378	4,284,578	4,603,764	4,808,534
Other	-	-	-	-	-	-	-	-	-	(11,985)
Other income	-	-	-	-	-	-	-	-	1,395,209	59,680
Interest income	1,099,822	376,470	375,200	428,829	367,069	360,234	334,835	23,108	18,860	243,242
Gain (loss) on sale of assets	-	-	3,473	(669)	-	16,359	1,291	(3,640)	-	-
Interest expense	(241,483)	(288,234)	(475,794)	(692,211)	(892,638)	(1,068,547)	(1,161,398)	(1,327,839)	(1,493,745)	(2,971,624)
Bond issuance costs	-	-	-	-	-	-	-	-	-	(70,669)
Total nonoperating revenues	9,930,869	7,685,033	8,023,109	5,659,457	6,684,220	4,601,804	5,064,120	18,981,915	5,319,444	2,252,940
Change in net position	\$ 5,111,951	\$ 4,881,252	\$ 5,966,554	\$ 3,697,576	\$ 5,872,090	\$ 3,889,315	\$ 3,649,012	\$ 18,505,145	\$ 4,798,558	\$ 1,843,165

*Restated

**KEY LARGO WASTEWATER TREATMENT DISTRICT
REVENUES BY SOURCE**

Fiscal Year	Operating		Total Operating Revenue	Nonoperating				Interest	Other	Total Non-Operating Revenue	Total Combined Revenue
	Sewer Service	Ad valorem Taxes		Grants	Intergovernmental	Assessments					
2023	\$ 8,937,351	\$ -	\$ 8,937,351	\$ 5,568,150	\$ -	\$ 3,504,380	\$ 1,099,822	\$ -	-	\$ 10,172,352	\$ 19,109,703
2022	\$ 9,273,720	\$ -	\$ 9,273,720	\$ 3,828,845	\$ -	\$ 3,767,952	\$ 376,470	\$ -	-	\$ 7,973,267	\$ 17,246,987
2021	9,432,042	-	9,432,042	4,244,859	-	3,875,371	375,200	-	3,473	8,498,903	17,930,945
2020	9,275,186	-	9,275,186	1,847,734	-	4,075,774	428,829	-	-	6,352,337	15,627,523
2019	10,240,010	-	10,240,010	3,244,803	-	3,964,986	367,069	-	-	7,576,858	17,816,868
2018	9,905,815	-	9,905,815	1,206,791	-	4,086,967	360,234	-	16,359	5,670,351	15,576,166
2017	9,556,501	-	9,556,501	498,000	1,190,014	4,201,378	334,835	-	1,291	6,225,518	15,782,019
2016	9,369,902	-	9,369,902	1,257,882	-	4,284,578	23,108	-	14,744,186	20,309,754	29,679,656
2015	9,024,977	-	9,024,977	795,356	-	4,603,764	18,860	-	1,395,209	6,813,189	15,838,166
2014	8,648,563	-	8,648,563	195,762	-	4,808,534	243,242	-	59,680	5,307,218	13,955,781

**KEY LARGO WASTEWATER TREATMENT DISTRICT
EXPENSES BY FUNCTION**

Fiscal Year	Operating Expenses				Total		
	Cost of Sales and Service	Administration	Contractual and Other	Depreciation	Operating Expenses	Non-Operating Expenses	Combined Expenses
2023	\$ 5,499,352	\$ 2,025,739	\$ 1,044,197	\$ 5,186,981	\$ 13,756,269	\$ 241,483	\$ 13,997,752
2022	\$ 4,690,609	\$ 1,769,355	\$ 720,948	\$ 4,896,589	\$ 12,077,501	\$ 288,237	\$ 12,365,738
2021	4,327,366	1,763,018	545,447	4,852,766	11,488,597	475,794	11,964,391
2020	4,229,384	1,727,973	456,727	4,822,983	11,237,067	692,880	11,929,947
2019	4,133,726	1,819,576	425,150	4,673,688	11,052,140	892,638	11,944,778
2018	3,758,317	1,765,615	441,702	4,652,670	10,618,304	1,068,547	11,686,851
2017*	3,858,023	2,135,299	354,727	4,623,560	10,971,609	1,161,398	12,133,007
2016	3,462,536	2,061,163	134,052	4,188,921	9,846,672	1,327,839	11,174,511
2015	3,434,263	1,933,311	175,224	4,003,065	9,545,863	1,493,745	11,039,608
2014	3,063,570	1,755,937	262,912	3,975,919	9,058,338	3,054,278	12,112,616

