

**ALLIGATOR POINT WATER RESOURCES DISTRICT**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021**

**ALLIGATOR POINT WATER RESOURCES DISTRICT  
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SEPTEMBER 30, 2021**

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Alligator Point Water Resources District, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Alligator Point Water Resources District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alligator Point Water Resources District, as of September 30, 2021, and the 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.

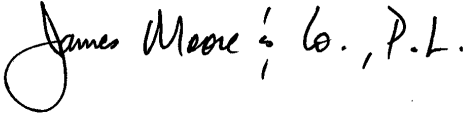
### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information 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 February 22, 2022 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 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  
February 22, 2022

**ALLIGATOR POINT WATER RESOURCES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021**

As management of the Alligator Point Water Resources District, we offer readers of the Alligator Point Water Resources District's financial statements this narrative overview and analysis of the financial activities of the Alligator Point Water Resources District for the fiscal year ended September 30, 2021.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Alligator Point Water Resources District's basic financial statements. The Alligator Point Water Resources 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 Alligator Point Water Resources District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Proprietary funds.** The Alligator Point Water Resources District maintains one proprietary fund. The Alligator Point Water Resources District uses the proprietary fund to account for its water operations.

The basic fund financial statements can be found on pages 6 – 8 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 9 – 15 of this report.

**Water Fund Financial Analysis**

A portion of the Alligator Point Water Resources District's net position (58 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 Alligator Point Water Resources District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Alligator Point Water Resources 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  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021  
(CONTINUED)**

**Alligator Point Water Resources District's Net Position**

|                                       | <b>2021</b>  | <b>2020</b>  |
|---------------------------------------|--------------|--------------|
| Current and other assets              | \$ 1,616,234 | \$ 1,417,583 |
| Capital assets not being depreciated  | 162,317      | 21,967       |
| Capital assets being depreciated, net | 1,783,711    | 1,902,584    |
| Total assets                          | 3,562,262    | 3,342,134    |
| Other liabilities                     | 313,360      | 292,537      |
| Total liabilities                     | 313,360      | 292,537      |
| Net position:                         |              |              |
| Net Investment in capital assets      | 1,877,424    | 1,720,356    |
| Unrestricted                          | 1,371,478    | 1,329,241    |
| Total net position                    | \$ 3,248,902 | \$ 3,049,597 |

The remaining balance of *unrestricted net position* \$1,371,478 may be used to meet the government's ongoing obligations to citizens and creditors.

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

**Alligator Point Water Resources District's Changes in Net Position**

|  | <b>2021</b>  | <b>2020</b>  |
|--|--------------|--------------|
| <b>Revenues:</b>                       |              |              |
| Program revenues:                      |              |              |
| Charges for services                   | \$ 282,355   | \$ 267,066   |
| General revenues:                      |              |              |
| Intergovernmental and other            | 411,431      | 279,816      |
| Total revenues                         | 693,786      | 546,882      |
| <b>Expenses:</b>                       |              |              |
| Water operations                       | 494,481      | 438,334      |
| Total expenses                         | 494,481      | 438,334      |
| Change in net position                 | 199,305      | 108,548      |
| <b>Net position, beginning of year</b> | 3,049,597    | 2,941,049    |
| <b>Net position, end of year</b>       | \$ 3,248,902 | \$ 3,049,597 |

**ALLIGATOR POINT WATER RESOURCES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021  
(CONTINUED)**

**Capital Asset and Debt Administration**

**Capital assets.** The Alligator Point Water Resources District's investment in capital assets for its business type activities as of September 30, 2021, amounts to \$1,946,028 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment.

Additional information on the Alligator Point Water Resources District's capital assets can be found in Note 2.b. on page 13 of this report.

**Debt.** At the end of the current fiscal year, the Alligator Point Water Resources District had debt outstanding of \$68,604 under a note payable to financial institution.

Additional information on the Alligator Point Water Resources District's long-term debt can be found in Note 2.c. on pages 13 and 14 of this report.

**Economic Factors and Next Year's Budgets and Rates**

- Ad Valorem tax rates for 21/22 were adopted at the roll-back rate which reflects no changes from the previous year's tax revenue. No significant impact is expected in next year's budget from this rate.
- Interest income was decreased in the 2021/2022 budget due to a decrease in interest rate.
- No other significant impacts are expected for next year.

