



**Eastpoint Water and Sewer District**

**FINANCIAL STATEMENTS**

**September 30, 2021**



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## **INDEPENDENT AUDITORS' REPORT**

Board of District Commissioners  
Eastpoint Water and Sewer District  
Eastpoint, Florida

We have audited the accompanying financial statements of the business-type activities of Eastpoint Water and Sewer District (District), as of and for the year ended September 30, 2021 and the notes to basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

### **Auditors' 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 auditors' 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 auditors consider 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.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Eastpoint Water and Sewer District as of September 30, 2021, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 6, and the schedules of defined benefit pension plans on pages 28 through 31 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 November 29, 2022 on our consideration of the Eastpoint Water and Sewer District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Eastpoint Water and Sewer District's internal control over financial reporting and compliance.

### **Substantial Doubt about the District's Ability to Continue as a Going Concern**

As further discussed in note 6 to the financial statements, the Florida Legislature passed a law that effective June 1, 2023, all affected special districts in Florida, formed prior to November 5, 1968, will be dissolved unless reestablished. This includes Eastpoint Water and Sewer District. Our opinion is not modified with respect to this matter.

*Carr, Riggs & Ingram, L.L.C.*

Certified Public Accountants  
Panama City Beach, Florida  
November 29, 2022

## **Management's Discussion & Analysis**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Management of Eastpoint Water and Sewer District (District), an independent special district, offers readers of the District's financial statements this narrative overview and analysis of the District's financial performance during the fiscal years ending September 30, 2021 and 2020. This information is designed in a manner to enhance the readers understanding of the District's financial position and activities in conjunction with the audited basic financial statements which follow.

### **FINANCIAL HIGHLIGHTS**

- The total assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by \$5,731,401 at the end of the fiscal year.
- The District's net position decreased by 3% from the prior year.
- The District's operating revenues increased by 7% from the prior year.
- The District's operating expenses decreased by 15% from the prior year.

### **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 the following: 1) statement of net position, 2) statement of revenues, expenses, and changes in net position, 3) statement of cash flows, and 4) notes to financial statements. This report also contains other essential information to assist the reader to better understand the data supplied in the basic financial statements.

### **REQUIRED FINANCIAL STATEMENTS**

The District reports information in the financial statements that conforms to U.S. generally accepted accounting principles using the accrual methods similar to those used by private companies. Revenues are reported when earned and expenses are recorded when a liability is incurred. The operating revenues are the result of charges to customers for water and sewer services, miscellaneous revenues, and connection fees. These statements offer short and long-term financial information about its activities. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and the obligations to District's creditors (liabilities). The financial statements also provide the basis for evaluating the capital structure of the District and assessing its liquidity and financial flexibility.

Revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the financial success of the operation of the District and can be used to determine whether it has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

## FINANCIAL ANALYSIS OF THE DISTRICT

The financial analysis of the District provides the foundation for sound financial management. It translates the conceptual relationship into a numerical language useful for practical interpretation. The statement of net position presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources noting differences between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or weakening. The statement of revenues, expenses, and changes in net position presents information indicating how the District's net position changed during the year.

### NET POSITION

A comparative condensed summary of the District's statement of net position and statement of revenues, expenses, and changes in net position are presented below:

#### Condensed Statement of Net Position

<i>September 30,</i>	<b>2021</b>	<b>2020</b>
Current assets	\$ 349,797	\$ 362,759
Noncurrent assets	8,966,137	9,224,620
Total assets	9,315,934	9,587,379
Deferred outflows of resources	128,198	167,048
Current liabilities	33,559	45,303
Noncurrent liabilities	3,425,473	3,770,499
Total liabilities	3,459,032	3,815,802
Deferred inflows of resources	253,699	21,410
Net investment in capital assets	5,482,408	5,721,347
Restricted net position	283,845	252,819
Unrestricted net position	(34,852)	(56,951)
Total net position	\$ 5,731,401	\$ 5,917,215

#### Condensed Statement of Revenues, Expenses, and Changes in Net Position

<i>Year ended September 30,</i>	<b>2021</b>	<b>2020</b>
Operating revenues	\$ 1,006,126	\$ 941,865
Nonoperating revenues	208,385	368,788
Total revenues	1,214,511	1,310,653

**Condensed Statement of Revenues, Expenses,  
and Changes in Net Position (Continued)**

<i>Year ended September 30,</i>	<b>2021</b>	<b>2020</b>
Operating expenses	\$ 980,179	\$ 1,152,509
Depreciation	316,317	311,506
Nonoperating expenses	103,829	105,462
Total expenses	1,400,325	1,569,477
Net loss	(185,814)	(258,824)
Beginning net position	5,917,215	6,176,039
Ending net position	\$ 5,731,401	\$ 5,917,215

The statement of revenues, expenses, and changes in net position identifies the various revenue and expense items which impacted the change in net position. The statement provides answers as to the nature and source of these changes. The operating revenues reflected an increase due to an increase in water and sewer revenues. The nonoperating revenue decrease was primarily due to a decrease in infrastructure reimbursement. Total expenses decreased from the prior year primarily due to a decrease in pension expense and repairs and maintenance.

**CAPITAL ASSETS**

At September 30, 2021, the District has invested \$8,521,658 in capital assets. This represents 91% of total assets. A summary of the District's capital assets follows.

