

VALENCIA WATER CONTROL DISTRICT

FINANCIAL STATEMENTS

September 30, 2024

VALENCIA WATER CONTROL DISTRICT
FINANCIAL STATEMENTS
September 30, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
Valencia Water Control District
Orange County, Florida

Opinions

We have audited the accompanying financial statements of the business-type activities of Valencia Water Control District, Orange County, Florida ("District") as of and for the year ended September 30, 2024, 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 governmental activities of the District as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 opinions.

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 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, 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 and budgetary comparison information 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 18, 2025, on our consideration of the Valencia Water Control District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, 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 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.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated June 18, 2025 on our consideration of the District's compliance with requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation Standards established by the American Institute of Certified Public Accountants.



DiBartolomeo, McBee, Hartley & Barnes, P.A.

Fort Pierce, Florida

June 18, 2025

VALENCIA WATER CONTROL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2024

Our discussion and analysis of Valencia Water Control District, Orange County, Florida ("District") financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2024. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year resulting in a net position balance of \$2,157,389.
- The change in the District's total net position in comparison with the prior fiscal year was \$203,573, an increase. The key components of the District's net position and change in net position are reflected in the table in the condensed financial analysis section.

OVERVIEW OF FINANCIAL STATEMENTS

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

Basic 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. The District has one fund category: Proprietary fund.

Proprietary Funds

The District maintains one type of proprietary fund: enterprise. An enterprise fund is used to report the same functions presented as *business-type activities* in the financial statements. The District maintains one enterprise fund. The District uses an enterprise fund to account for the operations of the water control services within the District. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

VALENCIA WATER CONTROL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2024

CONDENSED FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets exceeded liabilities at the close of the most recent fiscal year. A portion of the District's net position reflects its investment in capital assets (e.g. land, land improvements and infrastructure). These assets are used to provide services to customers; consequently, these assets are not available for future spending. The remaining balance of unrestricted net position may be used to meet the District's other obligations.

Key components of net position were as follows:

Statement of Net Position

	2024	2023
Current assets	\$ 1,457,649	\$ 1,260,349
Non-current assets	-	-
Capital assets, net	708,882	716,640
Total assets	2,166,531	1,976,989
Current liabilities	9,142	23,173
Total liabilities	9,142	23,173
Net position		
Net investment in capital assets	708,882	716,640
Unrestricted	1,448,507	1,237,176
Total net position	\$ 2,157,389	\$ 1,953,816

The District's net position increased during the most recent fiscal year. The majority of the change represents the degree to which program revenues exceeded ongoing cost of operations.

Key elements of the District's change in net position are reflected in the following table:

Change in Net Position

	2024	2023
Program revenues	\$ 564,437	\$ 557,896
General revenues	55,611	42,158
Total revenues	620,048	600,054
Expenses		
Water control	416,475	447,481
Total expenses	416,475	447,481
Change in net position	203,573	152,573
Net position - beginning of year	1,953,816	1,801,243
Net position - end of year	\$ 2,157,389	\$ 1,953,816

VALENCIA WATER CONTROL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2024

As noted above and in the statement of activities, the cost of all business-type activities during the fiscal year ended September 30, 2024 was \$416,475, which consisted of costs associated with water control. The costs of the District's activities were funded by assessments for services.

CAPITAL ASSETS

At September 30, 2024, the District had \$708,882 invested in capital assets. More detailed information about the District's capital assets is presented in the notes of the financial statements.

ECONOMIC FACTORS, NEXT YEAR'S BUDGET AND OTHER INFORMATION

It is difficult to predict what significant effect the current economic condition will have on the financial position or results of operations of the District in fiscal year 2025.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, land owners, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact Valencia Water Control District's Finance Department at 219 East Livingston Street Orlando, Florida 32801.

VALENCIA WATER CONTROL DISTRICT

STATEMENT OF NET POSITION

September 30, 2024

	ENTERPRISE FUND <u>WATER CONTROL</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 301,264
Investments	1,133,683
Accounts receivable, net	3,295
Prepaid expenses	<u>19,407</u>
TOTAL CURRENT ASSETS	<u>1,457,649</u>
Noncurrent Assets:	
Capital Assets:	
Land	700,120
Infrastructure	4,813,461
Less accumulated depreciation	<u>(4,804,699)</u>
TOTAL NONCURRENT ASSETS	<u>708,882</u>
TOTAL ASSETS	<u><u>\$ 2,166,531</u></u>
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued expenses	<u>\$ 9,142</u>
TOTAL LIABILITIES	<u>9,142</u>
NET POSITION	
Investment in capital assets	708,882
Unrestricted	<u>1,448,507</u>
TOTAL NET POSITION	<u><u>\$ 2,157,389</u></u>

The accompanying notes are an integral part of this financial statement

VALENCIA WATER CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended September 30, 2024