All of these factors were considered in preparing the Alligator Point Water Resources District's budget for the 2022 fiscal year.

**Requests for Information**

This financial report is designed to provide a general overview of the Alligator Point Water Resources 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, 2021**

**ASSETS**

|  |              |
|--|--------------|
| <b>Current assets</b>                  |              |
| Cash and cash equivalents              | \$ 525,973   |
| Investments                            | 857,179      |
| Accounts receivable, net               | 19,415       |
| Due from other governments             | 142,596      |
| Restricted assets:                     |              |
| Cash and cash equivalents              | 71,071       |
| Total current assets                   | 1,616,234    |
| <b>Noncurrent assets</b>               |              |
| Capital assets, not being depreciated  | 162,317      |
| Capital assets, being depreciated, net | 1,783,711    |
| Total noncurrent assets                | 1,946,028    |
| Total Assets                           | \$ 3,562,262 |

**LIABILITIES AND NET POSITION**

|                                       |              |
|---------------------------------------|--------------|
| <b>Current liabilities</b>            |              |
| Accounts payable and accrued expenses | \$ 164,634   |
| Unearned revenue                      | 9,051        |
| Current portion of debt               | 68,604       |
| Payable from restricted assets:       |              |
| Utility deposits                      | 71,071       |
| Total current liabilities             | 313,360      |
| <b>Net Position</b>                   |              |
| Net investment in capital assets      | 1,877,424    |
| Unrestricted                          | 1,371,478    |
| Total net position                    | 3,248,902    |
| Total Liabilities and Net Position    | \$ 3,562,262 |

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, 2021**

|   |                            |
|---|----------------------------|
| <b>Operating revenues</b>               |                            |
| Charges for services                    | \$ 282,355                 |
| <b>Operating expenses</b>               |                            |
| Personnel services                      | 90,121                     |
| Professional fees                       | 108,522                    |
| Insurance                               | 20,200                     |
| Repairs and maintenance                 | 36,748                     |
| Materials, supplies and other           | 92,076                     |
| Depreciation                            | 142,387                    |
| Total operating expenses                | <u>490,054</u>             |
| <b>Operating loss</b>                   | <u>(207,699)</u>           |
| <b>Nonoperating revenues (expenses)</b> |                            |
| Property taxes                          | 267,390                    |
| Investment income                       | 1,778                      |
| Capital grant                           | 140,350                    |
| Miscellaneous                           | 1,913                      |
| Interest expense                        | (4,427)                    |
| Total nonoperating revenues (expenses)  | <u>407,004</u>             |
| <b>Change in net position</b>           | <u>199,305</u>             |
| <b>Net position, beginning of year</b>  | 3,049,597                  |
| <b>Net position, end of year</b>        | <u><u>\$ 3,248,902</u></u> |

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, 2021**

|   |              |
|---|--------------|
| <b>Cash flows from operating activities</b>   |              |
| Cash received from customers  | \$ 287,730   |
| Cash paid to suppliers  | (87,465)     |
| Cash paid to employees  | (90,121)     |
| Net cash provided by operating activities   | 110,144      |
| <b>Cash flows from capital and related financing activities</b>                       |              |
| Principal payments on long-term debt  | (135,591)    |
| Acquisition of capital assets   | (163,864)    |
| Interest paid   | (4,427)      |
| Net cash used in capital and related financing activities                             | (303,882)    |
| <b>Cash flows from noncapital financing activities</b>                                |              |
| Property tax revenue  | 267,390      |
| Net cash provided by noncapital financing activities                                  | 267,390      |
| <b>Cash flows from investing activities</b>   |              |
| Interest and other nonoperating revenues  | 3,691        |
| Purchases of investments  | (1,333)      |
| Net cash provided by investing activities   | 2,358        |
| <b>Net increase in cash and cash equivalents</b>                                      | 76,010       |
| <b>Cash and cash equivalents, beginning of year</b>                                   | 521,034      |
| <b>Cash and cash equivalents, end of year</b>   | \$ 597,044   |
| <b>Shown on the statement of net position as:</b>                                     |              |
| Cash and cash equivalents   | \$ 525,973   |
| Restricted cash and cash equivalents  | 71,071       |
| Total cash and cash equivalents   | \$ 597,044   |
| <b>Reconciliation of operating loss to net cash provided by operating activities</b>  |              |
| Operating loss  | \$ (207,699) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: |              |
| Depreciation  | 142,387      |
| Increase in accounts receivable   | (37)         |
| Increase in accounts payable and accrued expenses                                     | 151,002      |
| Increase in utility deposits  | 5,412        |
| Decrease in prepaids  | 19,079       |
| Total adjustments   | 317,843      |
| <b>Net cash provided by operating activities</b>                                      | \$ 110,144   |

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

**ALLIGATOR POINT WATER RESOURCES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

(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.

