

**ACCOUNTING AND
OFFICE PROCEDURES
FOR THE
IMMOKALEE
WATER & SEWER
DISTRICT**

Revised 09/16/09

RESOLUTION 09-15

RESOLUTION # 09-15

RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE IMMOKALEE WATER AND SEWER DISTRICT ADOPTING ACCOUNTING AND OFFICE PROCEDURES; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Board of Commissioners of the IMMOKALEE WATER AND SEWER DISTRICT (hereinafter referred to as the "Board") is authorized and empowered to construct, operate and maintain a Water and Sewer System (the "System") within the boundaries of the lands described in Florida Statute Chapter 2005-298; and

WHEREAS, the Board is authorized and empowered to make rules and regulations for its own government and proceedings; and

WHEREAS, the Board wishes to set forth policies and procedures to be followed by accounting and office personnel;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE IMMOKALEE WATER AND SEWER DISTRICT, in public meeting assembled that the following procedures be implemented.

ARTICLE I - CASH ACCOUNTS

- 1.) All cash funds shall be held in the cash accounts in accordance with the Districts Investments Policy as adopted in resolution # 03-07, as amended.
- 2.) Bank reconciliations will be done within five days following the receipt of the bank statements. Statements will be tested for bank transfers and items transferred from one account to another. The individual reconciling the accounts, should examine canceled checks for authorized signatures
- 3.) All reconciliations will be reviewed by the Executive Director or the Administrative Assistant and signed off by them.
- 4.) All bank transfers need to be properly booked as to debit in one account and credit in the other at the time of transfer by the Administrative Assistant.
- 5.) Transfers Category One – Interfund: All bank transfers are to be properly documented as to reason for transfer and the specific authority as to transfer. Transfers from one District account to another may be performed via the internet banking product, and will require the signature of the Executive Director and the Administrative Assistant; or if one of these is not available, any of named District Officer(s), while still requiring two signatures. A report will be prepared and submitted with each monthly Board Packet, under the Consent Agenda detailing the transfers made in the previous month. The Administrative Assistant will notify the Executive Director of the need to transfer funds. The Executive Director prepares an authorization to Transfer Funds, indicating the source of funds to be transferred, the destination account, and the reason. The Executive Director then signs and dates the Authorization, and gives to the Administrative Assistant for a second signature. The Executive Director or Administrative Assistant performs the transfer via the bank internet product, and then makes the appropriate entries in the accounting system. The Executive Director, Administrative Assistant, and the Treasurer of the Board of Commissioners shall retain the password for the bank internet site. Fund transfers are verified by accounting personnel during the bank reconciliation process.
- 6.) Transfer Category Two – Electronic Fund Transfer –EFT: The Nationwide Retirement System or Principal Financial and other vendors require payments to be made electronically. The Human Resource Specialist or Executive Director will prepare and submit the necessary schedules, to authorize the deductions from the preapproved cash accounts. The Internal Revenue Service requires electronic payment of payroll tax liability with each payroll. The Human Resource Specialist or Executive Director shall prepare the payroll tax deposit forms, and process the payment via their telephone payment system. The Florida Unemployment Compensation Fund also requires electronic submission of forms and payments. The Human Resource Specialist or Executive Director will enter the reporting information and the authorization for payment on the UC website, and then will make the appropriate entries into the accounting system.

ARTICLE II - NEW SERVICE SETUP

- 1.) New meters are initiated by customer filling out a New Service Order form. The form must be signed by the customer. The Distribution Coordinator arranges for an account number and route sequence number to be assigned, and then signs off on the installation.
- 2.) The Clerk is to collect proof of ownership or a lease from the owner, a customer deposit, meter charge, connection fee, and sewer permit fee, and other applicable fees; in accordance with the Rules and Regulations at the time the New Service form is filled out; and enter it into the computer. The Clerk will print and initial the receipt, which will then be given to the customer for all monies paid.
- 3.) The customer will receive a copy of the Customer Security Deposit Information form. They must sign both the deposit receipt, and a copy of Information Form. The form will be attached to the original order. The Account Receivable Clerk should enter the new account.
- 4.) If a sewer permit has been previously purchased, the customer must provide proof and the clerk should note this on the New Service Order form.
- 5.) The New Service Order Form is maintained by accounting in an open Service Order file.
- 6.) The Water Department Coordinator determines meter obstructions and the location for the meter. The Supervisor then assigns an employee to install meter.
- 7.) The installer completes the work order and fills in the time, date and equipment used for the installation. A completed work order will then be returned to the supervisor. Next, the completed copy of the New Service Order is sent back to accounting.
- 8.) The Wastewater Collection Supervisor determines that the sewer service is in place, and signs off and returns the New Service Form to accounting.
- 9.) Accounting will review the New Service Order Form and check for appropriate approval, and mark the New Service Order as entered.
- 10.) Open Order forms should be checked weekly, for any order over two weeks old. Orders over two weeks old should be brought to the attention of the Executive Director for resolution.
- 11.) At the end of each month the Water Supervisor will prepare a summary of all work orders with a break down of the following:

