



Eastpoint Water and Sewer District

FINANCIAL STATEMENTS

September 30, 2025

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of September 30, 2025, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Auditor's 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

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.

Auditor's 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 auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 on pages 4 to 7, and the schedules of defined benefit pension plans on pages 29 to 32 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 June 29, 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 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 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.

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

Certified Public Accountants
Panama City Beach, Florida
June 29, 2026

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, 2025 and 2024. 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 \$4,612,489 at the end of the fiscal year.
- The District's net position decreased by 4% from the prior year.
- The District's operating revenues decreased by 9% from the prior year.
- The District's operating expenses increased by 8% 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>	2025	2024
Current assets	\$ 544,344	\$ 586,385
Noncurrent assets	7,572,604	7,836,156
Total assets	8,116,948	8,422,541
Deferred outflows of resources	73,715	93,652
Current liabilities	139,745	144,573
Noncurrent liabilities	3,310,185	3,467,733
Total liabilities	3,449,930	3,612,306
Deferred inflows of resources	128,244	102,262
Net investment in capital assets	4,727,562	4,923,966
Restricted net position	355,169	339,989
Unrestricted net position	(470,242)	(462,330)
Total net position	\$ 4,612,489	\$ 4,801,625

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

<i>For the years ended September 30,</i>	2025	2024
Operating revenues	\$ 1,101,196	\$ 1,206,471
Nonoperating revenues	526,125	418,178
Total revenues	1,627,321	1,624,649

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

<i>For the years ended September 30,</i>	2025	2024
Operating expenses	\$ 1,382,780	\$ 1,259,872
Depreciation	334,931	329,752
Nonoperating expenses	98,746	99,966
Total expenses	1,816,457	1,689,590
Net loss	(189,136)	(64,941)
Beginning net position	4,801,625	4,866,566
Ending net position	\$ 4,612,489	\$ 4,801,625

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 a decrease due to a decrease in water and sewer revenues and connection fees. The nonoperating revenue increase was primarily due to an increase in assessed valuation for property tax revenue. Total expenses increased from the prior year primarily due to increases in various operating expenses, including contractual services, insurance, and other operating expenses.

CAPITAL ASSETS

At September 30, 2025, the District has invested \$7,572,604 in capital assets. This represents 93% of total assets. A summary of the District's capital assets follows.

Capital Assets

<i>September 30,</i>	2025	2024
Land	\$ 562,547	\$ 562,547
Water and sewer system	14,736,817	14,736,814
Equipment and furniture	600,904	529,528
Construction in progress	176,546	176,546
Total	16,076,814	16,005,435
Less accumulated depreciation	(8,504,210)	(8,169,279)
Capital assets, net	\$ 7,572,604	\$ 7,836,156

DEBT ACTIVITY

As of September 30, 2025, Eastpoint Water and Sewer District had total bond debt and notes payable outstanding in the amount of \$2,845,042.

Outstanding Debt

<i>September 30,</i>	2025	2024
Bonds payable	\$ 2,682,000	\$ 2,746,000
Notes payable	163,042	189,153
Total	\$ 2,845,042	\$ 2,935,153

Principal payments during the year on the bond were \$64,000 and on the notes payable were \$26,111. 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 2025-2026 budget as were used for setting the 2024-2025 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 regard 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 it 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.

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, 2025

Assets

Current assets

Accounts receivable, net	\$ 106,995
Inventory	48,893
Prepaid items	3,365

Total unrestricted current assets	159,253
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Restricted current assets

Cash and cash equivalents	191,709
Certificate of deposit	193,382

Total restricted current assets	385,091
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Total current assets	544,344
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Noncurrent assets

Capital assets

Land	562,547
Water and sewer system	14,736,817
Equipment and furniture	600,904
Construction in progress	176,546

Total capital assets	16,076,814
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Less accumulated depreciation	(8,504,210)
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Total capital assets, net	7,572,604
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Total noncurrent assets	7,572,604
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Total assets	8,116,948
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Deferred outflows of resources

Deferred outflows related to pensions	73,715
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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, 2025

Liabilities

Current liabilities

Accounts payable	\$ 52,145
Accrued expenses	2,995
Current portion of notes payable	18,605
Current portion of bonds payable	66,000

Total current liabilities 139,745

Noncurrent liabilities

Customer deposits	189,533
Accrued interest	7,543
Net pension liability	352,672
Notes payable due after one year	144,437
Bonds payable due after one year	2,616,000