**Capital Assets**

<i>September 30,</i>	<b>2021</b>	<b>2020</b>
Land	\$ 602,729	\$ 602,729
Water and sewer system	14,508,833	14,508,833
Equipment and furniture	470,881	448,920
Construction in progress	130,656	130,656
Total	15,713,099	15,691,138
Less accumulated depreciation	(7,191,441)	(6,875,124)
Capital assets, net	\$ 8,521,658	\$ 8,816,014

**DEBT MANAGEMENT**

As of September 30, 2021, Eastpoint Water and Sewer District had total bond debt and notes payable outstanding in the amount of \$3,039,250.



## Outstanding Debt

<i>September 30,</i>	<b>2021</b>	<b>2020</b>
Bonds payable	\$ 2,926,000	\$ 2,982,000
Notes payable	113,250	112,667
<b>Total</b>	<b>\$ 3,039,250</b>	<b>\$ 3,094,667</b>

Principal payments during the year on the bond were \$56,000. A new note in the amount of \$13,961 was originated during the year and principal payments on the notes payable were \$13,378. More detail on the District's long-term debt is presented in note 2 of the notes to basic financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The District Commissioners and managers utilized the same factors for establishing the 2021-2022 budget as were used for setting the 2020-2021 budget. Among those factors considered were: user fees, service charges, aging infrastructure repair costs, manpower, and existing debt. The District Commissioners and administration followed the recommendations of the Florida Rural Water Association in regards to rates. The District Commissioners and administration are in the process of working to expand the district boundaries to remove the surcharge that customers outside the district pay and replace with ad valorem taxes. In addition, the District has continued an aggressive preventative maintenance program which is designed to lower operational expenses as the cost of power, health insurance, state retirement, fuel and supplies have drastically increased.

### **SUBSTANTIAL DOUBT ABOUT THE DISTRICT'S ABILITY TO CONTINUE AS A GONG CONCERN**

In April 2022, the Florida Legislature passed a law that dissolves all special districts in Florida formed prior to November 5, 1968, which includes the District. The law amends the pertinent section of the Florida Statutes, resulting in the dissolution, effective June 1, 2023, of affected special districts, but provides that a special district affected by the Statute may be reestablished on or after June 1, 2023 pursuant to the requirements and limitations of the relevant chapter of the Statutes.

### **CONTACTING THE DISTRICT**

This financial report is designed to provide a general overview of the Eastpoint Water and Sewer District's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the management at Eastpoint Water and Sewer District, 40 Island Drive, Eastpoint, Florida 32328.

**Eastpoint Water and Sewer District  
Statement of Net Position – Proprietary Fund**

*September 30, 2021*

**Assets**

Current assets

Cash and cash equivalents	\$ 183,351
Accounts receivable, net	116,444
Inventory	46,637
Prepaid expenses	3,365

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Total current assets	349,797
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Noncurrent assets

Restricted cash and cash equivalents	444,479
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Capital assets

Land	602,729
Water and sewer system	14,508,833
Equipment and furniture	470,881
Construction in progress	130,656

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Total capital assets	15,713,099
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Less accumulated depreciation	(7,191,441)
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Capital assets, net	8,521,658
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Total noncurrent assets	8,966,137
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Total assets	9,315,934
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<b>Deferred outflows of resources</b>	<b>128,198</b>
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(Continued)

*The accompanying notes are an integral part of these financial statements*

**Eastpoint Water and Sewer District**  
**Statement of Net Position – Proprietary Fund (Continued)**

*September 30, 2021*

<b>Liabilities</b>	
Current liabilities	
Accounts payable	\$ 13,545
Accrued expenses	6,135
Unearned revenue	13,879
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Total current liabilities	33,559
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Noncurrent liabilities	
Customer deposits	160,634
Due within a year	
Notes payable, current portion	108,415
Bonds payable, current portion	58,000
Accrued interest	9,098
Due in more than one year	
Net pension liability	216,491
Notes payable, net of current portion	4,835
Bonds payable, net of current portion	2,868,000
<hr/>	
Total noncurrent liabilities	3,425,473
<hr/>	
Total liabilities	3,459,032
<hr/>	
<b>Deferred inflows of resources</b>	253,699
<hr/>	
<b>Net position</b>	
Net investment in capital assets	5,482,408
Restricted for	
Debt service	13,063
Renewal and replacement	147,620
Short-lived asset reserves	123,162
Unrestricted	(34,852)
<hr/>	
Total net position	\$ 5,731,401
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*The accompanying notes are an integral part of these financial statements*

**Eastpoint Water and Sewer District**  
**Statement of Revenues, Expenses, and Changes in Net**  
**Position – Proprietary Fund**

*Year ended September 30, 2021*

<b>Operating revenues</b>	
Water services	\$ 384,404
Sewer services	375,572
Connection fees	71,872
Miscellaneous revenues	174,278
<b>Total operating revenues</b>	<b>1,006,126</b>
<b>Operating expenses</b>	
Personnel services	561,462
Contractual services	15,410
Repairs and maintenance	60,240
Utilities	100,844
Insurance	54,711
Office	38,707
Other operating	143,924
Training	540
Miscellaneous	4,341
Depreciation	316,317
<b>Total operating expenses</b>	<b>1,296,496</b>
<b>Operating loss</b>	<b>(290,370)</b>
<b>Nonoperating revenues (expenses)</b>	
Property taxes	204,885
Interest income	3,500
Interest expense	(103,829)
<b>Total nonoperating revenues (expenses)</b>	<b>104,556</b>
<b>Net loss</b>	<b>(185,814)</b>
<b>Net position, beginning</b>	<b>5,917,215</b>
<b>Net position, ending</b>	<b>\$ 5,731,401</b>