**ALLIGATOR POINT WATER RESOURCES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

(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 fair 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.

**ALLIGATOR POINT WATER RESOURCES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

(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) ***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.

(iii) ***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.*** At September 30, 2021, the District's carrying amount of deposits was \$597,044 and the bank balance was \$604,822. Of the bank balance, the District's deposits are entirely covered by Federal depository insurance or by collateral held by the District's custodial bank which is pledged to a state trust fund that provides security in accordance with Florida Security for Public Deposits Act, Chapter 280, for amounts held in excess of FDIC coverage.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

**ALLIGATOR POINT WATER RESOURCES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

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

**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, 2021 was 49 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.

As of September 30, 2021, the District had the following investments reported at fair market values:

|               |                       |
|---------------|-----------------------|
|               | <b>Fair<br/>Value</b> |
| Florida PRIME | \$ <u>857,179</u>     |

**ALLIGATOR POINT WATER RESOURCES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

(b) **Capital Assets**—The following is a summary of capital assets at September 30, 2021:

|   | <b>Beginning<br/>Balance</b> | <b>Increases</b> | <b>Decreases</b> | <b>Ending<br/>Balance</b> |
|---|------------------------------|------------------|------------------|---------------------------|
| Capital assets not being depreciated:       |                              |                  |                  |                           |
| Land  | \$ 19,552                    | \$ —             | \$ —             | \$ 19,552                 |
| Construction in Process                     | 2,415                        | 140,350          | —                | 142,765                   |
| Total capital assets not being depreciated  | <u>21,967</u>                | <u>140,350</u>   | <u>—</u>         | <u>162,317</u>            |
| Capital assets being depreciated:           |                              |                  |                  |                           |
| System                                      | 3,670,710                    | 15,389           | (9,763)          | 3,676,336                 |
| System equipment                            | 90,401                       | —                | —                | 90,401                    |
| Buildings                                   | 651,697                      | 8,125            | (4,862)          | 654,960                   |
| Vehicles                                    | 32,735                       | —                | —                | 32,735                    |
| Furniture and equipment                     | 16,572                       | —                | —                | 16,572                    |
| Total capital assets being depreciated      | 4,462,115                    | 23,514           | (14,625)         | 4,471,004                 |
| Less accumulated depreciation               | <u>(2,559,531)</u>           | <u>(142,387)</u> | <u>14,625</u>    | <u>(2,687,293)</u>        |
| Total capital assets being depreciated, net | 1,902,584                    | (118,873)        | —                | 1,783,711                 |
| Capital assets, net                         | <u>\$ 1,924,551</u>          | <u>\$ 21,477</u> | <u>\$ —</u>      | <u>\$ 1,946,028</u>       |

Depreciation expense charged to the water fund during the year ended September 30, 2021 was \$142,387.

(c) **Debt**

*Note Payable to Institution*

During the year ended September 30, 2015, the District borrowed \$890,000 under a note payable loan agreement with an interest rate of 2.61%. The proceeds of this note were used to retire the remaining outstanding principal of the revolving fund loan. The note payable to the institution is due on demand, but if not on demand then, is paid in 13 semi-annual installments of \$70,009, including interest, through March 15, 2022. The District pledged ad-valorem tax revenues and gross revenues derived from the operation and maintenance of the constructed assets to pay debt service. The amount outstanding at September 30, 2021 was \$68,604.