Total noncurrent liabilities 3,310,185

Total liabilities 3,449,930

Deferred inflows of resources

Deferred inflows related to pension	128,244
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Net position

Net investment in capital assets	4,727,562
Restricted for	
Debt service	13,043
Renewal and replacement	158,164
Short-lived asset reserves	183,962
Unrestricted	(470,242)

Total net position \$ 4,612,489

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

For the year ended September 30, 2025

Operating Revenues

Water services	\$ 489,165
Sewer services	397,950
Connection fees	89,746
Miscellaneous revenues	124,335

Total operating revenues	1,101,196
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Operating Expenses

Personnel services	568,037
Contractual services	131,936
Repairs and maintenance	84,051
Utilities	129,825
Insurance	85,488
Office	77,669
Other operating	221,796
Training	903
Bad debts	34,919
Miscellaneous	48,156
Depreciation	334,931

Total operating expenses	1,717,711
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Operating income (loss)	(616,515)
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Nonoperating Revenues (Expenses)

Property taxes	517,881
Interest income	8,244
Interest expense	(98,746)

Total nonoperating revenues (expenses)	427,379
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Change in net position	(189,136)
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Net position, beginning of year	4,801,625
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Net position, end of year	\$ 4,612,489
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The accompanying notes are an integral part of these financial statements

Eastpoint Water and Sewer District

Statement of Cash Flows – Proprietary Fund

For the year ended September 30, 2025

Operating activities

Receipts from customers	\$ 1,119,252
Payments to suppliers and others	(775,181)
Payments to employees	(604,840)

Net cash provided by (used in) operating activities	(260,769)
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Noncapital financing activities

Property tax receipts	517,881
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Net cash provided by (used in) noncapital financing activities	517,881
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Capital and related financing activities

Acquisition of capital assets	(71,379)
Principal payments on bonds payable	(64,000)
Principal payments on notes payable	(26,111)
Interest paid on bonds and notes payable	(98,746)

Net cash provided by (used in) capital and related financing activities	(260,236)
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Investing activities

Interest received	6,895
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Net cash provided by (used in) investing activities	6,895
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Net increase (decrease) in cash and cash equivalents	3,771
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Cash and cash equivalents, beginning of year	187,938
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Cash and cash equivalents, end of year	\$ 191,709
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Cash classified as:

Restricted cash and cash equivalents	\$ 191,709
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Cash and cash equivalents, end of year	\$ 191,709
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The accompanying notes are an integral part of these financial statements

Eastpoint Water and Sewer District

Statement of Cash Flows – Proprietary Fund (Continued)

For the year ended September 30, 2025

Reconciliation of operating loss to net cash

provided by (used in) operating activities	
Operating loss	\$ (616,515)
Adjustments to reconcile operating income (loss) to net cash used by operating activities	
Depreciation	334,931
Bad debts	34,919
Change in assets, deferred outflows, liabilities and deferred inflows	
(Increase) decrease in assets and deferred outflows	
Accounts receivable, net	12,242
Deferred outflows related to pensions	19,937
Increase (decrease) in liabilities	
Accounts payable	4,978
Accrued expenses	(154)
Customer deposits	5,814
Accrued interest	(181)
Net pension liability	(82,722)
Deferred inflows related to pensions	25,982
Total adjustments	355,746
Net cash provided by (used in) operating activities	\$ (260,769)

The accompanying notes are an integral part of these financial statements

Eastpoint Water and Sewer District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Eastpoint Water and Sewer District (District) is an independent special district that was originally created under Chapter 67-1399, Laws of Florida, and Acts of 1967 in the unincorporated community of Eastpoint, Florida.

In April 2022, the Florida Legislature passed Senate Bill No. 4-C, amending section 189.0311, Florida Statutes, to take effect July 1, 2022, which dissolved any special district established by a special act prior to November 5, 1968 effective June 1, 2023, including the District.

In March 2023, the Florida Governor approved House Bill 13-B that reenacts, amends, and repeals the special act relating to the District, and provides for continuation of authority under Chapter 2023-007, Laws of Florida.

Reporting Entity

The District operates as a special district, governed by an elected Board of District Commissioners. The District provides water services and sewer disposal as authorized by Statutes. There are no entities that required inclusion as component units in the District's financial statements.

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.

The District operates as a proprietary fund and applies all applicable Governmental Accounting Standards Board (GASB) pronouncements. 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.