*The accompanying notes are an integral part of these financial statements*

## Eastpoint Water and Sewer District Statement of Cash Flows – Proprietary Fund

*Year ended September 30, 2021*

### Operating activities

Receipts from customers	\$ 1,015,196
Payments to suppliers and others	(430,461)
Payments to employees	(584,779)
<hr/>	
Net cash used by operating activities	(44)

### Noncapital financing activities

Property tax receipts	204,885
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Net cash provided by noncapital financing activities	204,885

### Capital and related financing activities

Acquisition of capital assets	(8,000)
Principal payments on bonds payable	(56,000)
Principal payments on notes payable	(13,378)
Interest paid on bonds and notes payable	(103,829)
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Net cash used by capital and related financing activities	(181,207)

### Investing activities

Interest received	3,500
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Net cash provided by investing activities	3,500

**Net change in cash and cash equivalents** 27,134

**Cash and cash equivalents, beginning** 600,696

**Cash and cash equivalents, ending** \$ 627,830

### Cash classified as:

Current assets - cash and cash equivalents	\$ 183,351
Restricted - cash and cash equivalents	444,479
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<b>Cash and cash equivalents, ending</b>	<b>\$ 627,830</b>

(Continued)

*The accompanying notes are an integral part of these financial statements*

**Eastpoint Water and Sewer District**  
**Statement of Cash Flows – Proprietary Fund (Continued)**

*Year ended September 30, 2021*

<b>Reconciliation of operating loss to net cash used by operating activities</b>	
Operating loss	\$ (290,370)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	316,317
(Increase) decrease in assets	
Accounts receivable, net	4,223
Decrease in deferred outflows of resources	38,850
Increase (decrease) in liabilities	
Accounts payable	(10,521)
Accrued expenses	(1,223)
Customer deposits	4,847
Net pension liability	(294,456)
Increase in deferred inflows of resources	232,289
<b>Total adjustments</b>	<b>290,326</b>
<b>Net cash used by operating activities</b>	<b>\$ (44)</b>

**Noncash Investing and Financing Activities**

During the year, the District financed the purchase of new equipment in the amount of \$13,961 with a note payable.

*The accompanying notes are an integral part of these financial statements*

## Eastpoint Water and Sewer District Notes to Basic Financial Statements

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***Reporting Entity***

Eastpoint Water and Sewer District (District) is an independent special district created under Chapter 67-1399, Laws of Florida, and Acts of 1967 in the unincorporated community of Eastpoint, Florida. The District has the powers granted to Water and Sewer Districts under the provisions of Chapter 153, Florida Statutes. The governing body of the District is the Eastpoint Board of District Commissioners. The District provides water services and sewer disposal as authorized by Statutes.

#### ***Basis of Presentation***

The District operates as a proprietary fund and applies all applicable Governmental Accounting Standards Board (GASB) pronouncements. A proprietary type fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. The District exercises oversight responsibility through designation of management and budgetary review and approval.

#### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The accompanying financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Revenues are reported when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. There were no entities that required inclusion as component units within the District's financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District is charges to customers for water and sewer 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.

The District follows the provisions of GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* and GASB Statement 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus*. These statements establish standards for external financial reporting for state and local governmental entities.

## Eastpoint Water and Sewer District Notes to Basic Financial Statements

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position*

##### *Cash and Cash Equivalents*

The District considers demand deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less to be cash and cash equivalents.

##### *Accounts Receivable*

Accounts receivable are shown at their net realizable value and reduced by an allowance for uncollectible accounts. The allowance is based on accounts that are significantly past due at year-end.

##### *Inventory*

The District's inventory, which consists primarily of supplies, is stated at the lower of cost or net realizable value with cost determined using the first-in, first-out method.

##### *Prepaid Expenses*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses. The cost of prepaid expenses are recorded as expenses when consumed rather than when purchased.

##### *Capital Assets*

It is the District's policy to capitalize purchases of property and equipment that cost over \$500 and have an estimated useful life in excess of one year. Lesser amounts are expensed. Property and equipment is recorded at historical cost, or estimated historical cost if actual cost is not known. Donated fixed assets are valued at their estimated fair value on the date of donation. Depreciation of fixed assets other than land and construction in process is charged as an expense against operations. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are generally as follows:

Water and sewer system	40 Years
Equipment and furniture	3-10 Years

##### *Compensated Absences*

The District follows GASB 16, *Accounting for Compensated Absences*. Enterprise funds accrue sick leave and vacation benefits in the period in which they are earned.



## Eastpoint Water and Sewer District Notes to Basic Financial Statements

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)***

##### *Net Position, Deferred Inflows of Resources, and Deferred Outflows of Resources*

GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and renames the components of net position which were previously considered net assets.

Net position is classified in three categories. The general meaning of each is as follows:

Net investment in capital assets - represents the difference between the cost of capital assets, less accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Restricted - This category includes resources restricted by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. The balance as of September 30, 2021 of \$283,845 is restricted for bond debt service requirements, renewal and replacement, and short-lived asset reserves. There is no portion of net position restricted by enabling legislation at September 30, 2021.

Unrestricted - identifies that portion of net position that is available for future periods.

GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. At this time the District has one item that qualifies for reporting in this category. This is the deferred outflows of resources related to the net pension liability.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. At this time the District has one item that qualifies for reporting in this category. This is deferred inflows of resources related to the net pension liability.