- a) Labor cost
- b) Material cost
- c) Equipment cost

The above costs should be identified per new meter, replacement meter or other identification.

- 13.) One copy of the summary sheet is given to the accounting department and one is filed away with all of the work orders for the month.
- 14.) The Water Department should maintain a list of new meter locations that include date installed, cost to install and history of any service records.

ARTICLE III - TRANSFERS AND REFUNDS

- 1.) Transfers and on/off orders are done at the computer and must be signed by whoever ordered it. Proper identification is required for all such orders.
- 2.) Proper identification is considered: 1).A customer, who is a U.S. citizen, must be able to provide his or her name, and a valid, official State or government issued driver's license or identification card with a photo identification. Pursuant to suggestions made by the Federal Trade Commission: 2) a non-U.S. Person must be able to provide his or her name, and one or more of the following; passport, alien identification card; or any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard. [31 C.F.R§ 103.121 (b)(2)(i)(A)(4)(ii)].” The preferred identifying information for all customers will bear a photograph or similar safeguard. In order to secure service, a customer must be of legal age to contract, or otherwise be emancipated.
- 3.) The applicable transfer fee will be charged, and paid by the customer at the time of the request. The Clerk who issues the receipt will initial the receipt, and give it to the customer, for signature. The white copy will remain with the District, and the yellow given to the customer.
- 4.) For refunds a final reading is taken by the individual in charge of reading meters. Each account has a customer deposit which is applied to the final reading and produces an amount due to the customer or an amount due from the customer. A final bill is sent which signifies usage of the customer deposit and the amount still due on the account, or the amount due to the customer.
- 5.) When the deposit is greater than the final bill a refund is due and is approved by either the Administrative Assistant or the Executive Director. In the event that a customer has a credit

on their account for an amount more than or equal to three months of their average bill, they may request a cash refund. The cash refund must be approved by either the Administrative Assistant or the Executive Director.

- 6.) All refund checks have a 90 day period after issuance before it is to be voided. When a refund check is voided, an adjustment must be made to the accounts receivable system to reinstate the credit due the customer.
- 7.) All customers must have a deposit on their account. If not, one should be obtained as soon as possible. Deposits are set by the Board of Directors and can be obtained from the Districts Rules and Regulations. No deviation is to be made from the deposit amount set by the District, except by Board action. Some customers who have been determined to be habitual offenders of the Rules and Regulations will be charged higher deposit amounts.
- 8.) Deposits in the subsidiary ledger should be reconciled to the general ledger on a monthly basis for all collected deposits. Unclaimed refunds on deposits will be reconciled annually.

ARTICLE IV - BILLING PROCEDURES & CASH RECEIPTS

- 1.) Billings are divided into three cycles.
- 2.) Hand held meter readers are used to read each meter. An employee of the Water Department handles these meter readers to collect water meter readings from the community. The clerk downloads the necessary meter routes into the hand helds, and then uploads the data directly from the hand helds into the computer, when the meter route is read. The computer then generates a report of all the read meters. This report must be checked for reasonableness as to amounts for each customer being billed.
- 3.) If a reasonableness problem arises, the problem should be corrected by rereading the meter in question.
- 4.) When a correction is needed on a customers account, the individual in charge of billing shall fill in a special form for the adjustment and enter it into the billing system. They will also send a letter or other form of correspondence to the customer notifying them of the correction, if the billing is already completed.
- 5.) All adjustment forms are kept in a special file and filed away by month. A clerk will enter the information into the notes section on the customer account, to reflect any changes to an account.
- 6.) Bills are run on a monthly basis at the end of each cycle.
- 7.) Final notices are produced on the next business day, following the due date on the monthly

- bill. Applicable late fees are charged at that time.
- 8.) Billing summary reports are then used to prepare journal entries to record the revenues on the general ledger.
 - 9.) A cut-off list is produced, as soon as a possible, after the due date of final notices. If it is necessary to discontinue service to a customer, an applicable cut off fee is assessed to resume service. The cut-off is performed on the meter by applying a metal or plastic strap, or turning the valve off. In the event that a customer cuts the strap or otherwise turns the meter back on, the District has the right to lock the meter, remove it, or affect discontinuance of service by any other method deemed necessary, and impose any such fees set forth in the Districts Rules & Regulations.
 - 10.) An Accounts Receivable Report should be run at the end of each month and reconciled to the general ledger.