Debt service requirements to maturity, if not due on demand, are as follows:

| <b>Year Ending September 30,</b> | <b>Principal</b> | <b>Interest</b> |
|----------------------------------|------------------|-----------------|
| 2022                             | \$ 68,604        | \$ 1,405        |
|                                  | <u>\$ 68,604</u> | <u>\$ 1,405</u> |

**ALLIGATOR POINT WATER RESOURCES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

(c) **Debt** (Continued)

Changes in debt:

Debt activity for the year ended September 30, 2021, was as follows:

|   | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Reductions</u>   | <u>Ending<br/>Balance</u> | <u>Due within<br/>one year</u> |
|---|------------------------------|------------------|---------------------|---------------------------|--------------------------------|
| Business-type activities:               |                              |                  |                     |                           |                                |
| institution                             | \$ 204,195                   | \$ -             | \$ (135,591)        | \$ 68,604                 | \$ 68,604                      |
| Business-type activity debt liabilities | <u>\$ 204,195</u>            | <u>\$ -</u>      | <u>\$ (135,591)</u> | <u>\$ 68,604</u>          | <u>\$ 68,604</u>               |

(3) **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.

**Lease Agreement**—The District leases land from a corporation on which it owns and operates five wells used to supply water to the District. The lease amount is \$300 per year. In 2016, the District extended the lease with a one-time eighteen year extension through 2034.

(4) **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:

In June 2017, the GASB issued Statement No. 87, *Leases*, which aims to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The provisions in GASB Statement No. 87 are effective for periods beginning after June 15, 2021. The District is currently evaluating the effect that Statement No. 87 will have on its financial statements.



**ALLIGATOR POINT WATER RESOURCES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

(5) **Subsequent Event:**

The District has evaluated events and transactions for potential recognition or disclosure in the financial statements through February 22, 2022, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

(6) **Risks and Uncertainties:**

During the year ended September 30, 2021, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the District as of February 22, 2022, management will closely monitor the impact on the District's financial position and on future operations.

**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, 2021, 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 February 22, 2022.

***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 opinions 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiencies to be material weaknesses:

### **Finding 2021-001: 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, 2021, 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 2021-002: 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 reconciliation 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 and financials. Also, we recommend the District not use pre-signed checks in their operations, and consider alternative methods for payments.

### **Compliance and Other Matters**

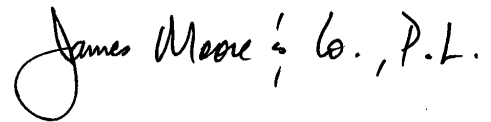
As part of obtaining reasonable assurance about whether Alligator Point Water Resources District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could 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**

Alligator Point Water Resources District's response to the findings identified in our audit are 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.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large, looped initial 'J'.

Tallahassee, Florida  
February 22, 2022



**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, 2021, and have issued our report thereon dated February 22, 2022.

**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 Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated , 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.

| <b>Tabulation of Uncorrected Audit Findings</b> |                          |                          |
|---|--------------------------|--------------------------|
| <b>Current Year Finding #</b>                   | <b>2020 FY Finding #</b> | <b>2019 FY Finding #</b> |
| 2021-001  | 2020-001                 | 2019-001                 |
| 2021-002  | 2020-002                 | 2019-002                 |

### **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 I to the financial statements. There are no components units related to the Alligator Point Water Resources District.

### **Financial Condition and Management**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate audit 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 identification of 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 that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

### **Specific Special District Information**

#### Alligator Point Water Resources District

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: 3
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$85,451
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$35,823
- 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. Alligator Drive Project (FEMA) - \$140,350
- 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: there were no amendments between the original and final total district expenditure budget.

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: 1.6642
- b) The total amount of ad valorem taxes collected by or on behalf of the district: \$267,390

### **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 is not intended to be and should not be used by anyone other than these specified parties.

*James Moore & Co., P.L.*

Tallahassee, Florida  
February 22, 2022

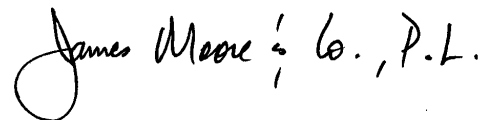
## INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To District Board Members  
Alligator Point Water Resources District:

We have examined the compliance of Alligator Point Water Resources District (the District) with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2021. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the 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 with the aforementioned statutes, for the year ended September 30, 2021, in all material respects. An examination involves performing procedures to obtain evidence about the District's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, 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.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.



Tallahassee, Florida  
February 22, 2022





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

February 14,2022

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 2021-001

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 2021-002

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.