## Eastpoint Water and Sewer District Notes to Basic Financial Statements

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)*

##### *Unearned Revenue*

Unearned revenue represents revenues received in advance of earnings. Revenues will be recognized as earned revenue at the time they are earned in accordance with the accrual basis of accounting.

##### *Net Pension Liability*

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) Plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by FRS. For this purpose, benefit payments (including refunds of employee contributions, if any) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

##### *Use of Restricted Assets*

It is generally the practice of the District to utilize restricted assets before unrestricted when possible.

##### *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### *Subsequent Events*

Management of the District has evaluated subsequent events through November 29, 2022, the date the financial statements were available to be issued.

##### *Recently Issued Accounting Pronouncements*

The Governmental Accounting Standards Board has issued the following statement that will become effective in future years.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were

## Eastpoint Water and Sewer District Notes to Basic Financial Statements

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Recently Issued Accounting Pronouncement (continued)*

previously classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

The District is currently evaluating the requirements of the above statements and their impacts on reporting.

## Eastpoint Water and Sewer District Notes to Basic Financial Statements

### NOTE 2: DETAILED NOTES

#### *Deposits and Investments*

All cash resources of Eastpoint Water and Sewer District are placed in banks that are qualified public depositories, as required by law (Florida Security for Public Deposits Act). Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required by this law to ensure that the District's funds are entirely collateralized throughout the fiscal year. In the event of a failure by a qualified public depository, losses, in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro rata basis. The District's cash consists of demand deposits and interest-bearing certificates of deposit in a local bank.

Florida Statutes, Section 218.415, authorizes the District to invest surplus funds in the following:

- The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in Section 163.01
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency
- Interest bearing time deposits or savings accounts in qualified public depositories, as defined in Section 280.02
- Direct obligations of the U.S. Treasury

The District had no investments at September 30, 2021. As such, the District was not subject to interest rate risk, credit risk, custodial credit risk or concentrations of credit risk disclosures.

Restricted cash and cash equivalents consisted of the following at September 30, 2021:

Customer deposits	\$	160,634
Debt service funds		13,063
Bond renewal and replacement funds		147,620
Short-lived asset reserves		123,162
<hr/>		
Total restricted cash	\$	444,479

**Eastpoint Water and Sewer District**  
**Notes to Basic Financial Statements**

**NOTE 2: DETAILED NOTES (CONTINUED)**

***Accounts Receivable***

Accounts receivable includes amounts due from customers for water and sewer services provided by the District. Accounts receivable are as follows at September 30, 2021:

Customer utility billings receivable	\$	284,882
Tap fees receivable		45,072
<hr/>		
Total accounts receivable		329,954
Less allowance for doubtful accounts		(213,510)
<hr/>		
Accounts receivable, net	\$	116,444

Accounts receivable are recorded based on reading meters indicating customers' usage of water. An allowance for doubtful accounts is established for estimated amounts not expected to be collected.

***Capital Assets***

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

	September 30, 2020	Increases	(Decreases)	September 30, 2021
<hr/>				
Capital assets not being depreciated				
Construction in progress	\$ 130,656	\$ -	\$ -	\$ 130,656
Land	602,729	-	-	602,729
<hr/>				
Total capital assets, not being depreciated	733,385	-	-	733,385
<hr/>				
Capital assets being depreciated				
Water and sewer system	14,508,833	-	-	14,508,833
Equipment and furniture	448,920	21,961	-	470,881
<hr/>				
Total capital assets being depreciated	14,957,753	21,961	-	14,979,714
Less accumulated depreciation	6,875,124	316,317	-	7,191,441
<hr/>				
Total capital assets being depreciated, net	8,082,629	(294,356)	-	7,788,273
<hr/>				
Total capital assets, net	\$ 8,816,014	\$ (294,356)	\$ -	\$ 8,521,658

**Eastpoint Water and Sewer District**  
**Notes to Basic Financial Statements**

**NOTE 2: DETAILED NOTES (CONTINUED)**

***Long-term Debt and Liabilities***

Bonds payable consist of revenue bonds issued for the purpose of financing a part of the cost of acquiring, erecting and constructing, and improving the District's water and sewer systems. Bonds payable consist of a \$3,325,000 Water and Sewer System Revenue Bonds, Series 2012A with annual principal installments varying between \$44,000 and \$153,000, plus interest at 3.375% due annually on September 1, with final maturity on September 1, 2051. The bonds are collateralized by a pledge of the net revenues derived from the operations of the water and sewer systems.

A summary of the bonds payable for the year ending September 30, 2021 is as follows:

	September 30, 2020	Additions/ (Reductions)	September 30, 2021	Due within one year
2012A	\$ 2,982,000	\$ (56,000)	\$ 2,926,000	\$ 58,000

The resolutions authorizing the above 2012A bond issue provides for the monthly transfers to a short-lived asset reserve fund in the amount of 1/12 of 1/10 of the maximum bond issue of \$1,267 per month. These funds are to be used for the replacement of short-lived assets which have a useful life less than the repayment period of the bonds.

The bond issue also requires annual deposits to a reserve account in the amount of 1/10 of the maximum bond service requirement until such time as the funds in the reserve account shall equal the maximum bond service requirements. The bond issue also requires the monthly deposits to a sinking fund of a sum equal to 1/12 of the principal and interest of the bonds maturing on the next succeeding anniversary date.