ARTICLE V - CASH RECEIPTS

- 1.) The night depository box should be marked "CHECKS ONLY". Envelopes should be provided for customers to enclose checks in. The night depository box should be closed, and access limited.
- 2.) A list of all deposits should be made with account number identified and signed off by the designated drive through employee. Any loose cash that can not be identified should be noted.
- 3.) Cash, checks, money orders and credit card payments are received by the clerks for payment of water and sewer bills. All checks must be restrictively endorsed "Immokalee Water & Sewer District - for deposit only" by the individual who receives the payment. These checks are entered into the computer, using the return statement stub provided for reference. If a check comes in without the return statement stub, the clerk will use the information provided on the check to enter it into the computer.
- 5.) When entering the payment into the computer, the clerk scans or otherwise enters the account number for the customer and applies the payment to the correct account, and prints a receipt. The yellow copy is given to the customer, the white copy is filed in the payment receipt box, and the pink copy remains on the printer.
- 6.) Payments may be made with a credit card with a Visa, Master Card or Discover logo. These payments can be accepted either in person, or over the telephone. When the customer makes the payments in person, the clerk first ascertains the account and amount that is being paid, plus the applicable service fee. They then swipe the credit card through the credit card processing machine. The clerk writes the applicable account number on the receipt printed

by the processing machine, and gets the customer's signature. The clerk then enters the payment into the computer billing system, as a credit card payment, prints the receipts, and attaches it to the processing machine receipts. The white copy is retained with the white copy of the processing machine receipt, and the yellow copies are given to the customer. When the customer requests to make a payment with a credit card over the telephone, the clerk must completely fill out the appropriate forms, and have the customer remain on the line until the transaction is completed. The payment is then entered into the computer billing system as a credit card payment.

- 7.) In accordance with 2007 Florida Statutes - Chapter 215.322 Acceptance of credit cards, charge cards, or debit cards by state agencies, units of local government, and the judicial branch. -- The District has adopted a convenience fee, to offset the cost to the District for the customer use of a credit or debit card. The fee will be 2.75% convenience fee per transaction, or a minimum of \$2.00, whichever is greater.
- 8.) In the morning, the tickets, cash, checks, and credit card receipts are counted and compared to the printer tapes and computer printout for any variances. If a variance is noted an immediate recount of the cash should be done, and the Administrative Assistant must be immediately notified. If there is still a discrepancy, the Executive Director and the Administrative Assistant should take steps in correcting the error. When an error cannot be corrected it should be noted. It is the responsibility of the clerk to immediately reimburse the shortage, after due diligence is taken to find the error. Shortages and overages will be grounds for disciplinary action, up to and including discharge.
- 9.) Another procedure to verify cash is to compare the cash to the white copy of the receipts, and any variances should be handled as shown in step eight.
- 10.) If a customer wishes to have the monthly payment deducted from their bank account, the appropriate form must be completed and accompanied by a voided check. The customer must choose one of the specified dates to have the payment deducted from their bank account. The ACH payment file will be created in the billing system, and submitted electronically to the bank at least one business day before the specified date. The customer accounts will then be credited for the payments. The customer who chooses this payment method will not be charged late fees.
- 11.) When a check is returned for insufficient funds, an adjustment to the accounts receivable should be made by the clerk to debit the account for the amount of the check plus any required fees. Also a memo is put on the customer's account denoting a deficiency.
- 12.) After the adjustment has been made a letter is sent to the customer indicating amount due (a copy is retained for the District as a permanent record). The customer has 10 days to make good on the returned check. A \$25.00 fee is charged for checks less than \$50.00, a \$30.00 fee is charged for checks between \$50.00 to \$300.00, and a \$40.00 fee (or 5% of the check amount, whichever is greater) is charged for checks above \$300.00. This is in addition to

any bank charges or fees that are assessed to the District. All NSF checks should be kept in a tickler file for easy access. Customers, who give checks for the initial security deposit that are returned by the bank, will be subject to immediate discontinuance of service until all applicable fees are paid.