Budgetary Information

An annual budget is adopted by the District; however, the budget is not legally required to be reported for business-type activities and is not included in these financial statements. The Board of Commissioners approves the budget, public hearings are held, and the budget is legally adopted prior to September 30 for the following fiscal year beginning October 1.

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.

Eastpoint Water and Sewer District

Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

Inventories and Prepaid Items

Inventories are valued at cost using the first-in, first-out method and consist of supplies and repair parts. The cost of inventories is recorded as expense when consumed rather than when purchased.

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

Restricted Assets

Certain assets of the District are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets at follows:

Customer and developer deposit accounts - Deposited in non-interest bearing accounts and refunded upon termination of service with the District and satisfaction of all obligations due.

Bond service accounts – Includes the proceeds from issuance of revenue bonds, as well as certain resources set aside for repayment of bonds.

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's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred.

Deferred Inflows of Resources, and Deferred Outflows of Resources

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. The deferred outflows related to

Eastpoint Water and Sewer District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

Deferred Inflows of Resources, and Deferred Outflows of Resources (continued)

pensions are an aggregate of the items related to pensions as calculated in accordance with GASB Codification (GASBC) Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years.

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. The deferred inflows related to pensions are an aggregate of the items related to pensions as calculated in accordance with GASB Codification (GASBC) Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years.

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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, 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.

Categories and Classification of Net Position

Net position flow assumption – Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted and unrestricted in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted to have been depleted before unrestricted – net position is applied.

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, 2025 of \$355,169 is restricted for bond debt service requirements and short-lived asset reserves. There is no portion of net position restricted by enabling legislation at September 30, 2025.

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

Eastpoint Water and Sewer District

Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

Revenues and Expenses

Operating Revenues and Expenses - Operating revenues and expenses result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are fees from water and sewer services and connection fees. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All other revenues and expenses are reported as nonoperating revenues and expenses.

Property taxes - Property taxes consist of ad valorem taxes on real and personal property within the District. The Franklin County Property Appraiser determines property values. The Franklin County Tax Collector collects property taxes. 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, 2025, was 3.75 mills. The tax levy of the District is established by the Districts' Board prior to October 1 of each year.

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

Nonoperating Revenues and Expenses – Nonoperating revenues generally include revenue from property taxes and grants. The primary nonoperating expense is interest expense.

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. Estimates that are particularly susceptible to change in the near term are related to doubtful accounts and pension.

Subsequent Events

Management of the District has evaluated subsequent events through the date the financial statements were available to be issued, June 29, 2026. See Note 5 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Eastpoint Water and Sewer District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. This Statement differs from the prior standards in that governments should recognize a liability for (1) all forms of compensated absences, not just vacation leave, sick leave, and similar types of leave; (2) leave that may be carried forward and used and paid for while still employed, in addition to leave that may be carried forward and paid for at the end of employment; (3) leave that is more likely than not (instead of probable) to be used, paid, or settled; and (4) parental leave, military leave, jury duty leave, and other types of compensated absences that depend upon the occurrence of a sporadic event that affects a relatively small proportion of employees, but not until the leave commences. The potential effect of implementing this Statement is to encompass compensated absences for which long-term liabilities previously were not recognized, including sick leave, which District policy allows to be carried forward and used and paid for while still employed but not paid for at the end of employment. There were no significant impacts of implementing this Statement.

GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide essential information about risks related to a government's vulnerabilities due to certain concentrations (a lack of diversification related to an aspect of a significant revenue source or expense) or constraints (limitations imposed externally or by formal action of a government's highest level of decision-making authority). A government is required to disclose information about such risks if a concentration or constraint (1) is known to the government before the financial statements are available to be issued, (2) makes the government vulnerable to the risk of a substantial impact, and (3) an event or events associated with the concentration or constraint that could cause the substantial impact has occurred, begun to occur, or is more likely than not to begin to occur within 12 months of the date the financial statements are available to be issued. There were no significant impacts of implementing this Statement.