Future minimum debt service requirements on the bonds are summarized below:

Year ending September 30,	Principal	Interest	Total
2022	\$ 58,000	\$ 98,753	\$ 156,753
2023	60,000	96,795	156,795
2024	62,000	94,770	156,770
2025	64,000	92,678	156,678
2026	66,000	90,518	156,518
2027 - 2031	365,000	417,623	782,623
2032 - 2036	431,000	351,709	782,709
2037 - 2041	509,000	273,949	782,949
2042 - 2046	600,000	182,080	782,080
2047 - 2051	711,000	73,643	784,643
<b>Total</b>	<b>\$ 2,926,000</b>	<b>\$ 1,772,518</b>	<b>\$ 4,698,518</b>

**Eastpoint Water and Sewer District**  
**Notes to Basic Financial Statements**

**NOTE 2: DETAILED NOTES (CONTINUED)**

***Long-term Debt and Liabilities (continued)***

The water and sewer revenue bond is secured by a first lien on the net water and sewer system revenues. The balance of net revenues pledged against the bond for the year ended September 30, 2021 was \$130,504. The total principal and interest remaining to be paid on the bond at September 30, 2021, is \$4,698,518. Total principal and interest paid for the current year was \$156,643, which was 120% of pledged revenues.

Notes payable consists of two notes. One is a loan agreement dated September 30, 2016, with a local bank for \$148,000 with an initial interest rate of 1.85% and original maturity date of March 30, 2017 for the repair of a lift station. The note was renewed on March 31, 2017, at an interest rate of 2.55% and a maturity date of March 30, 2022. The note requires monthly payments of \$1,002 including principal and interest. The total principal and interest remaining to be paid on the note at September 30, 2021 is \$104,715. Total principal and interest paid for the current year was \$12,261.

The other is a loan agreement dated August 19, 2020, with a finance company for \$13,961, secured by a piece of equipment, with an interest rate of 4.25%, maturing September 1, 2023. The loan requires monthly payments of \$412, including principal and interest. The total principal and interest to be paid on the loan at September 30, 2021 is \$10,288. Total principal and interest paid during the current year was \$4,535.

Future minimum debt service requirements on the note is summarized below:

<b>Year ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 108,415	\$ 1,641	\$ 110,056
2023	4,835	112	4,947
Total	\$ 113,250	\$ 1,753	\$ 115,003

**NOTE 3: PROPERTY TAXES**

Property taxes consist of ad valorem taxes on real and personal property within the District. Property values are determined by the Franklin County Property Appraiser. Property taxes are collected by the Franklin County Tax Collector. State law provides for enforcement of collection of personal property taxes by seizure of the property to satisfy unpaid taxes and for enforcement of collection of real property taxes by the sale of interest bearing tax certificates.

Property tax revenues are recognized when taxes are received by the District. Because any delinquent taxes collected after September 30 would not be material, delinquent taxes due are not accrued at year end. The District's millage rate for the year ended September 30, 2021, was 3.25 mils. The tax levy of the District is established by the Districts' Board prior to October 1 of each year.

## Eastpoint Water and Sewer District Notes to Basic Financial Statements

### NOTE 3: PROPERTY TAXES (CONTINUED)

The District's tax calendar is as follows:

Tax Lien Date:	January 1
Tax Levy Date:	Not later than October 1
Delinquent Date:	April 1 of year following assessment
Payment Period:	November through March (up to 4% discount for early payment)
Tax Delinquent Date:	April 1
Tax Certificates Sold:	May 31

### NOTE 4: EMPLOYEE BENEFIT PLANS

#### *Defined Benefit Plans*

The District participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability and death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature.

The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

The Florida Retirement System (FRS) Pension Plan (Plan) is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The Plan was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of plan membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.



## Eastpoint Water and Sewer District Notes to Basic Financial Statements

### NOTE 4: EMPLOYEE BENEFIT PLANS (CONTINUED)

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

#### ***Benefits Provided***

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

#### ***Contributions***

The contribution requirements of plan members and the District are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to the Plan. The District's contribution rates for the year ended September 30, 2021, were as follows:

	<b>October 1, 2020 through June 30, 2021</b>		<b>July 1, 2021 through September 30, 2021</b>	
	<b>FRS</b>	<b>HIS</b>	<b>FRS</b>	<b>HIS</b>
Regular class	8.34%	1.66%	9.16%	1.66%
Senior management	25.63%	1.66%	27.35%	1.66%
DROP plan participants	15.32%	1.66%	16.68%	1.66%

The District's contributions for the year ended September 30, 2021, were \$34,736 to FRS and \$7,063 to HIS.

**Eastpoint Water and Sewer District  
Notes to Basic Financial Statements**

**NOTE 4: EMPLOYEE BENEFIT PLANS (CONTINUED)**

***Pension Liabilities and Pension Expense***

In its financial statements for the year ended September 30, 2021, the District reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2021, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2021. The District's proportions of the net pension liabilities were based on the District's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	<b>FRS</b>	<b>HIS</b>
Net pension liability	\$ 67,577	\$ 148,914
Proportion at:		
Current measurement date	0.000894597%	0.001213989%
Prior measurement date	0.000823207%	0.001262564%
Pension expense	\$ 3,604	\$ 14,877

***Deferred Outflows/Inflows of Resources Related to Pensions***

At September 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>FRS</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 11,583	\$ -
Changes of assumptions	46,239	-
Difference between projected and actual investment earnings	-	235,758
Employer specific amounts due to changes in employer proportion	29,363	7,191
Employer contributions subsequent to the measurement date	9,462	-
<b>Total</b>	<b>\$ 96,647</b>	<b>\$ 242,949</b>

