

FINANCIAL STATEMENTS
Lake County Water Authority
Year Ended September 30, 2025
with Independent Auditor's Report

**LAKE COUNTY WATER AUTHORITY
PRINCIPAL OFFICIALS
SEPTEMBER 30, 2025**

Gavin Rollins	Board Member-District 1
Trampis Bonjorn	Board Member-District 2
Kristan Zenishek, Vice-Chair	Board Member-District 3
Robert “Butch” Hendrick, Chairman	Board Member-District 4
Jonathan Germeroth	Board Member-District 5
Gary J. Cooney	Secretary-Treasurer
Bobby Bonilla	Executive Director

LAKE COUNTY WATER AUTHORITY
SEPTEMBER 30, 2025

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LAKE COUNTY WATER AUTHORITY
SEPTEMBER 30, 2025

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AUDITING STANDARDS*

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Independent Auditor's Report

Governing Board
Lake County Water Authority
Tavares, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund (General Fund) of Lake County Water Authority (the "Authority"), a component unit of Lake County, Florida, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and General Fund of the Authority, as of September 30, 2025, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Authority, 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 Authority's ability to continue as a going concern for 12 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority'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 Authority'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 schedule 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional

analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2026 on our consideration of the Authority'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 Authority'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 Authority's internal control over financial reporting and compliance.

Forvis Mazars, LLP

**Orlando, Florida
April 28, 2026**

**Lake County Water Authority
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2025**

As management of the Lake County Water Authority (the Authority) we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2025. This discussion has been prepared by management and should be read in conjunction with the financial statements, which follow this section.

Financial Highlights

In 2022, the Florida Legislature passed House Bill 1105. The Board of Lake County Commissioners adopted Ordinances which made several changes to the organizational structure of the Authority namely changing it from an Independent Special District to a Dependent Special District of Lake County and creating a 5 member appointed Board.

The Authority's assets exceeded its liabilities at September 30, 2025 by \$ 46,375,395 (net position). Of this amount, \$ 18,027,483 (unrestricted net position) may be used to meet the organization's ongoing obligations to its customers and creditors.

The Authority's total net position increased \$ 584,014 as a result of current year operations.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The basic financial statements consist of three parts: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also includes supplementary information that explains in more detail some of the information in the financial statements. The Authority is also considered a discretely-presented component unit of Lake County and certain information is included in the County Annual Comprehensive Financial Report.

Government-Wide Financial Statements

The government-wide financial statements of the Authority provide a broad overview of the Authority's finances and report information about the Authority using accounting methods similar to those used by private sector companies.

The Statement of Net Position presents the Authority's assets less its liabilities at year end. The difference between these amounts is 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 Authority is changing.

The Statement of Activities presents information showing how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

The government-wide financial statements can be found on pages 9 and 10 of this report.

**Lake County Water Authority
Management’s Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2025**

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority has only one fund, the General Fund, which is a governmental fund type.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, these funds focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. As a result of this difference in focus, a reconciliation is provided in the notes to the financial statements between the fund and government-wide statements.

The basic governmental fund financial statement can also be found on pages 11 and 13 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 15 of this report.

Government-Wide Financial Analysis

Our analysis of the government-wide financial statements of the Authority begins below. The Statement of Net Position and the Statement of Activities report the net position of the Authority and changes in them. Over time, increases or decreases in the Authority’s net position are one indicator of financial position. However, you will need to consider other non-financial factors such as changes in economic conditions, regulations, and new or changed government legislation.

Lake County Water Authority Net Position

	2025	2024
Current and other assets	\$ 19,089,191	\$ 19,937,554
Capital assets, net	28,347,912	26,579,101
Total assets	47,437,103	46,516,655
Current liabilities	1,061,708	725,274
Total liabilities	1,061,708	725,274
Invested in capital assets	28,347,912	26,579,101
Unrestricted	18,027,483	19,212,280
Total net position	\$ 46,375,395	\$ 45,791,381

**Lake County Water Authority
Management’s Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2025**

Assets of the Authority consist primarily of cash of \$ 17,820,858 and capital assets, net of accumulated depreciation of \$ 28,347,912.

Current liabilities of \$ 1,061,708 consist primarily of accounts payable and other current liabilities. Net position amounted to \$ 46,375,395 in fiscal year 2025. The major component of this category is the category “Invested in capital assets”, which is the Authority’s investment in its net capital assets (original cost less accumulated depreciation), totaling \$ 28,347,912.

While the statement of net position shows the change in financial position of net position, the statement of activities provides answers as to the nature and source of these changes.