The Governmental Accounting Standards Board has issued the following statements that will become effective in future years. These statements are as follows:

GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting blueprint to enhance its effectiveness in providing essential information and to address certain application issues. The Statement requires changes to management's discussion and analysis to make it easier to read and understand and to focus on explaining the reasons why balances and results of operation have changed. The Statement also provides more explicit definitions of operating and nonoperating revenues and expenses and changes the presentation of nonoperating revenues and expenses in the proprietary funds statement of revenues, expenses, and changes in fund net position. The new standards also (1) combine extraordinary items and special items into a single category, unusual or infrequent items, and clarify how they should be reported; (2) limits the reporting of major component unit information to the face of the government-wide financial statements, if it does not reduce their readability, or in combining financial statements following the fund financial statements; and (3) requires that budgetary comparisons be presented as required supplementary information, eliminating the option to present them as basic financial statements.

Eastpoint Water and Sewer District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. In addition to existing requirements regarding the level of detail with which notes to financial statements should disclose intangible right-to-use lease and subscription-based information technology arrangements (SBITA) assets, the Statement requires that (1) intangible right-to-use assets recognized by government operators in a public-public partnership should be disclosed by major class of underlying asset; (2) other types of intangible assets should be disclosed by major class; and (3) right-to-use assets should be disclosed separately from owned assets of the same type. The Statement also establishes that capital assets held for sale are those a government has decided to sell and whose sale within a year of the financial statement date is probable. Capital assets held for sale should be disclosed together with other capital assets of the same class. Governments also should disclose in notes the historical cost and accumulated depreciation (or amortization) of capital assets held for sale, as well as the carrying amount of debt for which they are pledged as collateral, by major class of asset for governmental and business-type activities. There were no significant impacts of implementing this Statement.

GASB Statement No. 105, *Subsequent Events*. The objective of this Statement is to enhance the consistency with which the standards for reporting subsequent events are applied, thereby better meeting the information needs of financial statement users. The Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued (that is, when the financial statements are complete in a form and format that complies with generally accepted accounting principles and approvals necessary for issuance have been obtained), rather than the date the financial statements are issued. The date through which subsequent events have been evaluated should be disclosed. A recognized subsequent event provides evidence of conditions that existed at the financial statement date that inform accounting estimates reported as of the financial statement date and should be reflected in those estimates. A nonrecognized subsequent event results in a significant effect (favorable or unfavorable) that is recognized or disclosed in the basic financial statements in the reporting period in which the event occurs and is one of the following: a debt-related transaction; government combination or a disposal of government operations; a change to the legally separate entities that compose the financial reporting entity; or a transaction or other event that is of such a nature that disclosure is essential to a user's analysis for making decisions or assessing accountability. Governments will be required to disclose a description of the nonrecognized event and its effect and an estimate of the amount of the effect (or the reason why an estimate cannot be made).

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

NOTE 2: DETAILED NOTES

Deposits and Investments

As of September 30, 2025, the District had cash balances in excess of the amount covered by federal depository insurance (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the District pursuant to Section 280.08, Florida Statutes.

Eastpoint Water and Sewer District Notes to Financial Statements

NOTE 2: DETAILED NOTES

Deposits and Investments (Continued)

The investment program is established in accordance with the District's investment policy, pertinent bond resolutions and Section 215.45 Florida Statutes, which allows the District to invest in the Florida State Board of Administration intergovernmental investment pool or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, direct obligations of the United States Government, obligation of the different agencies of the Federal Government, registered money market funds and accounts of state qualified public depositories. The District had no investments at September 30, 2025.

Restricted cash and cash equivalents and certificate of deposit consisted of the following at September 30, 2025:

Customer deposits	\$ 189,533
Debt service funds	13,043
Bond renewal and replacement funds	158,164
Short-lived asset reserves	183,962
Total restricted cash requirement	544,702
Deficit in cash to restricted requirement	(159,611)
Total cash, reflected as restricted	\$ 385,091

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, 2025:

Customer utility billings receivable	\$ 360,420
Tap fees receivable	76,676
Total accounts receivable	437,096
Less allowance for doubtful accounts	(330,101)
Accounts receivable, net	\$ 106,995

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.

Eastpoint Water and Sewer District Notes to Financial Statements

NOTE 2: DETAILED NOTES (Continued)

Capital Assets

Capital assets activity for the year ended September 30, 2025, was as follows:

<i>For the year ended September 30, 2025</i>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 562,547	\$ -		\$ 562,547
Construction in progress	176,546	-	-	176,546
Capital assets, not being depreciated	739,093	-	-	739,093
Capital assets being depreciated				
Water and sewer system	14,736,814	3	-	14,736,817
Equipment and furniture	529,528	71,376	-	600,904
Total capital assets being depreciated	15,266,342	71,379	-	15,337,721
Less accumulated depreciation	8,169,279	334,931	-	8,504,210
Total capital assets being depreciated, net	7,097,063	(263,552)	-	6,833,511
Total capital assets, net	\$ 7,836,156	\$ (263,552)	\$ -	\$ 7,572,604

Long-term Debt and Liabilities

Bonds Payable

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.