- 13.) NO ACCOUNT SHALL BE DELETED FROM THE ACCOUNTS RECEIVABLE SYSTEM UNLESS SPECIFICALLY AUTHORIZED BY THE EXECUTIVE DIRECTOR.
- 14.) Sewer Assessments that are received by the District are to be properly documented as to what account is being paid.
- 15.) ALL PAYMENTS RECEIVED MUST BE DEPOSITED, OR COLLECTED BY THE ARMORED CAR SERVICE, ON A DAILY BASIS BY THE FOLLOWING BUSINESS DAY. CHECKS AND MONEY ORDERS ARE SCANNED AND ELECTRONICALLY SUBMITTED TO THE BANK. LOCKBOX SERVICES WILL ALSO BE PROCESSED EACH BUSINESS DAY.
- 16.) For deposits, a calculator tape is run and compared to the amounts credited into the computer for accuracy. These calculator tape runs must accompany every deposit. If a variance arises an immediate recount must be done. If unable to resolve, notification to the Executive Director and the Administrative Assistant is the following step.
- 17.) If the armored car service is not available, two individuals shall be designated to take all deposits to the bank. Upon their return they shall turn over all deposits slips to the Administrative Assistant or the Billing Coordinator.
- 19.) Bank receipts should be compared to the duplicate deposit slip by the Administrative Assistant or the Billing Coordinator.

ARTICLE VI - CASH DISBURSEMENT AND PURCHASING

- 1.) A vendor information sheet should be filled out for each vendor, which contains the following information:
 - a) Vendor Name
 - b) Vendor Address
 - c) Vendor Tax Identification number
 - d) Contact Person
 - e) Phone Number
 - f) Service or product they provide
 - g) Terms of payment
 - h) Contract or other agreement if applicable
 - i) Proof of corporation name and officers (from Sunbiz.org or similar web site)
 - j) County occupational license in applicable county
- 2.) Vendor information sheet should be approved by the Executive Director, or Assistant Director before vendor is set up on computer for payments.
- 3.) All purchases are to be made by purchase orders and by specific authority of the Executive Director. Fixed assets of less than \$1,500 can also be approved by the Executive Director.
- 4.) Any fixed asset that will be greater than \$1,500 needs to be approved by the Board of Directors.
- 5.) When receiving merchandise and or equipment, the individual receiving should immediately match the purchase order against the packing slip and sign off as to the date received. The individual will then notify the supervisor of the department that ordered the merchandise, so that they can inspect the package and verify delivery of the items ordered. If it is not the right merchandise and/or equipment, they will notify management as to the error, immediately.
- 6.) A copy of the receiving slip should be forwarded to accounting.
- 7.) All mail received should be opened immediately and segregated into accounts payable, cash receipts, or other correspondence.
- 8.) Accounts payable and other correspondence should be immediately stamped with the date received stamp. Correspondence will be sorted and placed in the appropriate mail bin.
- 9.) Accounts Payable bills should immediately be sent to the individual in charge of paying bills for coding and math check. The Accounts Payable Clerk should note any discrepancies and reconcile them with the Vendor, or bring it to the attention of the Administrative Assistant.

- 10.) Invoices for purchases of items received should be matched up to the receiving slips.
- 11.) Bills should be sent to Management for approval, after coding.
- 12.) The Accounts Payable Clerk should enter approved invoices into the computer and make sure that the accounts payable run agrees with the general ledger and post.
- 13.) At the time of paying bills, run checks and review as to accuracy. These checks should be attached to the invoices that are to be paid. The checks and invoices should then be turned over to the Administrative Assistant for review and signing. Once the Administrative Assistant completes the review, they are then turned over to the Executive Director for signature. (All Checks Require Dual Signatures).
- 14.) Any check over \$5,000.00 needs the signatures of two of the Board of Directors, (specifically the Secretary OR the Treasurer, AND the Chairperson OR the Vice Chairperson) all other checks less than \$5,000.00 need not have a signature of a Board Officer and can be signed by the Executive Director and/or the Administrative Assistant.
- 15.) After checks are signed the invoices and checks should be matched to the accounts payable run and mailed.
- 16.) Blank check signing is strictly prohibited.
- 17.) All invoices, purchase orders and or supporting documents should be properly marked at time of signature to prevent duplicate payment. The bottom portion of the check stub is attached to the retained copies of the supporting documents.
- 18.) All voided checks are to be properly mutilated (signature portion removed) and retained for three years.)
- 19.) Only authorized personnel who prepare checks should have access to blank checks.
- 20.) With positive pay, the District will submit an electronic file to the bank on a daily basis, listing all payments made that day. The Accounts Payable clerk, Administrative Assistant or Executive Director, will review the rejected payment file each business day, to approve or deny checks that are missing, or that have conflicting information.