	ENTERPRISE FUND <u>WATER CONTROL</u>
REVENUES	
Charges for services	\$ 564,437
TOTAL OPERATING REVENUES	<u>564,437</u>
OPERATING EXPENSES	
Salaries and benefits	1,450
Property maintenance	347,268
Other supplies and expenses	59,999
Depreciation	<u>7,758</u>
TOTAL OPERATING EXPENSES	<u>416,475</u>
OPERATING INCOME (LOSS)	147,962
NONOPERATING REVENUES (EXPENSES)	
Interest and investment revenue	<u>55,611</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	55,611
INCOME	203,573
NET POSITION	
Beginning of year	<u>1,953,816</u>
End of year	<u><u>\$ 2,157,389</u></u>

The accompanying notes are an integral part of this financial statement

VALENCIA WATER CONTROL DISTRICT**STATEMENT OF CASH FLOWS**

Year Ended September 30, 2024

	ENTERPRISE FUND WATER CONTROL
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 565,113
Payments to suppliers of goods and services	(428,541)
NET CASH PROVIDED BY OPERATING ACTIVITIES	136,572
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings	55,611
Purchase of investments	(300,962)
NET CASH USED IN INVESTING ACTIVITIES	(245,351)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(108,779)
CASH	
Beginning of year	410,043
End of year	\$ 301,264
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 147,962
Add (Deduct) Items not Affecting Cash:	
Depreciation and Amortization	7,758
(Increase) Decrease in accounts receivable	676
(Increase) Decrease in prepaids	(5,793)
Increase (Decrease) in accounts payable	(14,031)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 136,572

The accompanying notes are an integral part of this financial statement

VALENCIA WATER CONTROL DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE A- NATURE OF ORGANIZATION AND REPORTING ENTITY

Valencia Water Control District ("District") was established on May 1070 by the Board of County Commissioners of Orange County, Florida under the authority of Chapters 298 and 72-291, Florida Statutes.

The District was established for the purpose of storm water run-off that will minimize water pollution and maintain groundwater tables for the benefit of the landowners. In order to achieve these goals, several miles of canals, bridges, control structures, and other appurtenances have been constructed.

The District is governed by the Board of Supervisors ("Board"), which is composed of five members. The Supervisors are elected on to a five-year term. Their length of service is staggered so that one supervisor is elected or re-elected by the landowners at the Annual landowners Meeting held in June each year. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 298, Florida Statutes.

The Board has the responsibility for:

1. Allocating and levying assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing Improvements.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement 14, and Statement 39, an amendment of GASB Statement 14. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District Board of Supervisors is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basic Financial Statements

Separate financial statements are provided for proprietary funds. The District's enterprise fund is reported in the fund financial statements

VALENCIA WATER CONTROL DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Assessments

Assessments are non-ad valorem assessments imposed on all lands located within the District and benefited by the District's activities. The assessments are levied by the District prior to the start of the fiscal year which begins October 1st and ends on September 30th. These assessments are imposed upon all benefited lands located in the District.

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

The District reports the following major proprietary fund:

Water Control Fund

This enterprise fund is used to account for the operations of the water control services within the District. The costs of providing services to the residents are recovered primarily through user assessments.

Assets, Liabilities and Net Position

Restricted Assets

As a general rule, when both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits (interest and non-interest bearing).

VALENCIA WATER CONTROL DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position (continued)

Deposits and Investments (continued)

Investments of the District are reported at fair value and are categorized within the fair value hierarchy established in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The District's investments consist of investments authorized in accordance with Section 218.415, Florida Statutes.

The State Board of Administration's ("SBA") Local Government Surplus Funds Trust Fund ("Florida PRIME") is a "2a-7 like" pool. A "2a-7 like" pool is an external investment pool that is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless 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. Thus, the pool operates essentially as a money market fund. The District has reported its investment in Florida PRIME at amortized cost for financial reporting purposes

Inventories and Prepaid Items

Inventories are valued at cost which approximates market value using the first-in, first-out (FIFO) method.

Capital Assets

water system, and similar items), are reported in the applicable financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Canal and ponds	25
Water control structures	15-25
Furniture and equipment	5-10

VALENCIA WATER CONTROL DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any item that qualifies for reporting in this category for the year ended September 30, 2024.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District does not have any item that qualifies for reporting in this category for the year ended September 30, 2024.

Net Position Flow Assumption

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

Other Disclosures

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

VALENCIA WATER CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE C – DEPOSITS AND INVESTMENTS

Deposits

The District's cash balances, including certificates of deposit, were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

Investments

The District's investments were held as follows at September 30, 2024:

<u>Investment</u>	<u>Fair Value</u>	<u>Credit Risk</u>	<u>Maturities</u>
Investment in Local Government Surplus Funds Trust Fund (Florida PRIME)	\$ 1,133,683	S&P AAAm	Weighted average maturity: 39 days
Total Investments	<u>\$ 1,133,683</u>		

Custodial credit risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District has no formal policy for custodial risk. The investments listed in the schedule above are not evidenced by securities that exist in physical or book entry form.