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.

Eastpoint Water and Sewer District Notes to Financial Statements

NOTE 2: DETAILED NOTES (Continued)

Long-term Debt and Liabilities (continued)

Bonds Payable (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, 2025 was \$167,235. The total principal and interest remaining to be paid on the bond at September 30, 2025, is \$4,071,522. Total principal and interest paid for the current year was \$156,678, which represents 94% of pledged revenue.

The following is a summary of bonds payable for the year ended September 30, 2025:

<i>For the years ending September 30,</i>	2012A Water and Sewer System Revenue Bonds	
	Principal	Interest
2026	\$ 66,000	\$ 90,518
2027	68,000	88,290
2028	71,000	85,995
2029	73,000	83,599
2030	75,000	81,135
2031 - 2035	417,000	365,783
2036 - 2040	492,000	290,554
2041 - 2045	581,000	201,689
2046 - 2050	686,000	96,795
2051	153,000	5,164
Total	2,682,000	1,389,522
Current portion	(66,000)	(90,518)
Payable after one year	\$ 2,616,000	\$ 1,299,004

Notes Payable

Notes payable consists of two notes. One is a loan agreement dated July 25, 2022, with a local bank for \$191,000 with an interest rate of 2.35% and a maturity date of March 2, 2027, secured by a certificate of deposit. The note requires monthly payments of \$1,261 including principal and interest, with a final payment of \$139,570 at maturity. The total principal and interest remaining to be paid on the note at September 30, 2025 is \$159,752. Total principal and interest paid for the current year was \$13,597.

A second note is an unsecured loan agreement dated February 22, 2023, with a local bank for \$46,000 with an interest rate of 7.5% and a maturity date of March 22, 2026. The note requires monthly payments of \$1,433 including principal and interest. The total principal and interest remaining to be paid on the note at September 30, 2025 is \$5,802. Total principal and interest paid for the current year was \$15,716.

Eastpoint Water and Sewer District Notes to Financial Statements

NOTE 2: DETAILED NOTES (Continued)

Long-term Debt and Liabilities (continued)

Notes Payable (continued)

The following is a summary of notes payable for the year ended September 30, 2025:

<i>For the years ending September 30,</i>	Notes Payable- \$191,000		Notes Payable- \$46,000		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 11,627	\$ 3,542	\$ 6,978	\$ 136	\$ 18,605	\$ 3,678
2027	144,437	1,440	-	-	144,437	1,440
Total	156,064	4,982	6,978	136	163,042	5,118
Current portion	(11,627)	(3,542)	(6,978)	(136)	(18,605)	(3,678)
Payable after one year	\$ 144,437	\$ 1,440	\$ -	\$ -	\$ 144,437	\$ 1,440

Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	\$ 2,746,000	\$ -	\$ (64,000)	\$ 2,682,000	\$ 66,000
Notes payable	189,153	-	(26,111)	163,042	18,605
Net pension liability	435,394	-	(82,722)	352,672	-
Customer deposits	183,719	10,466	(4,651)	189,533	-
Accrued interest	7,724	7,543	(7,724)	7,543	-
Long-term liabilities	\$ 3,561,990	\$ 18,009	\$ (185,208)	\$ 3,394,790	\$ 84,605

The net pension liability will be liquidated in future periods.

NOTE 3: 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).

Eastpoint Water and Sewer District Notes to Financial Statements

NOTE 3: EMPLOYEE BENEFIT PLANS (Continued)

Defined Benefit Plans (Continued)

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.

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, 2025, were as follows:

	October 1, 2024 through June 30, 2025		July 1, 2025 through September 30, 2025	
	FRS	HIS	FRS	HIS
Regular class	11.57%	2.00%	11.97%	2.00%
Senior management	32.46%	2.00%	31.18%	2.00%
DROP plan participants	19.13%	2.00%	20.02%	2.00%

Eastpoint Water and Sewer District Notes to Financial Statements

NOTE 3: EMPLOYEE BENEFIT PLANS (CONTINUED)

Contributions (Continued)

The District's contributions for the year ended September 30, 2025, were \$44,529 to FRS and \$8,661 to HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2025, the District reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2025. 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.

