

**ALLIGATOR POINT WATER RESOURCES DISTRICT**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025**

**ALLIGATOR POINT WATER RESOURCES DISTRICT  
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SEPTEMBER 30, 2025**

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the Alligator Point Water Resources District (the District), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District, as of September 30, 2025, 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.

#### *Basis for Opinion*

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

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

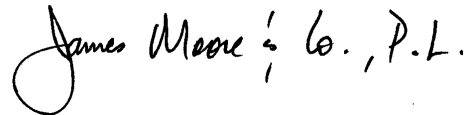
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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 26, 2026

**ALLIGATOR POINT WATER RESOURCES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025**

As management of the Alligator Point Water Resources District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2025.

**Overview of the Financial Statements**

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

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

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

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

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to financial statements can be found on pages 10 – 14 of this report.

**Water Fund Financial Analysis**

A portion of the District's net position (59 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**ALLIGATOR POINT WATER RESOURCES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025  
(Continued)**

**Comparative Net Position**

	<b>2025</b>	<b>2024</b>
Current and other assets	\$ 1,706,662	\$ 1,835,011
Capital assets not being depreciated	975,176	101,963
Capital assets being depreciated, net	1,444,607	1,587,935
Total assets	4,126,445	3,524,909
Other liabilities	135,126	108,296
Long-term liabilities	216,919	-
Total liabilities	352,045	108,296
Net position:		
Net investment in capital assets	2,202,864	1,689,898
Unrestricted	1,571,536	1,726,715
Total net position	\$ 3,774,400	\$ 3,416,613

The remaining balance of *unrestricted net position* \$1,571,536 may be used to meet the government's ongoing obligations to citizens and creditors.

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

**Comparative Changes in Net Position**

	<b>2025</b>	<b>2024</b>
<b>Revenues:</b>		
Program revenues:		
Charges for services and other	\$ 544,218	\$ 496,765
General revenues:		
Intergovernmental and other	364,885	52,182
Total revenues	909,103	548,947
<b>Expenses:</b>		
Water operations	551,316	506,381
Total expenses	551,316	506,381
Change in net position	357,787	42,566
<b>Net position, beginning of year</b>	3,416,613	3,374,047
<b>Net position, end of year</b>	\$ 3,774,400	\$ 3,416,613

The change in net position can be contributed to an increase in intergovernmental revenue as well as an increase in charges for services revenues.

**ALLIGATOR POINT WATER RESOURCES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2025  
(Continued)**

**Capital Asset and Debt Administration**

**Capital assets.** The District's investment in capital assets for its business type activities as of September 30, 2025, amounts to \$2,419,783 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and system, improvements, machinery and equipment.

Additional information on the District's capital assets can be found in Note (3) on page 13 of this report.

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

- As a condition of District Expansion that went into effect October 2023, the District upgraded water lines in the areas that were previously outside the District. The cost added \$873,213 to Construction in Progress and is estimated to be complete January 2026. The second phase of this project, estimated to cost \$400,000, will replace water meters and will be complete by February 2027.
- Ad Valorem tax for 25/26 was adopted at the roll back rate.
- No other significant impacts are expected for next year.

All of these factors were considered in preparing the District's budget for the 2026 fiscal year.

**Requests for Information**

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

**ALLIGATOR POINT WATER RESOURCES DISTRICT  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2025**

**ASSETS**

**Current assets**

Cash and cash equivalents	\$ 1,054,745
Investments	600,035
Accounts receivable, net	21,515
Prepays	30,367
Total current assets	1,706,662

**Noncurrent assets**

Capital assets:	
Non-depreciable	975,176
Depreciable, net	1,444,607
Total noncurrent assets	2,419,783

Total Assets	\$ 4,126,445
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**LIABILITIES AND NET POSITION**

**Current liabilities**

Accounts payable and accrued expenses	\$ 40,304
Customer deposits	78,408
Unearned revenue	11,143
Compensated absences	5,271
Total current liabilities	135,126

**Noncurrent liabilities**

Notes payable	216,919
Total noncurrent liabilities	216,919

**Net Position**

Net investment in capital assets	\$ 2,202,864
Unrestricted	1,571,536
Total net position	3,774,400

Total Liabilities and Net Position	\$ 4,126,445
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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, 2025**