Credit risk - For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

Concentration risk - The District places no limit on the amount the District may invest in any one issuer.

Interest rate risk - The District does not have a formal policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

VALENCIA WATER CONTROL DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE C – DEPOSITS AND INVESTMENTS

Investments (continued)

Fair Value Measurement - When applicable, the District measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- Level 1: Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the District has the ability to access;
- Level 2: Investments whose inputs - other than quoted market prices - are observable either directly or indirectly; and,
- Level 3: Investments whose inputs are unobservable.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The District participated in the following external investment pools:

The State Board of Administration for participation in the Local Government Investment Pool (Florida PrimeTM) created by Section 218.415, Florida Statutes is an investment pool that operates under investment guidelines established by Section 215.47, Florida Statutes. The District's investments in Florida PrimeTM, a qualified external investment pool, meet the requirements of GASB Statement No. 79 and are reported at amortized cost.

VALENCIA WATER CONTROL DISTRICT

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

NOTE D - CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2024 was as follows:

	Balance 10/01/2023	Increases	Decreases	Balance 09/30/2024
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 700,120	\$ -	\$ -	\$ 700,120
Total capital assets, not being depreciate	700,120	-	-	700,120
Capital assets, being depreciated				
Canals	2,888,690	-	-	2,888,690
Ponds	1,245,537	-	-	1,245,537
Water control structures	672,531	-	-	672,531
Furniture and equipment	6,703	-	-	6,703
Total capital assets, being depreciated	4,813,461	-	-	4,813,461
Less accumulated depreciation for:				
Canals	2,888,690	-	-	2,888,690
Ponds	1,241,937	3,600	-	1,245,537
Water control structures	659,611	4,158	-	663,769
Furniture and equipment	6,703	-	-	6,703
Total accumulated depreciation	4,796,941	7,758	-	4,804,699
Total capital assets, being depreciated - net	16,520	(7,758)	-	8,762
Governmental activities capital assets - net	\$ 716,640	\$ (7,758)	\$ -	\$ 708,882

NOTE E - MANAGEMENT COMPANY

The District has contracted with a management company to perform services which include financial and accounting advisory services. Certain employees of the management company also serve as officers of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, computer and other administrative costs.

NOTE F - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and environmental remediation. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

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*

To the Board of Supervisors
Valencia Water Control District
Orange County, Florida

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Valencia Water Control District, as of September 30, 2024 and for the year ended, which collectively comprise the Valencia Water Control District's basic financial statements and have issued our report thereon dated June 18, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting (internal control) to determine the 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 over financial reporting.

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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 determination of financial statement amounts. 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*.

Purpose of this Report

This report is intended 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.

DiBartolomeo, McBee, Hartley & Barnes

DiBartolomeo, McBee, Hartley & Barnes, P.A.
Fort Pierce, Florida
June 18, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF
SECTION 218.415, FLORIDA STATUTES, REQUIRED BY RULE 10.556(10) OF THE
AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Board of Supervisors
Valencia Water Control District
Orange County, Florida

We have examined Valencia Water Control District, Orange County, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2024. Management is responsible for District's compliance with those requirements. Our responsibility is to express an opinion on District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

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

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2024.

This report 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, management, and the Board of Supervisors of Valencia Water Control District, Orange County, Florida and is not intended to be and should not be used by anyone other than these specified parties.



DiBartolomeo, McBee, Hartley & Barnes, P.A.
Fort Pierce, Florida
June 18, 2025

Management Letter

To the Board of Supervisors
Valencia Water Control District
Orange County, Florida

Report on the Financial Statements

We have audited the financial statements of Valencia Water Control District as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated June 18, 2025

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 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 June 18, 2025, 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. There were no findings or recommendations made in the preceding annual financial report.

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. Refer to Note A in the notes to the financial statements.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate 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 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.

Property Assessed Clean Energy (PACE) Programs

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

Specific Information

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

- a. The total number of district employees compensated in the last pay period of the District's fiscal year as 3.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 7.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$1,450.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$425,963.
- e. The District does not have any construction projects with a total cost of at least \$65,000 that are scheduled to begin on or after October 1 of the fiscal year being reported.
- f. The District did not amend its final adopted budget under Section 189.016(6), Florida Statutes.

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

- a. The rate or rates of non-ad valorem special assessments imposed by the District is \$62 per unit.
- b. The total amount of special assessments collected by or on behalf of the District as \$564,437.
- c. The total amount of outstanding bonds issued by the district as N/A.

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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of 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 Supervisors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



DiBartolomeo, McBee, Hartley & Barnes, P.A.
Fort Pierce, Florida
June 18, 2025