	FRS	HIS
Net pension liability	\$ 229,327	\$ 123,341
Proportion at:		
Current measurement date	0.000738927%	0.000962293%
Prior measurement date	0.000723039%	0.001037855%
Increase/(decrease) in proportionate share	0.000015888%	(0.000075562%)
Pension expense	\$ 20,151	\$ (3,767)

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,495	\$ -
Changes of assumptions	26,631	-
Difference between projected and actual investment earnings	-	38,288
Employer specific amounts due to changes in employer proportion	6,748	28,399
Employer contributions subsequent to the measurement date	11,275	-
Total	\$ 69,149	\$ 66,687

Eastpoint Water and Sewer District Notes to Financial Statements

NOTE 3: 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	\$ 736	\$ 196
Changes of assumptions	1,092	29,833
Difference between projected and actual investment earnings	-	103
Employer specific amounts due to changes in employer proportion	641	31,424
Employer contributions subsequent to the measurement date	2,097	-
Total	\$ 4,566	\$ 61,556

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, 2025. 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
2026	\$ 31,164	\$ (13,317)
2027	(15,265)	(14,518)
2028	(15,850)	(13,080)
2029	(8,862)	(11,825)
2030	-	(6,347)
Thereafter	-	-
Total	\$ (8,813)	\$ (59,087)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2025. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2025. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2024. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.50%	3.50%
Investment rate of return	6.70%	N/A
Discount rate	6.70%	5.20%

Eastpoint Water and Sewer District Notes to Financial Statements

NOTE 3: EMPLOYEE BENEFIT PLANS (CONTINUED)

Actuarial Assumptions (continued)

Mortality assumptions for both plans were based on the PUB-2010 base table, which varies by member category and sex, projected generationally with Scale MP-2021.

The actuarial assumptions used in the June 30, 2025 valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023. The economic and demographic assumptions used in the FRS valuation as of July 1, 2025 were unchanged from the July 1, 2024 valuation.

The following change in key actuarial assumptions occurred in 2025:

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.93% to 5.20%.

The long-term expected investment rate of return assumption for the FRS Pension Plan was based on two building block components: 1) a long-term average annual inflation assumption of 2.40% and 2) an inferred real (in excess of inflation) return of 4.20%. Geometrically combining those building blocks using the formula $(1 + .024) \times (1 + .042) - 1$ generates an expected nominal return of 6.70%. In the opinion of the FRS consulting actuary, both building block components and the overall 6.70% return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice. The 6.70% reported investment return assumption is the same as the investment return assumption chosen by the 2024 FRS Actuarial Assumption Conference for funding policy purposes. Each asset class assumption is based on a consistent set of underlying assumptions.

For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation. Each asset class assumption is based on a consistent set of underlying real return assumptions from the FRS consulting actuary's model combined with the FRS Actuarial Assumption Conference's 2.4% inflation assumption. The FRS consulting actuary's assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound	
			Annual Geometric Return	Annual Standard Deviation
Cash	1.0%	3.2%	3.2%	1.1%
Fixed income	29.0%	5.5%	5.4%	4.0%
Global equity	45.0%	8.5%	6.9%	18.3%
Real estate (property)	12.0%	8.4%	7.1%	16.8%
Private equity	11.0%	12.4%	8.8%	28.4%
Strategic investments	2.0%	6.5%	6.1%	8.7%
Total	100.0%			
Assumed Inflation - Mean			2.4%	1.5%

Eastpoint Water and Sewer District Notes to Financial Statements

NOTE 3: EMPLOYEE BENEFIT PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.70%. 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 and the depletion date is considered to be immediate, a municipal bond rate of 5.20% was used to determine the total pension liability for the program. The Bond Buyer General Obligation 20-Year 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.

	FRS			HIS		
	Current			Current		
	1%	Discount	1%	1%	Discount	1%
	Decrease	Rate	Increase	Decrease	Rate	Increase
	(5.70%)	(6.70%)	(7.70%)	(4.20%)	(5.20%)	(6.20%)
Employer's proportionate share of the net pension liability	\$ 450,058	\$ 229,327	\$ 44,275	\$ 139,087	\$ 123,341	\$ 110,136

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 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, 2025, totaled \$11,606.

