ALLIGATOR POINT WATER RESOURCES DISTRICT

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

ALLIGATOR POINT WATER RESOURCES DISTRICT
TABLE OF CONTENTS
SEPTEMBER 30, 2023

	Page(s)
Independent Auditors' Report	1 – 3
Management's Discussion and Analysis	4 – 6
Basic Financial Statements:	
Statement of Net Position	7
Statement of Revenues, Expenses, and Changes in Net Position	8
Statement of Cash Flows	9
Notes to Financial Statements	10 – 15
Independent Auditors' 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*	16 – 18
Independent Auditors' Management Letter Required by Chapter 10.550, Rules of the State of Florida, Office of the Auditor General	19 – 21
Independent Accountants' Examination Report	22
Corrective Action Plan	23

INDEPENDENT AUDITORS' REPORT

To the District Board Members,
Alligator Point Water Resources District:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Alligator Point Water Resources District, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Alligator Point Water Resources District, as of September 30, 2023, and the respective changes in financial position, and cash flows for the 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Alligator Point Water Resources 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

Alligator Point Water Resources 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 Alligator Point Water Resources 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.

Auditors' 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 auditors' report that includes our opinions. 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 Alligator Point Water Resources 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 Alligator Point Water Resources 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 on pages 4 – 6 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2024 on our consideration of Alligator Point Water Resources District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Alligator Point Water Resources District's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Tallahassee, Florida
April 15, 2024

ALLIGATOR POINT WATER RESOURCES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023

As management of the Alligator Point Water Resources District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2023.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District 's basic financial statements. The District 's basic financial statements are comprised of two components: 1) fund financial statements and 2) notes to the financial statements.

Fund financial statements. *A fund is a* grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Proprietary funds. The District maintains one proprietary fund. The District uses the proprietary fund to account for its water operations.

The basic fund financial statements can be found on pages 7 – 9 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to financial statements can be found on pages 10 – 15 of this report.

Water Fund Financial Analysis

A portion of the District's net position (53 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Alligator Point Water Resources District's Net Position

	2023	2022
Current and other assets	$ 1,700,360	$ 1,557,181
Capital assets not being depreciated	50,972	19,552
Capital assets being depreciated, net	1,736,298	1,843,836
Total assets	3,487,630	3,420,569
Other liabilities	113,583	103,325
Total liabilities	113,583	103,325
Net position:		
Net Investment in capital assets	1,787,270	1,863,388
Unrestricted	1,586,777	1,453,856
Total net position	$ 3,374,047	$ 3,317,244

The remaining balance of *unrestricted net position* $1,586,777 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the District is able to report positive balances in all categories of net position.

Alligator Point Water Resources District's Changes in Net Position

	2023	2022
Revenues:		
Program revenues:		
Charges for services	$ 250,825	$ 288,896
General revenues:		
Intergovernmental and other	314,839	294,729
Total revenues	565,664	583,625
Expenses:		
Water operations	508,861	515,283
Total expenses	508,861	515,283
Change in net position	56,803	68,342
Net position, beginning of year	3,317,244	3,248,902
Net position, end of year	$ 3,374,047	$ 3,317,244

The change in net position can be contributed to an increase in ad valorem tax revenue as well as a decrease in operating expenses.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its business type activities as of September 30, 2023, amounts to $1,787,270 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment.

Additional information on the District's capital assets can be found in Note 2.b. on page 14 of this report.

Economic Factors and Next Year's Budgets and Rates

- District expansion passed November 2022 and went into effect October 2023.
- As a condition of District Expansion, the District will be upgrading water lines in the areas that were previously outside the District. The cost is estimated at $600,000.
- Ad Valorem tax for 23/24 was increased by 4.17% to 1.45 mils due to the cost of the construction of the upgraded lines.
- District Expansion also increased the Districts tax base and eliminated the surcharge on water.
- No other significant impacts are expected for next year.

All of these factors were considered in preparing the District's budget for the 2024 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Alligator Point Water Resources District, Post Office Box 155, Panacea, Florida 32346.