ARTICLE VII - INVENTORY

- 1.) Inventory is to be monitored and controlled by the Department Supervisor.
- 2.) All inventoriable supplies are to be stored in a locked supply room, which can only be accessed by the Executive Director, Department Supervisor, or their designated Inventory Clerk.
- 3.) The Inventory Clerk will provide the Department Head responsible for taking physical inventory with an inventory list each month which contains the following information:
 - a) Item
 - b) Quantity beginning
 - c) Quantity purchased
 - d) Quantity used
 - e) Quantity ending
 - f) Price per unit
 - g) Ending cost per item
- 4.) A physical inventory will be taken every 6 months. Any difference in the physical inventory and the Inventory Records should be noted and resolved.
- 5.) Adjustments shall be approved by the Executive Director and a reconciled inventory list provided to each Department Head and accounting.
- 6.) Department heads should use the inventory list to prepare purchase orders for items needed.
- 7.) The Inventory Clerk must match all materials and supplies received to an approved purchase order, and/or receiving slip.
- 8.) The Inventory clerk should note differences between the receiving slip and purchase order, on the receiving slip. One copy of the receiving slip is then used to update inventory quantities and cost on the computer, marked posted and filed.
- 9.) Receiving slips and/or a copy of the purchase orders are then sent to accounting.
- 10.) Work order summary sheets will be prepared on a monthly basis and sent to accounting.

ARTICLE VIII - EQUIPMENT

- 1.) All equipment purchased should be capitalized if it has a dollar amount greater than \$1,000, and has a life expectancy of one year or more, in accordance with Florida Statutes Chapter 274, as may be amended. (CAPITALIZATION POLICY).
- 2.) All purchases should be made in accordance with procedures outlined in the Administrative Rules.
- 3.) All depreciation for any piece of equipment needs to be straight-line along with any other capitalized items. The underlying policy is consistency for the application of depreciation. The District will conform to the depreciation guidelines, adopted by the Public Service Commission Supplement # 187, Chapter 25-30.140. These are set forth in Attachment A.
- 4.) All tangible personal property shall be acquired, maintained, accounted for, and disposed of in accordance with the Rules of the Auditor General Chapter 10.400, and Florida Statutes Chapter 274, as may be amended.
- 5.) All equipment borrowing by employees or outsiders is strictly prohibited, unless previously approved by the Executive Director.
- 6.) Vehicles are to be used only by authorized personnel and only for company business, unless specifically authorized.
- 7.) All vehicles and equipment should have a maintenance record for repairs and servicing.
- 8.) All drivers must have a valid driver's license, and follow State of Florida driving rules.

ARTICLE IX - PAYROLL

- 1.) All personnel files must be kept up-to-date. A current W-4 must be maintained in all employee files along with current pay scale. Any employee actions must be properly documented and maintained in the employee files.
- 2.) The District requires mandatory participation in the direct deposit program for all employees. Use of direct deposit is a condition of employment.
- 3.) Supervisors will calculate hours worked on the time cards, and attach a summary stub to the time cards. The supervisor will sign the stub and each time card. The employee must also

sign the time cards. This will then be turned in to the payroll clerk. Time cards should be math checked and signed off by the individual in charge of payroll. After the payroll run they should be compared to the payroll run for accuracy and verification of actual working employees.

- 4.) On payday, the employee will receive a complete pay stub showing information regarding gross and net pay, deductions, and sick and annual leave use and balances.
- 5.) The Executive Director and the person in charge of payroll will be responsible for implementing the direct deposit plan, through the use of the accounting software and online banking services.
- 6.) Payroll stubs and other reports printed should be verified against the employee records to verify correct salary or pay rate.
- 7.) The supervisor will be in charge of dispersing the payroll stubs for his/her department. Any unclaimed stubs should be returned to the Human Resource Coordinator for safekeeping.
- 5.) All pay increases are to be determined by the Executive Director, based on the adopted pay plan and the annual budgetary process. Criteria for these raises are also determined by the Board of Directors, and the Executive Director.