Eastpoint Water and Sewer District

Notes to Financial Statements

NOTE 4: 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 5: SUBSEQUENT EVENT

On June 8, 2026, the Governor of the State of Florida approved House Bill 4081, which amends the District's enabling legislation. Among other provisions, the legislation authorizes an expansion of the District's boundaries, subject to voter approval in a referendum scheduled for November 3, 2026, and grants the Board additional statutory authority. No adjustments have been made to the accompanying financial statements as a result of this subsequent event.

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

June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability	0.0007389%	0.0007230%	0.0008217%	0.0008915%	0.0008946%	0.0008232%	0.0008043%	0.0007705%	0.0007128%	0.0009249%
District's proportionate share of the net pension liability	\$ 229,327	\$ 279,706	\$ 327,439	\$ 331,705	\$ 67,577	\$ 356,790	\$ 276,977	\$ 232,083	\$ 210,920	\$ 233,547
District's covered payroll	\$ 429,929	\$ 439,231	\$ 480,799	\$ 448,082	\$ 429,777	\$ 438,198	\$ 413,322	\$ 385,684	\$ 342,755	\$ 319,764
District's proportionate share of the net pension liability as a percentage of its covered payroll	53.34%	63.68%	68.10%	87.18%	17.61%	93.35%	79.19%	60.17%	60.60%	73.67%
Plan fiduciary net position as a percentage of the total pension liability	83.70%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%

Note to required supplementary information, Florida Retirement System (FRS).

The following actuarial assumptions were used in the year ended September 30, 2025:

- The long-term expected rate of return used was 6.70%.
- The inflation rate used was 2.40%.

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

Year ended September 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 44,529	\$ 41,787	\$ 39,558	\$ 38,573	\$ 34,736	\$ 29,443	\$ 25,858	\$ 22,642	\$ 18,876	\$ 22,777
Contributions in relation to the contractually required contribution	(44,529)	(41,787)	(39,558)	(38,573)	(34,736)	(29,443)	(25,858)	(22,642)	(18,876)	(22,777)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 432,912	\$ 432,689	\$ 460,140	\$ 469,389	\$ 425,375	\$ 442,986	\$ 424,460	\$ 391,987	\$ 350,148	\$ 329,787
Contributions as a percentage of covered payroll	10.29%	9.66%	8.60%	8.22%	8.17%	6.65%	6.09%	5.78%	5.39%	6.91%

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

June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability	0.0009623%	0.0010379%	0.0012136%	0.0012141%	0.0012140%	0.0012626%	0.0012359%	0.0011808%	0.0010919%	0.0010187%
District's proportionate share of the net pension liability	\$ 123,341	\$ 155,688	\$ 192,738	\$ 128,597	\$ 148,914	\$ 154,157	\$ 138,280	\$ 124,982	\$ 116,749	\$ 118,726
District's covered payroll	\$ 429,929	\$ 439,231	\$ 480,799	\$ 448,082	\$ 429,777	\$ 438,198	\$ 413,322	\$ 385,684	\$ 342,755	\$ 319,764
District's proportionate share of the net pension liability as a percentage of its covered payroll	28.69%	35.45%	40.09%	33.80%	38.81%	40.33%	39.53%	32.41%	33.54%	37.45%
Plan fiduciary net position as a percentage of the total pension liability	636.00%	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

Note to required supplementary information, Health Insurance Subsidy Program (HIS).

The following actuarial assumptions were used in the year ended September 30, 2024:

- The inflation rate used was 2.40%.
- The mortality table used was Generational PUB-2010 with Projection Schedule MP-2021.
- The municipal rate used to determine pension liability was 5.20%.

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

Year ended September 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 8,661	\$ 8,656	\$ 8,008	\$ 7,701	\$ 7,063	\$ 7,356	\$ 7,048	\$ 6,508	\$ 5,814	\$ 5,528
Contributions in relation to the contractually required contribution	(8,661)	(8,656)	(8,008)	(7,701)	(7,063)	(7,356)	(7,048)	(6,508)	(5,814)	(5,528)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 432,912	\$ 432,689	\$ 460,140	\$ 469,389	\$ 425,375	\$ 442,986	\$ 424,460	\$ 391,987	\$ 350,148	\$ 329,787
Contributions as a percentage of covered payroll	2.00%	2.00%	1.74%	1.64%	1.66%	1.66%	1.66%	1.66%	1.66%	1.68%

Reports on Internal Control and Compliance Matters



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INDEPENDENT AUDITOR'S 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, 2025, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 29, 2026

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 identified certain deficiencies in internal control that we consider to be material weaknesses.