ALLIGATOR POINT WATER RESOURCES DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

ASSETS

Current assets		
Cash and cash equivalents	$	672,232
Investments		906,977
Accounts receivable, net		16,159
Prepaids		28,028
Restricted assets:		
Cash and cash equivalents		76,964
Total current assets		1,700,360
Noncurrent assets		
Capital assets, not being depreciated		50,972
Capital assets, being depreciated, net		1,736,298
Total noncurrent assets		1,787,270
Total Assets	$	3,487,630

LIABILITIES AND NET POSITION

Current liabilities		
Accounts payable and accrued expenses	$	27,568
Unearned revenue		9,051
Payable from restricted assets:		
Utility deposits		76,964
Total current liabilities		113,583
Net Position		
Net investment in capital assets		1,787,270
Unrestricted		1,586,777
Total net position		3,374,047
Total Liabilities and Net Position	$	3,487,630

The accompanying notes to financial statements
are an integral part of this statement.

ALLIGATOR POINT WATER RESOURCES DISTRICT
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Operating revenues		
Charges for services	$	250,825
Operating expenses		
Personnel services		98,055
Professional fees		118,223
Insurance		22,953
Repairs and maintenance		44,069
Materials, supplies and other		71,275
Depreciation		154,286
Total operating expenses		508,861
Operating loss		(258,036)
Nonoperating revenues (expenses)		
Property taxes		265,139
Investment income		46,560
Miscellaneous		3,140
Total nonoperating revenues (expenses)		314,839
Change in net position		56,803
Net position, beginning of year		3,317,244
Net position, end of year	$	3,374,047

The accompanying notes to financial statements
are an integral part of this statement.

ALLIGATOR POINT WATER RESOURCES DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Cash flows from operating activities		
Cash received from customers	$	256,403
Cash paid to suppliers		(255,271)
Cash paid to employees		(98,055)
Net cash used in operating activities		(96,923)
Cash flows from capital and related financing activities		
Proceeds from the sale of capital assets		1,500
Acquisition of capital assets		(78,168)
Interest earned		4,060
Net cash used in capital and related financing activities		(72,608)
Cash flows from noncapital financing activities		
Property tax revenue		265,139
Other nonoperating revenues		1,640
Net cash provided by noncapital financing activities		266,779
Net increase in cash and cash equivalents		97,248
Cash and cash equivalents, beginning of year		651,948
Cash and cash equivalents, end of year	$	749,196
Shown on the statement of net position as:		
Cash and cash equivalents	$	672,232
Restricted cash and cash equivalents		76,964
Total cash and cash equivalents	$	749,196
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$	(258,036)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation		154,286
Decrease in accounts receivable		2,958
Increase in accounts payable and accrued expenses		7,638
Increase in utility deposits		2,620
Increase in prepaids		(6,389)
Total adjustments		161,113
Net cash used in operating activities	$	(96,923)

The accompanying notes to financial statements
are an integral part of this statement.

(1) **Summary of Significant Accounting Policies:**

(a) **Reporting entity—**Alligator Point Water Resources District (the "District") was established and operates under a resolution adopted pursuant to the provisions of Chapter 63-1350, Laws of Florida, Special Acts of 1963 (repealed and reenacted by 2005-351, Laws of Florida), and other applicable provisions of laws. The District was organized to construct, establish, operate and maintain a water system for the benefit of the citizens of Alligator Point and Franklin County. The accompanying financial statements present the government only since there are no component units for which the government is considered to be financially accountable.

(b) **Measurement focus, basis of accounting, and financial statement presentation—**The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The proprietary fund is reported using the economic resources measurement focus and the accrual basis of accounting.

(c) **Assets, liabilities, and net position—**

(i) ***Deposits and investments***

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to invest in direct obligations of the U.S. Treasury, Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, SEC registered money market funds with the highest credit quality rating, and savings and CD accounts in state-certified public depositories.

Investments are stated at fair value.