Lake County Water Authority Statement of Activities

	2025	2024
Revenues	\$ 13,406,925	\$ 12,462,191
Expenses:		
Current	12,094,704	8,308,965
Depreciation	728,207	636,157
Total expenses	12,822,911	8,945,122
Change in net position	584,014	3,517,069
Beginning net position	45,791,381	42,274,312
Ending net position	\$ 46,375,395	\$ 45,791,381

Revenues consist primarily of ad valorem taxes, which were \$ 11,501,104 in 2025. Revenues also include federal and state grants of \$ 676,317 in addition to reimbursements for Hurricane Milton from federal and state sources of \$ 492,550. Other revenues include interest of \$ 734,954, and charges for services of \$ 2,000.

Current expenses consist of general operating expenses of \$ 10,606,968 and grants of \$ 745,499 for water quality, waterway improvement and education. Grants include \$ 145,525 toward the City of Leesburg Center Street Stormwater Retrofit Project, \$ 105,000 toward the City of Tavares Water Aeration System and Floating Treatment Wetland System, \$ 212,615 for the City of Clermont Basin 12A Baffle Box Project, \$149,400 to the City of Mascotte for the design and engineering of a stormwater treatment system, \$ 38,588 to the Town of Montverde, \$ 14,371 for the Florida Fish and Wildlife Conservation Commission (FWC) Lakes Dora/Beauclair, and Clermont Chain Creel Surveys, and \$ 80,000 to Trout Lake Nature Center for promoting environmental education. Expenses also include \$ 74,451 in personal services, which include compensation, related taxes, and fringe benefits paid to Board Members during fiscal year 2025.

Analysis of Lake County Water Authority General Fund

The Authority has one fund, the general fund, which is reported in the Fund Financial Statements. The focus of the general fund is to provide information on near-term inflows and outflows of cash and the balance available. The fund balance was \$ 18,027,483 at September 30, 2025 compared to

**Lake County Water Authority
Management’s Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2025**

\$ 19,212,280 at the end of the prior year. Assigned fund balance at September 30, 2025 of \$ 3,151,043 is all prior year budget amounts to be carried forward to the next fiscal year, this includes \$ 1,272,029 in grants for water quality improvement, \$ 671,532 for improvements and operations at the nutrient reduction facility (NuRF), and \$ 357,435 for design and project services for renovation and new construction at the Hickory Point site. The remaining fund balance of \$ 14,876,440 is classified as unassigned.

The following is a comparison of operations from 2025 to 2024 at the fund level:

	<u>Year Ended Sept. 30, 2025</u>	<u>Year Ended Sept. 30, 2024</u>	<u>Variance Increase (Decrease)</u>
Revenues:			
Taxes	\$ 11,501,104	\$ 9,962,526	\$ 1,538,578
Intergovernmental revenue	1,168,867	1,571,516	(402,649)
Charges for services	2,000	25,083	(23,083)
Investment and miscellaneous income	734,954	873,066	(138,112)
Total revenues	<u>13,406,925</u>	<u>12,432,191</u>	<u>974,734</u>
Expenditures:			
Personal services	74,451	69,606	4,845
Operating and grants	12,020,231	9,297,663	2,722,568
Capital outlay	2,497,040	2,328,482	168,558
Total expenditures	<u>14,591,722</u>	<u>11,695,751</u>	<u>2,895,971</u>
Excess of revenues over (under) expenditures	(1,184,797)	736,440	(1,921,237)
Fund balance beginning of year	<u>19,212,280</u>	<u>18,475,840</u>	<u>736,440</u>
Fund balance end of year	<u>\$ 18,027,483</u>	<u>\$ 19,212,280</u>	<u>\$ (1,184,797)</u>

Taxes increased in 2025 primarily due to increased property values. Intergovernmental revenue decreased due to lower State grants and disaster relief reimbursements. Charges for services decreased due to the Authority transitioning service fees to the Lake County Board of County Commissioners (BCC). Investment and miscellaneous income decreased due to lower earnings on cash balances. Operating expenses increased due to larger current year expenditures on contractual services provided to the Authority by the BCC. Capital outlay increased due to continued land acquisitions and completion of the Hickory Point boat ramps.

General Fund Budgetary Highlights

Expenditures – Physical environment expenditures were below final budget by approximately \$14.2 million of which operating expenses were below budget by approximately \$ 7.8 million due lower than anticipated costs for contractual and professional services, lower than expected use of alum, and projects not completed.

**Lake County Water Authority
Management’s Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2025**

Capital Assets

Capital Assets - As of September 30, 2025, the Authority had \$ 28,347,912 of net capital assets invested primarily in land and improvements, as reflected in the table below.