ARTICLE X - FILING AND PERMANENT RECORDS

- 1.) All filing should be done on a daily basis. Filing can be done either alphabetically by month or numerically using a check by month, either way will be sufficient. It is very important that it be constantly done one way for consistency and easy access of records.
- 2.) Current year and prior year records are to be kept in the office for easy access. All records prior to the prior year shall be kept in a dry and safe place for access. Any records that are inactive are to be boxed and labeled properly for all contents and a Master List is to be kept by the Administrative Assistant as to what is being dormatized.
- 3.) All warranties, deeds, contracts, bond information, maps, and all other permanent information shall be kept in a fireproof file cabinet. Items that are to be filed this way, is information deemed to be irreplaceable by the Executive Director and the Administrative Assistant. The District intends to scan and electronically preserve original records.
- 4.) These permanent records are to be the responsibility of the Administrative Assistant and the Executive Director.

- 5.) Records will be managed in accordance with the Districts Record and Retention Policy.

ARTICLE XI - COMPUTER BACKUP

- 1.) The computer is too backed up on a daily basis. The person in charge of doing this shall remove the tape from the premises in case of fire or other disaster for safekeeping.

ARTICLE XII - COMPLAINTS

- 1.) All complaints by customers are to be handled by the clerks at the front window or drive through. If they are unable to, they should immediately contact the Executive Director or the Administrative Assistant for help. **IMPORTANT: THE EMPLOYEES SHOULD NOT AT ANY TIME LET A CUSTOMER BADGER OR HARASS THEM, IF THIS OCCURS STOP THE DISCUSSION AND LET THE EXECUTIVE DIRECTOR HANDLE THE SITUATION BEFORE IT GETS OUT OF HAND.**

ATTACHMENT A

DEPRECIATION

1. For the purpose of this resolution, the following definitions apply.

Account - Water and wastewater plant accounts are defined in the NARUC Uniform System of Accounts adopted by rule 25-30.115 F.A.C.

Amortization - The gradual extinguishment of an amount in an account by distributing such amount over a fixed period.

Asset - Any owned physical object (tangible) or right (intangible) having economic value to its owner.

Average Remaining Life - The future expected service in years of the surviving plant at a given age.

Average Service Life - The period of service that can be reasonably expected from the plant type in questions. It is measured by the period of time the subject plant and its associated investment is included on the company's books as in service to the public. The average service life will typically be less than the potential physical life due to factors such as governmental requirements, growth or adverse operating conditions.

Average Service Life Depreciation Rate - The depreciation rate based on the expected average service to be experienced by the investment or account in question.

$$\text{A.S.L Rate} = \frac{100\% - \text{Average Net Salvage \%}}{\text{Average Service Life}}$$

Capitalization - measures of the propriety of capitalization versus expensing as follows:

1. The addition of any retirement unit, or
2. Any replacement with a retirement unit that materially enhances the value, use, life expectancy, strength or capacity of the asset prior to replacement shall be capitalized.
3. The cost of incidental repairs that neither materially add to the value of the property nor appreciably prolong its life and that were made to keep the property in an ordinary efficient operating condition shall be accounted for as a maintenance expense.

Cost of removal - The cost of demolishing, dismantling, tearing down, or otherwise removing utility plant, including the cost of transportation and handling incidental thereto.

Continuing Property Record (CPR) - A perpetual collection of records required by the NARUC Uniform System of Accounts showing the detailed original costs, quantities, and locations of plant in service. Generally, a CPR should contain 1) an inventory of property record units which can be readily checked for proof of physical existence, 2) the association of costs with such property record units to ensure accurate accounting for retirements, and 3) the dates of installation and removal of plant to provide data for use in connection with depreciation studies.

Depreciation - As applied to depreciable utility plant, the loss in service value not restored by current maintenance incurred in connection with the consumption or prospective retirement of utility plant in the course of service from causes that are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence,

changes in the art, changes in demand and requirements of public authorities. The intent of depreciation per this rule is to provide for recovery of invested capital and to match this recovery as nearly as possible to the useful life the depreciable investment.

Depreciation Accounting – The process of charging the book cost of depreciable property, adjusted for net salvage, to operations over the associated useful life.

Depreciation Expense – The periodic charge to expense to allocate the original cost of a depreciable group of assets over the life of those assets.

Depreciable Group – A homogeneous grouping of assets expected to experience similar life and salvage patterns. Unless otherwise ordered by the Commission, depreciable groups are the accounts defined in the NARUC Uniform System of Accounts adopted by Rule 25-30.115, F.A.C.

Group Depreciation – An accounting procedure under which depreciation charges are accrued on the basis of the original cost of all property included in each depreciable group. Under the group concept, no attempt is made to keep track of the accumulated provision for depreciation applicable to individual assets of property, in view of the many items making up a utility system. The group approach recognizes that some assets within the group may live longer or shorter than the average life of the group but the group is expected to live the average service life. Every item in the group is assumed to be fully depreciated at retirement.