(1) **Summary of Significant Accounting Policies**: (Continued)

(c) **Assets, liabilities, and net position—** (Continued)

(ii) ***Capital assets***

Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). For financial reporting purposes, capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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:

Assets	Years
Water system	3 – 40
Buildings	5 – 39
Vehicles	7 – 10
Furniture and equipment	3 – 12

(iii) ***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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(iv) ***Net position***

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

(1) **Summary of Significant Accounting Policies**: (Continued)

(c) **Assets, liabilities, and net position—** (Continued)

(v) ***Prepaids***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

(vi) ***Receivables***

Accounts receivable balances are stated at the amount management expects to collect from outstanding balances. Therefore, included in the accounts receivables balances, are amounts which have been billed on behalf of the District, but not yet collected; and amounts earned by the District, but have not been billed to the customers as of year-end.

(vii) ***Compensated absences***

The District's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the financial statements. The liability for compensated absences includes salary-related benefits, where applicable.

(d) **Revenues and expenses—**

(i) ***Property taxes***

Property taxes are billed and collected for the District by the Franklin County Tax Collector according to Florida Statute under the following calendar:

Lien Date:	January 1
Levy Date:	October 1
Due Date:	November 1
Delinquency Date:	April 1, of the following year

(ii) ***Proprietary fund operating and nonoperating revenues and expenses***

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the principal ongoing operations. The principal 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 revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(2) **Detailed Notes on all Funds:**

(a) **Deposits and investments—**

Deposits. All bank balance deposit amounts are covered by federal depository insurance or collateral with the State of Florida under the Florida Security for Public Deposits Act.

The Florida Security for Public Deposits Act establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements, and characteristics of eligible collateral. Under the Act, City deposits in qualified public depositories are fully insured. The qualified public depository must pledge 50% of the average daily balance for each month of all public deposits in excess of any applicable depository insurance. Additional collateral, up to a maximum of 125% may be required if deemed necessary under the conditions set forth in the Act. Obligations pledged to secure deposits must be delivered to the State Treasurer, or with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer.

Investments. Investments in the Local Government Surplus Funds Trust ("PRIME Fund") are held with the Florida State Board of Administration. This fund is structured as a "2a-7 like" fund, which is carried at amortized cost. Amortized cost includes accrued income and is a method of calculating an investment's value by adjusting its acquisition cost for amortization of discount or premium over the period from purchase to maturity. Thus, the balance in the fund is its fair value. A "2a-7 like" fund is not registered with the SEC as an investment company, but never the less has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds.

The foremost objective of the District's investment policy is the safety of capital and liquidity of funds. Achieving an optimal rate of return is of secondary importance as compared to the safety and liquidity of funds. The District's investment policy limits investments to those relatively low risk securities authorized in anticipation of earning a fair return relative to the risk being assumed. How the District manages credit risk, interest rate risk, and custodial credit risk is as follows:

Credit Risk: The District minimizes credit risk, the risk of loss due to failure of the security, by limiting investments to authorized investments. The PRIME Fund is rated by Standards and Poor's. The current rating is AAAm.

Interest Rate Risk: The District manages its exposure to declines in fair values of investments by investing operating funds primarily in shorter-term securities, Florida State Board of Administration Florida PRIME. The weighted average days to maturity of the Florida PRIME at September 30, 2023 was 35 days. Next interest rate reset dates for floating rate securities are used in the calculation of the weighted average days to maturity.

Custodial Credit Risk: Investments are subject to custodial credit risk if the securities are uninsured, not registered in the District's name, and are held by the party that either sells to or buys for the District. No investments held at year end were subject to custodial credit risk. The Florida State Board of Administration Florida PRIME does not participate in securities lending, but the District owns shares of the Florida PRIME and not the underlying investments.