We consider the deficiencies described below to be material weaknesses.

2025-001 – Segregation of Duties (prior two years 2024-001 and 2023-001) (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.

2025-002 – Adjustments to Financial Statements (prior two years 2024-002 and 2023-002) (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.

Report on 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.

2025-003 – The District did not meet the bond reserve requirements as required under the bond agreement (prior two years 2024-004 and 2023-005) (Initially reported in 2023).

Condition: The District did not have adequate restricted cash balances to meet the reserve requirements.

Effect: The District's noncompliance may lead to actions on the part of the bond holders to require actions to be taken to increase those balances such as raising current water and sewer rates.

Cause: The District's restricted cash was less than that required under the bond reserve requirements.

Criteria: The District should maintain restricted cash balances which meet those required under the bond agreement.

Recommendation: The District should ensure that adequate funds are available to cover the debt service requirements.

Views of responsible officials and planned corrective action: The District increased the milage rate for the 2023-2024 FY from 3.25 to 3.75 to increase ad-valorum tax revenue to assist with increased cost of operations. The District adopted rate increases of 30% for 2023-2024 FY, 35% for 2024-2025 FY and 35% for the 2025-2026 FY as recommended by the Asset Management Plan and Rate discussions with FRWA to ensure that adequate moneys are collected to ensure that bonds are paid and operations continue.

District's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the findings identified. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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
June 29, 2026



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INDEPENDENT AUDITOR'S 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, 2025, and have issued our report thereon dated June 29, 2026

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's 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 [Insert Date], 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 been taken to address findings and recommendations made in the preceding financial audit report except as noted below.

Prior Year Findings and Recommendations

Uncorrected findings reported in previous years include: 2025-001 (prior two years 2024-001 and 2023-001), 2025-002 (prior two years 2024-002 and 2023-002), and 2025-003 (prior two years 2024-004 and 2023-005).

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. That information is disclosed in the notes to the financial statements.

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 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.b 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. As part of our procedures, we identified that the District is experiencing a deteriorating financial condition. Specifically, we identified that unrestricted net position was in a deficit position for the past several years and the District has continued to have operating losses.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. We recommend that the District work to increase water and sewer rates and decrease operating costs to eliminate the operating losses and the negative net position.

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated within the District's geographical boundaries during the fiscal year under audit is required. A PACE program did not operate within the District's geographical boundaries during the fiscal year under audit.

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 Information

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 total number of district employees compensated in the last pay period of the district's fiscal year as seven.
- 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 \$434,012.
- 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 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. The budget was not amended.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)8, Rules of the Auditor General, the District reported:

- a. The millage rate or rates imposed by the district as 3.75 mils.
- b. The total amount of ad valorem taxes collected by or on behalf of the District as \$517,881.
- c. The total amount of outstanding bonds issued by the District and the terms of such bonds as \$2,682,000, payable in annual principal installments varying between \$66,000 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, Rigg & Ingram, L.L.C.

Certified Public Accountants
Panama City Beach, Florida
June 29, 2026



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INDEPENDENT ACCOUNTANT'S 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, 2025. 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.

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

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, 2025.

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
June 29, 2026



Eastpoint Water and Sewer District
Management's Corrective Action Plan
For the Fiscal Year Ended September 30, 2025

2025-001 – Segregation of Duties (prior two years 2024-001 and 2023-001) (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 has 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, 2026

Responsible Contact Person: Billy Fuentes, Administrator

2025-002 – Adjustments to Financial Statements (prior years 2024-002 and 2023-002) (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, 2026

Responsible Contact Person: Billy Fuentes, Administrator

2025-03 – The District did not meet the bond reserve requirements as required under the bond agreement. (prior years 2024-004 and 2023-005) (initially reported in 2023).

Planned corrective action: The District increased the milage rate for the 2023-2024 FY from 3.25 to 3.75 to increase ad-valorem tax revenue to assist with increased cost of operations. The District adopted rate increases of 30% for 2023-2024 FY, 35% for 2024-2025 FY and 35% for the 2025-2026 FY as recommended by the Asset Management Plan and Rate discussions with FRWA to ensure that adequate moneys are collected to ensure that bonds are paid and operations continue.

Anticipated Completion Date: September 30, 2026

Responsible Contact Person: Billy Fuentes, Administrator