Mortality Data - See plant activity data.

Net Salvage - The salvage value of property retired less the cost of removal. This is expressed as a percent of retirements in the depreciation rate formula.

Original Cost - The cost of acquiring an asset and placing it into service for first utility use. This includes the direct costs of acquiring the asset and the cost of labor, materials, and associated costs of installation to prepare the asset for first utility use. The cost is used in the computation of depreciation expense. In the event that an asset is acquired that is already in public service, the original historic cost of the asset should be recorded in plant in service, and the historic accumulated depreciation should be charged to the accumulated depreciation account. In the event the historic cost of an asset that is already in utility service cannot be determined, an independent engineer's evaluation based on an original cost study may be used.

Plant Activity Data - Annual additions, retirements, adjustments or transfers, sales or purchases, and investment balances at end of year.

Property Retired - As applied to utility plant, property that has been removed, sold, abandoned, destroyed or which has been withdrawn from service for any cause.

Remaining Life Depreciation Rate - The depreciation rate based on the average remaining portion of the service life expected to be experienced by the investment or account in question and on the net unrecovered capital for that investment or account.

$$\text{R.L. Rate} = \frac{100\% - \text{Accumulated Reserve \%} - \text{Future Net Salvage \%}}{\text{Average Remaining Life}}$$

The average remaining life for an account or sub-account is a function of known planned retirement or of the average age of that account and its appropriate mortality table.

Replacing or Replacement - The construction or installation of utility plant in place of property retired, together with the removal of the property retired.

Reserve - The accumulated provision for depreciation. The accumulated depreciation reserve is

the net of depreciation accruals (expenses) and retired investment as well as any appropriate adjustment or transfers.

Reserve Activity Data - Annual depreciation expense, retirements, transfers or adjustments and end or year balance for the accumulated provision for depreciation.

Retirement Units - Those items of utility plant which, when retired with or without replacement, are accounted for by crediting the book cost to the utility plant account in which it is included.

Salvage Value - The amount received for the property retired, less any expenses incurred in connection with the sale or in preparing the property for sale or, if retained, the amount at which the material recoverable is chargeable to materials and supplies or other appropriate account.

Straight-Line Method – A depreciation method by which the service value of a depreciable group is charged to depreciation expense (or a clearing account) and credited to the accumulated provision for depreciation account through equal annual charges over the service life of the group.

Unit Depreciation – An accounting procedure under which the original cost, depreciation expense, and accumulated provision for depreciation, and all associated activity are maintained for each individual asset. Service life and salvage parameters are estimated for each individual asset with a depreciation rate designed to recover each asset's original cost over its related life. If the asset lives longer than its expected life, depreciation expense stops accruing when the asset is fully recovered. If the asset retires earlier than its expected service life, the associated unrecovered amount is immediately written-off as a loss.

Unrecovered Amount – Original cost less the accumulated provision for depreciation less expected net salvage.

2. The average service life and salvage components for each class of utility are as follows:

(a) Water System Guideline Average Service Lives

<u>Description</u>	Small Utility (Class C)	Ranges	
Intangible Plant			
Organization	40		
Source of Supply			
Structure & Improvements	27	27	40
Wood	25		
Masonry	27		
Reinforced Concrete	37		
Steel Building	35		
Tanks or Sheds	20		
Fiberglass	18		
Collecting and Impounding	40		
Drilled & Cased Well (Floridan or Non-Corrosive)	27	10	27
Shallow Well (Sand Aquifer or Corrosive Water)	18		
Supply Mains	32	32	40
Power Generation Equipment	17	17	30
Pumping Equipment	17		
Pumping Equipment-Electric	15		
Pumping Equipment-Chemical	6	6	15
Other Misc Equipment	15	12	15
Water Treatment Plant			
Structures and Improvements	27	27	40
Power Generation Equipment	17	17	30
Pumping Equipment	17		
Pumping Equipment-Electric	15	15	20
Pumping Equipment-Chemical	6	6	15
Water Treatment Equipment	17		

Chlorination Equipment	7	5	7
Membrane Elements	5		
Other Mechanical Equipment	20		
Other Misc Equipment	15	12	15