**Eastpoint Water and Sewer District**  
**Notes to Basic Financial Statements**

**NOTE 4: EMPLOYEE BENEFIT PLANS (CONTINUED)**

***Deferred Outflows/Inflows of Resources Related to Pensions (continued)***

	HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,983	\$ 62
Changes of assumptions	11,701	6,136
Difference between projected and actual investment earnings	155	-
Employer specific amounts due to changes in employer proportion	12,923	4,552
Employer contributions subsequent to the measurement date	1,789	-
<b>Total</b>	<b>\$ 31,551</b>	<b>\$ 10,750</b>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year-end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2022. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending September 30,	FRS	HIS
2022	\$ (29,458)	\$ 6,704
2023	(32,019)	3,756
2024	(41,605)	3,713
2025	(55,422)	3,150
2026	2,740	1,627
Thereafter	-	62
<b>Total</b>	<b>\$ (155,764)</b>	<b>\$ 19,012</b>

***Actuarial Assumptions***

The total pension liability for each of the defined benefit plans was measured as of June 30, 2021. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2021. For the HIS Program, the total pension liability was determined by the actuarial evaluation as of July 1, 2020 rolled forward to July 1, 2021. The individual entry-age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

## Eastpoint Water and Sewer District Notes to Basic Financial Statements

### NOTE 4: EMPLOYEE BENEFIT PLANS (CONTINUED)

#### *Actuarial Assumptions (continued)*

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.80%	N/A
Discount rate	6.80%	2.16%

Mortality assumptions for both plans were based on the PUB-2010 base table, projected generationally with Scale MP-2018. For both plans, the actuarial assumptions used in the valuation dated July 1, 2021 were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2021:

FRS: The maximum amortization period was decreased to 20 years for all current and future amortization bases.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 2.21% to 2.16%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For FRS Pension Plan, the table below summarizes the target allocation and best estimate for the arithmetic and geometric real rates of return for each asset class.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual Geometric Return	Standard Deviation
Cash	1.0%	2.1%	2.1%	1.1%
Fixed income	20.0%	3.8%	3.7%	3.3%
Global equity	54.2%	8.2%	6.7%	17.8%
Real estate (property)	10.3%	7.1%	6.2%	13.8%
Private equity	10.8%	11.7%	8.5%	26.4%
Strategic investments	3.7%	5.7%	5.4%	8.4%
	<u>100.0%</u>			

## Eastpoint Water and Sewer District Notes to Basic Financial Statements

### NOTE 4: EMPLOYEE BENEFIT PLANS (CONTINUED)

#### **Discount Rate**

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.80%. The FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 2.16% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

#### **Sensitivity Analysis**

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the District's proportionate share of the net pension liability if the discount rate was 1% higher or 1% lower than the current discount rate.

Net proportionate share of the FRS Net Pension Liability		
	Current	
1% Decrease	Discount Rate	1% Increase
5.80%	6.80%	7.80%
\$302,209	\$67,577	(\$128,549)

  

Net proportionate share of the HIS Net Pension Liability		
	Current	
1% Decrease	Discount Rate	1% Increase
1.16%	2.16%	3.16%
\$172,159	\$148,914	\$129,870

#### **Pension Plans' Fiduciary Net Position**

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

#### **Defined Contribution Plan**

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan (FRS Investment Plan), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution

## Eastpoint Water and Sewer District Notes to Basic Financial Statements

### NOTE 4: EMPLOYEE BENEFIT PLANS (CONTINUED)

#### *Defined Contribution Plan (continued)*

rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2021, totaled \$3,557.

### NOTE 5: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; and natural disasters for which the District carries commercial insurance. Insurance against losses are provided for the following types of risk:

- Workers' compensation and employer's liability
- General and automobile liability
- Real and personal property damage
- Public officials' liability

The District's coverage for workers' compensation is under a retrospectively rated policy. Premiums are accrued based on the ultimate cost to the date of the District's experience for this type of risk.

### NOTE 6: SUBSTANTIAL DOUBT ABOUT THE DISTRICT'S ABILITY TO CONTINUE AS A GOING CONCERN AND MANAGEMENT'S PLANS

In April 2022, the Florida legislature passed a law that dissolves all special districts in Florida formed prior to November 5, 1968, which includes the District. The law amends the pertinent section of the Florida Statutes, resulting in the dissolution, effective June 1, 2023, of affected special districts, but provides that a special district affected by the Statute may be reestablished on or after June 1, 2023 pursuant to the requirement and limitation of the relevant chapter of the Statutes. Management has engaged a third-party firm to assist in determining the steps necessary to reestablish the District. If the District is unable to be reestablished, it may be unable to continue operations as an independent special district subsequent to the effective date of dissolution.

## **Required Supplementary Information**

**Eastpoint Water and Sewer District**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**– Florida Retirement System**  
**Last 10 Fiscal Years**

<b>June 30,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013 *</b>	<b>2012 *</b>
District's proportion of the net pension liability	0.0008946%	0.0008232%	0.0008043%	0.0007705%	0.0007128%	0.0009249%	0.0008904%	0.0008098%	N/A	N/A
District's proportionate share of the net pension liability	\$ 67,577	\$ 356,790	\$ 276,977	\$ 232,083	\$ 210,920	\$ 233,547	\$ 115,003	\$ 49,407	N/A	N/A
District's covered payroll	\$ 383,745	\$ 382,226	\$ 349,775	\$ 385,684	\$ 348,037	\$ 317,002	\$ 293,467	\$ 285,465	N/A	N/A
District's proportionate share of the net pension liability as a percentage of its covered payroll	17.61%	93.35%	79.19%	60.17%	60.60%	73.67%	39.19%	17.31%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	96.40%	78.83%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%	N/A	N/A

\*Disclosures for 2012 and 2013 are N/A because comparable information is not available at this time.