(2) **Detailed Notes on all Funds:** (Continued)

(a) **Deposits and investments—**(Continued)

As of September 30, 2023, the District had the following investments reported at fair market values:

	Fair Value
Florida PRIME	$ 906,977

(b) **Capital assets—** The District's capital assets consisted of the following at September 30, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 19,552	$ -	$ -	$ 19,552
Construction in Process	-	31,420	-	31,420
Total capital assets not being depreciated	19,552	31,420	-	50,972
Capital assets being depreciated:				
System	3,506,306	31,750	-	3,538,056
System equipment	87,501	-	(5,900)	81,601
Buildings	797,725	-	-	797,725
Vehicles	52,000	14,998	-	66,998
Furniture and equipment	32,312	-	-	32,312
Total capital assets being depreciated	4,475,844	46,748	(5,900)	4,516,692
Less accumulated depreciation	(2,632,008)	(154,286)	5,900	(2,780,394)
Total capital assets being depreciated, net	1,843,836	(107,538)	-	1,736,298
Capital assets, net	$ 1,863,388	$ (76,118)	$ -	$ 1,787,270

Depreciation expense charged to the water fund during the year ended September 30, 2023 was $154,286.

(c) **Accounts receivable—**The District's receivable consisted of the following at September 30, 2023:

Business-Type Activities:	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
Accounts Receivable	$ 17,752	$ (1,593)	$ 16,159

(3) **Recently Issued Accounting Pronouncements:**

The Governmental Accounting Standards Board ("GASB") has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the District's financial statements:

GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB Statement No. 101 amends the existing guidance related to the calculation and disclosures surrounding the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023.

GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. GASB 102 requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. The provisions for GASB 102 are effective for fiscal years beginning after June 15, 2024.

(4) **Other Information:**

Risk Management—The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets and errors and omissions for which the District carries commercial insurance. However, the District cannot obtain wind or storm insurance to cover losses related to its water system infrastructure and/or water tanks. Any losses on these assets would be funded from unrestricted net position.

(5) **Contractual Commitment:**

As of September 30, 2023, the District had the following commitments related to unfinished projects:

Projects	Remaining Commitment
Water-Line Replacement – Sun N Sands	$ 600,000

INDEPENDENT AUDITORS' 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*

To the District Board Members,
Alligator Point Water Resources District:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Alligator Point Water Resources District as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Alligator Point Water Resources District's basic financial statements, and have issued our report thereon dated April 15, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Alligator Point Water Resources District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alligator Point Water Resources District's internal control. Accordingly, we do not express an opinion on the effectiveness of Alligator Point Water Resources 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described below as items 2023-001 and 2023-002 that we consider to be material weaknesses.

Finding 2023-001: Preparation of Financial Statements

Condition and Criteria: A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles. The District is unable to prepare financial statements in accordance with Generally Accepted Accounting Principles ("GAAP").

Cause: For the year ended September 30, 2023, the District had no employees that are able to prepare the financial statements in accordance with Generally Accepted Accounting Principals ("GAAP").

Effect: The District's lack of knowledge of GAAP increases the risk that the financial statements could be materially misstated as a whole.

Recommendation: We recommend management select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles.

Finding 2023-002: Segregation of Duties

Condition and Criteria: Internal controls are designed to safeguard assets and help prevent or detect losses from employee dishonesty or error. A fundamental concept in a good system of internal control is the segregation of duties. Due to the size of the District's accounting and administrative staff certain internal controls are not in place that would be preferred if the staff were large enough, to provide optimum segregation of duties. This situation dictates that the Board of Directors remains involved in the financial affairs of the District to provide oversight and independent review functions.

Cause: One employee is responsible for billing utility customers, collecting payments, entering deposits into the accounting system, preparing bank reconciliations, posting journal entries and making deposits at the financial institution. Also, the District is using pre-signed checks, provided by the Board, in order to facilitate daily operations and transactions.

Effect: There is an increased risk of manipulation of cash receipts and disbursements that could result in the financial statements being material misstated or misappropriation of assets.

Recommendation: We recommend that the Board continue to be actively involved in the District's transactions through review of monthly board packets, journal entries, and financials. Also, we recommend the District not use pre-signed checks in their operations, and consider alternative methods for payments.