Transmission & Distribution Plant

Structures and Improvements	27	27	40
Power Generation Equipment	17	17	30
Pumping Equipment	17		
Pumping Equipment-Electric	15	15	20
Pumping Equipment-Chemical	6	6	15
Distribution Reservoirs & Stand Pipes	33	33	40
Steel Pneumatic Tank	30		
Concrete Ground Storage Reservoir	37		
Transmission & Distribution Mains	38	38	40
Galvanized Steel Pipe & Fittings	33		
Black Steel Pipe	18		
Plastic Pipe	40		
Asbestos-Cement	35		
Cast Iron or Ductile Iron	35		
Valve & Valve Boxes	20		
Fire Mains	30		
Services	35	20	40
Meter and Meter Installations	17		
Hydrants	40		
Backflow Prevention Devices	10		
Other Plant and Misc Equipment	20	5	20

General Plant

Structure & Improvements	35	27	40
Wood Buildings	30		
Masonry Building	35	20	35
Reinforced Concrete Building	37		
Steel Building	35		
Tanks or Sheds	20	20	40
Office Furniture & Equipment	15	5	20
Computers	6	5	6
Transportation Equipment	6	3	7
Tools, Shop & Garage Equipment	15		

Laboratory Equipment	n/a		
Power Operated Equipment	10		
Communication Equipment	n/a	0	10
Misc Equipment	n/a	0	10
Other Tangible Plant	10		

Collection System

Structures & Improvements Above Grade	27	27	40
Wood	25		
Masonry	27		
Reinforced Concrete	37		
Steel Below grade	22		
Concrete	32		
Steel	20		
Lift Stations	22		
Power Generation Equipment	17	17	30
Collection Sewers-Force	27		
Collection Sewers-Gravity	40		
Manholes	27	27	30
Special Collecting Structures	37		
Services to Customers	35	35	40
Flow Measuring Devices	5		
Flow Measuring Installations	35		
Other Misc Equipment	15		

Pumping Plant

Structures & Improvements	27	27	40
Power Generating Equipment	17	17	30
Receiving Wells	25		
Pumping Equipment	15		
Pumping Equipment-Electric	15		
Pumping Equipment-Chemical	5		
Other Misc Equipment	15		

Treatment & Disposal Plant

Structures & Improvements	27		
Power Generating Equipment	17		
Pumping Equipment	15		

Pumping Equipment-Electric	15	15	20
Pumping Equipment-Chemical	5	6	15
Treatment & Disposal Equipment	15		
Blower, Motors, Pumps Electric Controls	12		
Chlorination Equipment	7		
Other Mechanical Equipment	18		
Plant Sewers	32		
Outfall Sewer Lines	30		
Other Plant and Misc Equipment	15		

Reclaimed Water Treatment Plant

Structures & Improvements	27
Power Generating Equipment	17
Pumping Equipment	15
Pumping Equipment-Electric	15
Pumping Equipment-Chemical	5
Reuse Distribution Reservoirs	33
Steel Pneumatic Tank	30
Concrete Ground Storage Reservoir	37
Treatment & Disposal Equipment	15
Blower, Motors, Pumps Electric Controls	12
Chlorination Equipment	7
Other Mechanical Equipment	18
Plant Sewers	32
Outfall Sewer Lines	30
Other Plant and Misc Equipment	15

Reclaimed Water Distribution Plant

Structures & Improvements	27
Power Generating Equipment	17
Reuse Services	35
Reuse Meter and Meter Installation	17
Pumping Equipment	15
Pumping Equipment-Electric	15
Pumping Equipment-Chemical	5
Reuse Transmission & Distribution System	38
Plastic Pipe	40
Valve & Valve Boxes	20
Fire Mains	30

Other Plant and Misc Equipment 15

General Plant

Structure & Improvements	35
Reinforced Concrete Building	40
Masonry Building	35
Wood Buildings	30
Steel Building	35
Tanks or Sheds	20
Office Furniture & Equipment	15
Computers	6
Transportation Equipment	6
Tools, Shop & Garage Equipment	15
Laboratory Equipment	n/a
Power Operated Equipment	10
Communication Equipment	n/a
Misc Equipment	n/a
Other Tangible Plant	10

If any phase or portion of this Resolution is held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portion.

This resolution shall become effective on September 16, 2009.

PASSED AND DULY ADOPTED by the Board of Commissioners of the IMMOKALEE WATER AND SEWER DISTRICT, this **16th day of September 2009**.

**BOARD OF COMMISSIONERS
IMMOKALEE WATER AND SEWER DISTRICT**

BY: _____

Fred N. Thomas Jr.
Chairperson

BY: _____
Richard Rice
Secretary