*See independent auditors' report*



**Eastpoint Water and Sewer District  
Schedule of the District's Contributions  
– Florida Retirement System  
Last 10 Fiscal Years**

<b>Year ended September 30,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013 *</b>	<b>2012 *</b>
Contractually required contribution	\$ 34,736	\$ 29,443	\$ 23,944	\$ 21,036	\$ 17,988	\$ 17,115	\$ 17,372	\$ 21,075	N/A	N/A
Contributions in relation to the contractually required contribution	(34,736)	(29,443)	(23,944)	(21,036)	(17,988)	(17,115)	(17,372)	(21,075)	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A
District's covered payroll	\$ 425,375	\$ 448,266	\$ 359,887	\$ 391,987	\$ 350,148	\$ 329,787	\$ 293,462	\$ 296,302	N/A	N/A
Contributions as a percentage of covered payroll	8.17%	6.57%	6.65%	5.37%	5.14%	5.19%	5.92%	7.11%	N/A	N/A

\*Disclosures for 2012 and 2013 are N/A because comparable information is not available at this time.

*See independent auditors' report*

**Eastpoint Water and Sewer District**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**– Health Insurance Subsidy Program**  
**Last 10 Fiscal Years**

<b>June 30,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013 *</b>	<b>2012 *</b>
District's proportion of the net pension liability	0.0012140%	0.0012626%	0.0012359%	0.0011808%	0.0010919%	0.0010187%	0.0009420%	0.0008913%	N/A	N/A
District's proportionate share of the net pension liability	\$ 148,914	\$ 154,157	\$ 138,280	\$ 124,982	\$ 116,749	\$ 118,726	\$ 96,074	\$ 83,339	N/A	N/A
District's covered payroll	\$ 383,745	\$ 382,226	\$ 349,775	\$ 385,684	\$ 348,037	\$ 317,002	\$ 293,467	\$ 285,465	N/A	N/A
District's proportionate share of the net pension liability as a percentage of its covered payroll	38.81%	40.33%	39.53%	32.41%	33.54%	37.45%	32.74%	29.19%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%	N/A	N/A

\*Disclosures for 2012 and 2013 are N/A because comparable information is not available at this time.

*See independent auditors' report*

**Eastpoint Water and Sewer District  
Schedule of the District's Contributions  
– Health Insurance Subsidy Program  
Last 10 Fiscal Years**

<b>Year ended September 30,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013 *</b>	<b>2012 *</b>
Contractually required contribution	\$ 7,063	\$ 7,356	\$ 5,974	\$ 6,507	\$ 5,812	\$ 5,474	\$ 4,871	\$ 3,733	N/A	N/A
Contributions in relation to the contractually required contribution	(7,063)	(7,356)	(5,974)	(6,507)	(5,812)	(5,474)	(4,871)	(3,733)	N/A	N/A
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>N/A</b>	<b>N/A</b>
District's covered payroll	\$ 425,375	\$ 448,266	\$ 359,887	\$ 391,987	\$ 350,148	\$ 329,787	\$ 293,462	\$ 296,302	N/A	N/A
Contributions as a percentage of covered payroll	1.66%	1.64%	1.66%	1.66%	1.66%	1.66%	1.66%	1.26%	N/A	N/A

\*Disclosures for 2012 and 2013 are N/A because comparable information is not available at this time.

*See independent auditors' report*

## **Reports on Internal Control and Compliance Matters**

**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***

Board of District Commissioners  
Eastpoint Water and Sewer District  
Eastpoint, Florida

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 the business-type activities of Eastpoint Water and Sewer District (District), as of and for the year ended September 30, 2021, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 29, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

We consider the deficiencies described below to be material weaknesses.

2021-001 – Segregation of Duties (prior two years 2020-001 and 2019-001) (initially reported in 2005)

Condition: The District does not have proper separation of certain accounting and administrative duties among employees.

Effect: Not having proper segregation of duties increases the possibility of undetected errors or irregularities.

Cause: The District has limited staff available which can lead to certain incompatible duties being performed by one person.

Criteria: Authorization, custody, and record keeping duties should be segregated to provide reasonable assurance that transactions are handled appropriately.

Recommendation: The District should separate duties so that no one individual has control over all phases of a transaction. Additional oversight by management and the Board should be implemented in cases where proper segregation of incompatible duties is not considered feasible.

Views of responsible officials and planned corrective action: Separation of duties is not considered feasible by the District because of its size and limited number of employees. The District's administration personnel includes three full-time employees, each assigned specific duties for individual transactions, and the duties have been segregated to the extent possible in consideration of the size of the District. Board oversight and additional approvals will be implemented to the extent possible.

2021-002 – Adjustments to Financial Statements (prior two years 2020-002 and 2019-002) (initially reported in 2007)

Condition: Adjustments to the financial records had to be proposed by the auditors in order for the financial statements to conform to generally accepted accounting principles (GAAP).

Effect: Financial statements are not in conformity with GAAP prior to adjustment.