*Restated

**KEY LARGO WASTEWATER TREATMENT DISTRICT
MONTHLY RATE STRUCTURE**

	Base Charge	Flow Charge	Average Monthly Service Information		
			Average Combined Residential & Non-Residential	Accounts	EDU's
2023	\$ 27.13	\$ 4.26	\$ 629,819	10,140	14,953
2022	\$ 28.56	\$ 4.48	\$ 651,719	10,125	14,992
2021	28.56	4.48	653,594	10,122	15,050
2020 (Jan-Sept 2020)	28.56	4.48	632,461	10,053	15,076
2020 (Oct-Dec 2019)	33.60	5.27	722,212	9,956	14,833
2019	33.60	5.27	793,081	9,823	14,767
2018	33.60	5.27	731,188	9,768	14,484
2017	33.60	5.27	717,548	9,485	14,130
2016	33.60	5.27	734,967	9,447	14,251
2015	33.60	5.27	726,807	9,449	14,251
2014	33.60	5.27	706,474	9,260	14,144

**KEY LARGO WASTEWATER TREATMENT DISTRICT
SYSTEM DEVELOPMENT CHARGE STRUCTURE**

	Fee Structure					Initial Assessment Amount		
	Capacity Charge (EDU)	Connection Charge (Each)	Low Pressure Equipment & Lateral Connection	Residential	Non-Residential	Total		
2023*	-	\$	\$	-	\$	-	\$	-
2022*	-	-	-	-	-	-	-	-
2021*	-	-	-	-	-	-	-	-
2020*	-	-	-	-	-	-	-	-
2019*	-	-	-	-	-	-	-	-
2018*	-	-	-	-	-	-	-	-
2017*	-	-	-	-	-	-	-	-
2016	3,305	2,535	-	-	379,600	318,722	698,322	
2015*	-	-	-	-	-	-	-	-
2014*	-	-	-	-	-	-	-	-

*The district did not establish a new assessment roll.

**KEY LARGO WASTEWATER TREATMENT DISTRICT
RATIO OF OUTSTANDING DEBT**

	Loans	Assessed Property Value	Percentage of Assessed Value	Pledged Revenue
2023	\$ 8,611,738	\$ 8,773,728,721	0.0982%	\$ 12,441,731
2022	9,922,146	6,365,436,736	0.1559%	13,041,672
2021	12,635,311	5,970,116,332	0.1985%	13,307,413
2020	20,799,136	5,670,707,264	0.3484%	13,350,960
2019	27,635,315	5,334,439,293	0.4873%	14,207,996
2018	35,240,354	5,058,475,900	0.6606%	13,992,782
2017	40,578,452	4,431,117,858	0.8022%	13,757,879
2016	47,178,256	4,064,563,117	1.0647%	13,064,121
2015	54,702,805	3,794,887,898	1.3458%	13,195,923
2014	58,329,191	3,556,651,483	1.5370%	13,321,671

Source - Monroe County tax appraiser

**KEY LARGO WASTEWATER TREATMENT DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS**

	Assessed Property Value	Estimated Resident Population	
		Key Largo District	Monroe County
2023	\$ 8,773,728,721	9,903	81,708
2022	6,365,436,736	9,952	82,170
2021	5,970,116,332	9,952	72,641
2020	5,670,707,264	9,952	74,228
2019	5,334,439,293	10,433	76,212
2018	5,058,475,900	10,433	76,047
2017	4,431,117,858	10,433	76,047
2016	4,064,563,117	10,433	76,047
2015	3,794,887,898	10,433	73,090
2014	3,556,651,483	10,433	74,044