<b>Operating revenues</b>	
Charges for services	\$ 248,165
Ad valorem taxes	294,758
Other operating revenues	1,295
Total operating revenues	<u>544,218</u>
<b>Operating expenses</b>	
Personnel services	93,971
Professional fees	125,972
Insurance	28,028
Repairs and maintenance	53,747
Materials, supplies and other	85,942
Contracted services	6,610
Depreciation	157,046
Total operating expenses	<u>551,316</u>
<b>Operating income (loss)</b>	<u>(7,098)</u>
<b>Nonoperating revenues (expenses)</b>	
Investment income (loss)	44,877
Intergovernmental grants	320,008
Total nonoperating revenues (expenses)	<u>364,885</u>
<b>Change in net position</b>	<u>357,787</u>
<b>Net position, beginning of year</b>	3,416,613
<b>Net position, end of year</b>	<u><u>\$ 3,774,400</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, 2025**

<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 246,625
Taxes received	294,758
Cash payments to employees	(92,799)
Cash payments to suppliers	(276,991)
Net cash provided by (used in) operating activities	<u>171,593</u>
<b>Cash flows from capital and related financing activities</b>	
Proceeds from debt	216,919
Intergovernmental grants	320,008
Payments to acquire and construct plant property	(886,931)
Net cash provided by (used in) capital and related financing activities	<u>(350,004)</u>
<b>Cash flows from investing activities</b>	
Sales (purchases) of investments	358,474
Interest received	44,877
Net cash provided by (used in) investing activities	<u>403,351</u>
<b>Net change in cash and cash equivalents</b>	<u>224,940</u>
<b>Cash and cash equivalents, beginning of year</b>	829,805
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,054,745</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>	
Operating income (loss)	<u>\$ (7,098)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation expense	157,046
Changes in assets and liabilities	
Decrease (Increase) in accounts receivable	(2,846)
Decrease (Increase) in inventory and prepaid expenses	(2,339)
Increase (Decrease) in accounts payable and accrued expenses	25,647
Increase (Decrease) in customer deposits payable	607
Increase (Decrease) in unearned revenue	(596)
Increase (Decrease) in compensated absences	1,172
Total adjustments	<u>178,691</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 171,593</u>

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

**ALLIGATOR POINT WATER RESOURCES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

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

The accounting policies of the Alligator Point Water Resources District (the “District”) conform to generally accepted accounting principles applicable to governmental units. The following is a summary of significant policies.

(a) **Reporting entity**—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) **Basis of presentation**—The financial transactions of the District are reported as a proprietary fund type - Enterprise Fund. Enterprise Funds are used to account for activities in a manner similar to private-sector business enterprises. The District's operating revenues result from exchange transactions. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from nonexchange transactions or ancillary activities.

(c) **Measurement focus and basis of accounting**—The District utilizes the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows.

(d) **Cash and cash equivalents**—The District's cash consists of legally authorized demand deposits. The institutions in which such deposits are kept are certified as Qualified Public Depositories under the Florida Public Deposits Act. Therefore, the total bank balances on deposit at September 30, 2025, are insured or collateralized pursuant to Chapter 280, Florida Statutes. For purposes of the statement of cash flows, the District considers only highly liquid investments with original maturities of less than three months to be cash equivalents.

(e) **Accounts receivable**—The District's accounts receivable are stated at net realizable value, reduced by an allowance for uncollectable accounts, where appropriate. Accounts receivable are net of a \$1,593 allowance.

(f) **Prepays**—Prepaid insurance consists of insurance premiums, which have been paid prior to the end of the fiscal year but represent expenses which are applicable to future accounting periods. These amounts do not constitute available spendable resources even though they are a component of current assets.

(g) **Capital assets**—Capital assets are recorded at cost less accumulated depreciation, except contributed assets which are recorded at acquisition value on the date of contribution. Expenditures of \$5,000 or more are capitalized. Depreciation, on a straight-line basis, is charged over estimated useful lives ranging from 3 to 40 years.

**ALLIGATOR POINT WATER RESOURCES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

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

(h) **Compensated absences**—The District's policy permits employees to accumulate earned but unused vacation benefits. The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences is reported as incurred in the financial statements. The liability for compensated absences includes salary-related benefits, where applicable.