Cause: Management relies on auditors to propose entries based on audit procedures.

Criteria: The requirement is for the District to be able to prepare financial statements in accordance with GAAP.

Recommendation: While we realize it would not be financially feasible to implement procedures necessary to eliminate all proposed adjustments, we recommend striving to reduce the number of adjustments needed as much as possible.

Views of responsible officials and planned corrective action: We realize that ideally our internal control system should be designed in a manner that ensures the accuracy of the financial statements and that the auditors should not have to recommend journal entries to see that they conform to generally accepted accounting principles. We will continue to try to improve our internal control systems to reduce the number of adjustments proposed by our auditors each year.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* as noted below.

2021-003 – The District did not submit the required annual financial report (AFR) and the annual audit report within the prescribed deadline of June 30, 2022 (prior two years 2020-003 and 2019-003).

Condition: For the year ended September 30, 2021, the audit and the annual financial report were submitted after the prescribed deadline of June 30, 2022.

Effect: The District's noncompliance with Florida Statutes could ultimately impact its ability to operate (collect ad-valorem and state taxes).

Cause: The District's management did not enlist the services of an independent accounting firm in time to be able to submit the reports on a timely basis.

Criteria: The annual financial report (AFR) and the annual audit report are due to the Florida Auditor General no later than 9 months after year-end along with the filing of the annual financial report with the Department of Financial Services.

Recommendation: The District should submit the required reports on a timely basis.

Views of responsible officials and planned corrective action: The District will work towards submitting the reports in a timely manner in the future.

## District's Responses to Findings

The District's views of responsible officials and planned corrective actions identified in our audit are described above, and were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## 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.

*Carr, Rigg & Ingram, L.L.C.*

Certified Public Accountants  
Panama City Beach, Florida  
November 29, 2022

## **INDEPENDENT AUDITORS' MANAGEMENT LETTER**

Board of District Commissioners  
Eastpoint Water and Sewer District  
Eastpoint, Florida

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

We have audited the financial statements of Eastpoint Water and Sewer District (District), as of and for the year ended September 30, 2021, and have issued our report thereon dated November 29, 2022.

### **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 Auditor General.

### **Other Reporting Requirements**

We have issued our 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* 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 November 29, 2022, 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 financial audit report. Corrective actions have not been taken to address findings and recommendations in the preceding financial audit report as noted below.

### **Prior Year Findings and Recommendations**

Uncorrected findings reported in previous years include: 2021-001 (prior two years 2020-001 and 2019-001), 2021-002 (prior two years 2020-002 and 2019-002), and 2021-003 (prior two years 2020-003 and 2019-003).



## **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. Eastpoint Water and Sewer District was established in 1967, under a Charter in accordance with the laws of Florida 67-1717. There are no component units of the 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 Eastpoint Water and Sewer District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify of the specific conditions met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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.

## **Specific Information**

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the District reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as eight.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as none.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$424,445.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as none.
- 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 none.

- f. A budget variance based on the budget adopted under Sections 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 (\$40,974).

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the District reported:

- a. The millage rate or rates imposed by the district as 3.25 mils.
- b. The total amount of ad valorem taxes collected by or on behalf of the District as \$204,885.
- c. The total amount of outstanding bonds issued by the District and the terms of such bonds as \$2,926,000, payable in annual principal installments varying between \$58,000 and \$153,000, plus interest due annually on September 1, with final maturity on September 1, 2051.

### **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 Joint Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Board of the District Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Carr, Riggs & Ingram, L.L.C.*

Certified Public Accountants  
Panama City Beach, Florida  
November 29, 2022



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## **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES**

Board of District Commissioners  
Eastpoint Water and Sewer District  
Eastpoint, Florida

We have examined Eastpoint Water and Sewer District's (District) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2021. Management of the District is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements identified above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination of the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended, September 30, 2021.

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

*Carr, Riggs & Ingram, L.L.C.*

Certified Public Accountants  
Panama City Beach, Florida  
November 29, 2022



Eastpoint Water and Sewer District  
Management's Corrective Action Plan  
For the Fiscal Year Ended September 30, 2021

2021-001 – Segregation of Duties (prior two years 2020-001 and 2019-001) (initially reported in 2005)

Planned corrective action: Separation of duties is not considered feasible by the District because of its size and limited number of employees. The District's administration personnel includes three full-time employees, each assigned specific duties for individual transactions, and the duties have been segregated to the extent possible in consideration of the size of the District. Board oversight and additional approvals will be implemented to the extent possible.

Anticipated Completion Date: September 30, 2024

Responsible Contact Person: Billy Fuentes, Administrator

2021-002 – Adjustments to Financial Statements (prior years 2020-002 and 2019-002) (initially reported in 2007)

Planned corrective action: We realize that ideally our internal control system should be designed in a manner that ensures the accuracy of the financial statements and that the auditors should not have to recommend journal entries to see that they conform to generally accepted accounting principles. We will continue to try to improve our internal control systems to reduce the number of adjustments proposed by our auditors each year.

Anticipated Completion Date: September 30, 2024

Responsible Contact Person: Billy Fuentes, Administrator

2021-003 – The District did not submit the required annual financial report (AFR) and the annual audit report within the prescribed deadline of June 30, 2022 (prior two years 2020-003 and 2019-003).

Planned corrective action: The District will work towards submitting the reports in a timely manner in the future.

Anticipated Completion Date: June 30, 2023

Responsible Contact Person: Billy Fuentes, Administrator