**KEY LARGO WASTEWATER TREATMENT DISTRICT
DISTRICT EMPLOYEES BY FUNCTION**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Executive (Commissioners)	5	5	5	5	5	5	5	5	5	5
Administration	6	6	7	7	7	8	9	12	11	11
Operations	28	28	27	25	25	24	24	20	16	18
Construction	0	0	0	0	0	0	0	2	3	4
	39	39	39	37	37	37	38	39	35	38

**KEY LARGO WASTEWATER TREATMENT DISTRICT
OPERATING INDICATORS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Number of Employees	39	39	39	37	37	37	38	39	35	38
Number of Customers	10,140	10,125	10,122	9,973	9,809	9,768	9,511	9,447	9,449	9,260
Collection Main (feet)	468,130	427,335	427,335	427,135	427,000	427,000	427,000	427,000	427,000	427,000
Transmission Main (feet)	141,741	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000
Number of Vacuum Pits	3,107	3,561	3,560	3,545	3540	3540	3538	3538	3525	3505
Number of Vacuum Stations	7	7	7	7	7	7	7	7	7	7
Average Daily Flow (gallons)	1,999,675	2,019,000	1,960,000	1,810,000	1,767,000	1,661,000	1,460,000	1,380,000	1,363,000	1,210,000
Peak Daily Flow (gallons)	2,911,000	3,890,000	2,886,000	2,881,000	2,484,000	2,304,000	2,150,000	1,950,000	1,974,000	1,780,000

KEY LARGO WASTEWATER TREATMENT DISTRICT
MISCELLANEOUS STATISTICAL INFORMATION

Date of Formation	November 19, 2002
Form of Government	Independent Special District
Board Elections	Non-partisan
Equivalent Dwelling Units (EDU's)	15,050 (Estimate)
Geographic Size	14.4 Square Miles
Water System	Supplied by the Florida Keys Aqueduct Authority
Electric Service	Provided by the Florida Keys Electric Co-op
Sanitary Sewage	Provided by the Key Largo Wastewater Treatment District



Grau & Associates

CERTIFIED PUBLIC ACCOUNTANTS

951 Yamato Road • Suite 280
Boca Raton, Florida 33431
(561) 994-9299 • (800) 299-4728
Fax (561) 994-5823
www.graucpa.com

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

Board of Commissioners
Key Largo Wastewater Treatment District
Key Largo, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of Key Largo Wastewater Treatment District, Key Largo, Florida ("District") as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated April 25, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

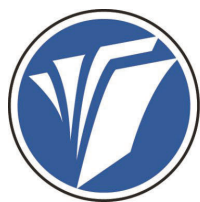
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a direct and material effect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

Purpose of this Report

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

Bhav & Associates

April 25, 2024



Grau & Associates

CERTIFIED PUBLIC ACCOUNTANTS

951 Yamato Road • Suite 280
Boca Raton, Florida 33431
(561) 994-9299 • (800) 299-4728
Fax (561) 994-5823
www.graucpa.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND MAJOR STATE PROJECT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

Board of Commissioners
Key Largo Wastewater Treatment District
Key Largo, Florida

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

We have audited Key Largo Wastewater Treatment District, Key Largo, Florida (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs and major state projects for the fiscal year ended September 30, 2023. The District'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 federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs and 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General. Those standards, the Uniform Guidance and Chapter 10.550 Rules of the Auditor General 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 or a major state project occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and each major state project. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program and Each Major State Project

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and major state projects for the fiscal year ended September 30, 2023.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District'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 Chapter 10.550, Rules of the Auditor General, 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 the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

B. Shaw & Associates

April 25, 2024

**KEY LARGO WASTEWATER TREATMENT DISTRICT
SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Federal/State Agency Pass-through Entity Federal Award/State Project	CFDA/CSFA Number	Agency or Pass-through Number	Expenditures
FEDERAL AWARDS			
United States Department of Defense			
Florida Key Water Quality Improvement Program	12.113	N/A	\$ 1,990,000
FDEM/FEMA	97.036	N/A	\$ 4,754
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,994,754</u>
STATE FINANCIAL ASSISTANCE			
Florida Department of Environmental Protection			
Statewide Surface Water Restoration and Wastewater Projects	37.039	N/A	\$ 3,586,663
TOTAL EXPENDITURES OF STATE ASSISTANCE			<u>\$ 3,586,663</u>

The accompanying notes are an integral part of this schedule.