Report on Compliance and Other Matters

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

Alligator Point Water Resources District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Alligator Point Water Resources District's response to the findings identified in our engagement and described in the accompanying Corrective Action Plan. Alligator Point Water Resources District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

James Moore & Co., P.L.

Tallahassee, Florida
April 15, 2024

INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA, OFFICE OF THE AUDITOR GENERAL

To the District Board Members,
Alligator Point Water Resources District:

Report on the Financial Statements

We have audited the financial statements of Alligator Point Water Resources District, as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated April 15, 2024.

Auditors' 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 Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' 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 15, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have not been taken to address findings and recommendations made in the preceding annual financial audit report, see below.

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	**2022 FY Finding #**	**2021 FY Finding #**
2023-001	2022-001	2021-001
2023-002	2022-002	2022-002

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This is disclosed as required by accounting principles generally accepted in the United States of America in Note 1(a) to the financial statements. There are no component units related to the Alligator Point Water Resources District.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not Alligator Point Water Resources District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that Alligator Point Water Resources District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Alligator Point Water Resources District. It is management's responsibility to monitor the Alligator Point Water Resources District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units; therefore, we did not any such component units that failed to provide the necessary information, nor is any specific special district information required to be reported.

Specific Special District Information

The following items have been provided to us to comply with state reporting requirements and have not been audited by us. We did not audit the following information within this section, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this data.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Alligator Point Water Resources District reported the following unaudited data:

a) The total number of district employees compensated in the last pay period of the district's fiscal year: 2

b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year: 2

c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: $91,500

d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: $36,645

e) Each construction project with a total cost of at least $65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as:

    a. $600,000

f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as follows: the district's original budget totaled $369,500, there were no budget amendments.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the Alligator Point Water Resources District reported the following unaudited data:

a) The mileage rate or rates imposed by the district: 1.45

b) The total amount of ad valorem taxes collected by or on behalf of the district: $288,486

c) The total amount of outstanding bonds issued by the district and the terms of such bonds are: $0

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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, and applicable management and the District board members**,** and is not intended to be and should not be used by anyone other than these specified parties.

James Moore & Co., P.L.

Tallahassee, Florida
April 15, 2024

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To District Board Members
Alligator Point Water Resources District:

We have examined the Alligator Point Water Resources District's (the District) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies* (the Statute), for the year ended September 30, 2023. The District's management is responsible for the District's compliance with those requirements. Our responsibility is to obtain reasonable assurance by evaluating against the aforementioned statutes and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with attestation standards for a direct examination engagement established by the AICPA. Those standards require that we obtain reasonable assurance by evaluating against the aforementioned statutes and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of Office's compliance. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks that were not in accordance with those requirements in all material respects, 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.

We are required to be independent of the District and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our examination engagement.

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

James Moore & Co., P.L.

Tallahassee, Florida
April 15, 2024

ALLIGATOR POINT WATER RESOURCES DISTRICT

P. O. Box 155 Panacea, FL 32346
850-349-2274

April 15, 2024

In response to the Independent Auditors 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, the District issues the following response.

Management Response to Finding 2023-001

With respect to the Preparation of Financial Statements and Footnotes, while it has been the District's practice to have its Fiscal Administrator prepare monthly financial reports for the Board of Directors and financial reports in preparation of the annual audit, we have relied upon the audit firm to identify and draft the financial statements and related note disclosures. It would be cost prohibitive to engage another accounting firm to draft the financial statements and related disclosures in advance of the year end audit procedures; consequently, the District declines to do so at this time.

Management Response to Finding 2023-002

In response to the Independent Auditors Report on Segregation of Duties based on an Audit of Financial Statements Performed in accordance with Government Auditing Standards the Alligator Point Water Resources District takes the following position.

With respect to the Segregation of Duties and Internal Controls, the District is aware of the control problem which is existent due to the lack of staff and funding for additional staff. The District's Board of Directors will remain involved in the financial affairs of the District as legally acceptable and to the benefit of the Districts customers. The District is open to entertain suggestions for better controls, than those already put in place, with relations to pre-signed checks.

Dana Turner