(i) **Impact fees**—The Authority has not adopted any ordinances or resolutions to levy impact fees in accordance with Section 163.31801, Florida Statutes.

(j) **Net position flow assumption**—Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the District's policy to consider restricted net position to have been used before unrestricted net position is applied.

(k) **Revenue recognition**—Operating revenue consists primarily of charges for services, which are billed to customers for water. Billings are included in revenue as meters are read each month. Unbilled revenues are accrued based on estimated consumption of the most recent billing. Unearned revenue represents advance collections from customers.

(l) **Property taxes**—The Franklin County Tax Collector bills and collects property taxes for the District. Details of the District's property tax calendar are presented below:

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

(m) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(n) **Long-term obligations**—In the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable proprietary fund type statement of net position.

**ALLIGATOR POINT WATER RESOURCES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**(2) Deposits and Investments:**

All deposits are placed in a bank that qualifies as a public depository, as required by law (Florida Security for Public Deposits Act). Accordingly, all deposits are insured by Federal depository insurance and/or entirely collateralized pursuant to Chapter 280, Florida Statutes.

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, 2025, was 47 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, 2025, the District had \$600,035 of investments in Florida PRIME reported at fair market value.

**(3) Long-Term Liabilities:**

Long-term liability activity for the year ended September 30, 2025, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Business-type activities:</b>					
Notes payable	\$ -	\$ 216,919	\$ -	\$ 216,919	\$ -
Total long-term liabilities	<u>\$ -</u>	<u>\$ 216,919</u>	<u>\$ -</u>	<u>\$ 216,919</u>	<u>\$ -</u>

**ALLIGATOR POINT WATER RESOURCES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

**(3) Long-Term Liabilities:** (Continued)

Governmental loans in the District's business-type activities at September 30, 2025, were comprised of the following obligations:

Note Payable to finance water system improvements. Payable in semiannual installments of \$20,900 on February 15 and August 15, including interest at 1.36%. Payable from pledged revenues after satisfaction of any senior obligation. There are no senior obligations to this obligation. The note matures on August 15, 2047.

Annual debt service requirements to maturity for the District's business-type activities notes payable are as follows:

Year Ending September 30,	Business-type Activities		Total
	Governmental Loans		
	Principal	Interest	
2026	\$ -	\$ -	\$ -
2027	15,302	5,598	20,900
2028	39,183	2,617	41,800
2029	39,720	2,080	41,800
2030	40,263	1,537	41,800
2031 - 2032	82,450	1,413	83,863
	<u>\$ 216,919</u>	<u>\$ 13,245</u>	<u>\$ 230,163</u>

**(4) Capital Assets:**

Changes in the District's capital assets for the year ended September 30, 2025, were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 19,552	\$ -	\$ -	\$ 19,552
Construction in progress	82,411	873,213	-	955,624
Total assets not being depreciated	<u>101,963</u>	<u>873,213</u>	<u>-</u>	<u>975,176</u>
Capital assets being depreciated:				
System	3,544,230	-	(2,330)	3,541,900
System Equipment	78,281	-	(35,835)	42,446
Buildings	797,725	13,718	(3,770)	807,673
Vehicles	66,998	-	-	66,998
Furniture and Equipment	27,590	-	-	27,590
Total assets being depreciated	<u>4,514,824</u>	<u>13,718</u>	<u>(41,935)</u>	<u>4,486,607</u>
Less accumulated depreciation for:				
Total accumulated depreciation	<u>(2,926,889)</u>	<u>(157,046)</u>	<u>41,935</u>	<u>(3,042,000)</u>
Total capital assets being depreciated, net	<u>1,587,935</u>	<u>(143,328)</u>	<u>-</u>	<u>1,444,607</u>
Business-type activities capital assets, net	<u>\$ 1,689,898</u>	<u>\$ 729,885</u>	<u>\$ -</u>	<u>\$ 2,419,783</u>

Depreciation expense for the year ended September 30, 2025, was \$157,046.

**ALLIGATOR POINT WATER RESOURCES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2025**

(5) **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.