**KEY LARGO WASTEWATER TREATMENT DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance projects includes the federal and state grant activity of Key Largo Wastewater Treatment District, Key Largo, Florida (the "District") for the fiscal year ended September 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, Rules of the Auditor General. 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 assets, cash flows or functional expenses of the District. Pass-through entity identifying numbers are presented where available.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* and Chapter 10.550, Rules of the Auditor General, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Additionally, the District did not elect to use the 10 percent *de minimis* indirect cost rate.

NOTE C – FINDINGS OF NONCOMPLIANCE

There were no findings of noncompliance identified in connection with the 2023 Federal or State Single Audit.

**KEY LARGO WASTEWATER TREATMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Key Largo Wastewater Treatment District, Key Largo, Florida (the "District").
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the District were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs and state projects are reported in the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance and Chapter 10.550, rules of the Auditor General.
5. The independent auditor's report on compliance for each major federal program and each major state project for the District expresses an unmodified opinion.
6. There were no audit findings relative to each major federal program and each major state project tested for the District.
7. The major federal programs and major state projects were:

<u>Federal</u>	<u>CFDA#</u>
United States Department of Defense:	
Florida Key Water Quality Improvement Program	12.113
<u>State</u>	<u>CSFA#</u>
Florida Department of Environmental Protection	
Statewide Surface Water Restoration and Wastewater Projects	37.039

8. The dollar threshold used to distinguish between Type A and Type B for federal programs and state projects was \$750,000 and \$750,000, respectively.
9. The District was determined to be a low-risk auditee under the Uniform Guidance.

B. CURRENT YEAR FINDINGS AND RECOMMENDATION – FINANCIAL STATEMENT AUDIT

None

C. PRIOR YEAR FINDINGS

None

D. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS AND STATE PROJECTS

None

E. OTHER ISSUES

No summary schedule of prior audit findings and corrective action plan is required because there were no prior audit findings related to federal programs or state projects.



Grau & Associates

CERTIFIED PUBLIC ACCOUNTANTS

951 Yamato Road • Suite 280
Boca Raton, Florida 33431
(561) 994-9299 • (800) 299-4728
Fax (561) 994-5823
www.graucpa.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Board of Commissioners
Key Largo Wastewater Treatment District
Key Largo, Florida

We have examined Key Largo Wastewater Treatment District, Key Largo, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2023. Management is responsible for District's compliance with those requirements. Our responsibility is to express an opinion on 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2023.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, management, and the Board of Commissioners of Key Largo Wastewater Treatment District, Key Largo, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Grau & Associates

April 25, 2024



Grau & Associates

CERTIFIED PUBLIC ACCOUNTANTS

951 Yamato Road • Suite 280
Boca Raton, Florida 33431
(561) 994-9299 • (800) 299-4728
Fax (561) 994-5823
www.graucpa.com

MANAGEMENT LETTER PURSUANT TO THE RULES OF THE AUDITOR GENERAL FOR THE STATE OF FLORIDA

Board of Commissioners
Key Largo Wastewater Treatment District
Key Largo, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Key Largo Wastewater Treatment District, Key Largo, Florida ("District") as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated April 25, 2024.

Auditor's Responsibility

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; and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 25, 2024, should be considered in conjunction with this management letter.

Purpose of this Letter

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

- I. **Current year findings and recommendations.**
- II. **Status of prior year findings and recommendations.**
- III. **Compliance with the Provisions of the Auditor General of the State of Florida.**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, as applicable, management, and the Board of Commissioners of Key Largo Wastewater Treatment District, Key Largo, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Key Largo Wastewater Treatment District, Key Largo, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

Grau & Associates

April 25, 2024

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2022.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2023.

3. Noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2023.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.

5. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.

6. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2023. It is management's responsibility to monitor 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.

7. Management has provided the specific information required by Section 218.39(3)(c) in the Other Information section of the financial statements on page 23.