(6) **Contractual Commitment:**

As of September 30, 2025, the District had the following commitments related to unfinished projects:

Projects	Remaining Commitment
Water-Line Replacement – Sun N Sands	\$ 1,163,073

(7) **Recent 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:

- (a) GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. GASB Statement 102 requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. The provisions for GASB 102 are effective for fiscal years beginning after June 15, 2024.
- (b) GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter.
- (c) GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. GASB Statement No. 104 requires governments to disclose separate information about specific types of capital assets and establishes criteria for identifying and reporting capital assets held for sale. The objective of GASB 104 is to enhance transparency and improve the usefulness of financial statements for stakeholders by providing more detailed information on these assets. The provisions are effective for fiscal years beginning after June 15, 2025.
- (d) GASB issued Statement No. 105, *Subsequent Events*, in December 2025. GASB Statement No. 105 clarifies the subsequent events time frame and establishes accounting and disclosure requirements for recognized and nonrecognized subsequent events. The provisions of GASB Statement No. 105 are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter.

**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 Board of Directors,  
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 the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Alligator Point Water Resources District (the District) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 26, 2026.

***Report on Internal Control over Financial Reporting***

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described below as items 2025-001 and 2025-002 that we consider to be material weaknesses.

**2025-001: Preparation of Financial Statements**

The District is unable to prepare financial statements in accordance with Generally Accepted Accounting Principles ("GAAP"). The District's lack of knowledge of GAAP increases the risk that the financial statements could be materially misstated as a whole. We recommend management select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles.

## **2025-002: 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. 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. We recommend that the Board continue to be actively involved in the District's transactions through review of monthly board packets, journal entries, and financials. Also, we recommend the District not use pre-signed checks in their operations, and consider alternative methods for payments.

### ***Report on Compliance and Other Matters***

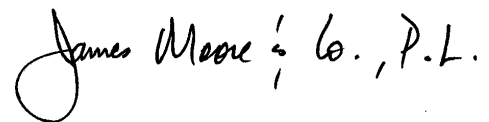
As part of obtaining reasonable assurance about whether Alligator Point Water Resources District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could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

### **Management's Response to Findings**

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

### **Purpose of this Report**

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

James Moore & Co., P.L.

Tallahassee, Florida  
February 26, 2026

**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 (the District), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated February 26, 2026.

**Auditors’ Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

**Other Reporting Requirements**

We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants’ Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 26, 2026, 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>2024 FY Finding #</b>	<b>2023 FY Finding #</b>
2025-001	2024-001	2023-001
2025-002	2024-002	2023-002

## **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This is disclosed as required by accounting principles generally accepted in the United States of America in Note 1(a) to the financial statements. There are no component units related to the 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 the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that 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.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 District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

## **Special District Component Units**

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

## **Specific Special District Information**

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

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the 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: 1
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$87,063

- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$37,453
- 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. \$858,962
- f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as follows: the district's original budget totaled \$1,079,900, there were no budget amendments.

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

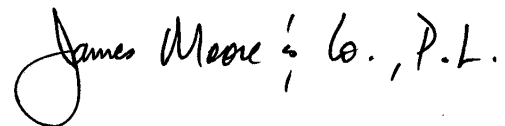
- a) The mileage rate or rates imposed by the district: 1.35
- b) The total amount of ad valorem taxes collected by or on behalf of the district: \$294,758
- c) The total amount of outstanding bonds issued by the district and the terms of such bonds are: \$0

**Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

**Purpose of this Letter**

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



Tallahassee, Florida  
February 26, 2026

## INDEPENDENT ACCOUNTANTS' REPORT

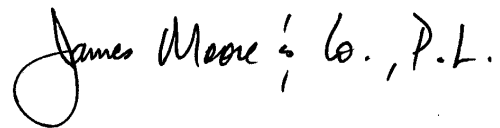
To the Board of Directors,  
Alligator Point Water Resources District:

We have examined the Alligator Point Water Resources District's (the District) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies* (the Statute), for the year ended September 30, 2025. Management is responsible for the District's compliance with those requirements. Our responsibility is to obtain reasonable assurance by evaluating against the aforementioned statutes and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we obtain reasonable assurance by evaluating against the aforementioned statutes during the year ended September 30, 2025, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of the District's compliance during the year ended September 30, 2025. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks that were not in accordance with those requirements in all material respects, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, for the year ended September 30, 2025, the District complied with the Statute in all material respects.



Tallahassee, Florida  
February 26, 2026



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

February 26, 2026

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 2025-001**

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 2025-002**

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.

A handwritten signature in black ink that reads "Sara Turner".