	<u>2025</u>	<u>2024</u>
Land and improvements	\$ 23,634,125	\$ 20,682,229
Structures	7,945,313	7,945,313
Equipment	4,510,591	4,006,929
Infrastructure	2,480,624	2,272,829
Construction work in progress	43,865	1,212,866
Total capital assets	<u>38,614,518</u>	<u>36,120,166</u>
Accumulated depreciation	<u>(10,266,606)</u>	<u>(9,541,065)</u>
Net capital assets	<u>\$ 28,347,912</u>	<u>\$ 26,579,101</u>

Capital assets consist of land and land improvements, a nutrient reduction facility (NuRF), water control structures, buildings, vehicles and equipment used by the organization in its daily operations.

The Authority purchased approximately \$2,497,040 of land and improvements, equipment, infrastructure and construction work in progress. Land purchases included property abutting the Apopka Beauclair Canal and land near the Villa City Dam. Land improvements included the Hickory Point boat ramps. Equipment included a work barge with trailer and motors. The infrastructure included a fiber optic cable system at Hickory Point.

Economic Factors and Next Year’s Budget and Rates

1. The average unemployment rate for Lake County area is 4.5%. This is compared to the 3.9% for the state and 4.4% for the nation.
2. At September 30, 2025 inflation nationally, as indicated by the consumer price index, was 3.0 %.

All of these factors were considered in preparing the Authority budget for the 2025-2026 year. On September 23, 2025 the Lake County Board of County Commissioners approved Resolution 2025-117 for the Authority’s Final Budget. The budget of \$ 32,273,707 includes a millage rate of 0.2940 which is above the rolled-back rate.

Requests for Information - This financial report is designed to provide a general overview of the Authority’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Office of the Clerk of the Circuit Court and Comptroller, 315 West Main Street, Post Office Box 7800, Tavares, Florida, 32778, (352) 343-9808.

**LAKE COUNTY WATER AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025**

	Primary Government
	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 17,820,858
Accounts receivable	2,500
Due from other governmental units	1,265,833
Total Current Assets	19,089,191
Noncurrent Assets:	
Capital assets	
Land and other nondepreciable assets	19,003,074
Depreciable capital assets, net of accumulated depreciation	9,344,838
Total Noncurrent Assets	28,347,912
TOTAL ASSETS	47,437,103
LIABILITIES	
Current Liabilities:	
Accounts payable and other current liabilities	1,060,458
Deposits	1,250
Total Current Liabilities	1,061,708
TOTAL LIABILITIES	1,061,708
NET POSITION	
Net investment in capital assets	28,347,912
Unrestricted	18,027,483
TOTAL NET POSITION	\$ 46,375,395

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

**LAKE COUNTY WATER AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Primary Government Governmental Activities</u>
	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary government:					
Governmental activities:					
General government	\$ 4,089,449	\$ -	\$ 492,550	\$ -	\$ (3,596,899)
Physical environment	7,055,431	-	126,460	549,857	(6,379,114)
Culture and recreation	1,477,856	2,000	-	-	(1,475,856)
Education	200,175	-	-	-	(200,175)
Total governmental activities:	<u>12,822,911</u>	<u>2,000</u>	<u>619,010</u>	<u>549,857</u>	<u>(11,652,044)</u>
Total primary government	<u>\$ 12,822,911</u>	<u>\$ 2,000</u>	<u>\$ 619,010</u>	<u>\$ 549,857</u>	<u>(11,652,044)</u>
General revenues:					
Property taxes					\$ 11,501,104
Unrestricted investment earnings					734,954
Total general revenues					<u>12,236,058</u>
Change in net position					584,014
Net position - beginning					<u>45,791,381</u>
Net position - ending					<u>\$ 46,375,395</u>

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

**LAKE COUNTY WATER AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2025**

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 17,820,858
Accounts receivable	2,500
Due from other governmental units	1,265,833
TOTAL ASSETS	<u>\$ 19,089,191</u>
 LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 1,060,458
Deposits	1,250
TOTAL LIABILITIES	<u>1,061,708</u>
Fund balances:	
Assigned	3,151,043
Unassigned	14,876,440
TOTAL FUND BALANCES	<u>18,027,483</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u><u>\$ 19,089,191</u></u>

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

**LAKE COUNTY WATER AUTHORITY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2025**

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances - total governmental funds	\$ 18,027,483
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. This is the amount of capital assets of \$38,614,518, net of accumulated depreciation of \$10,266,606.	<u>28,347,912</u>
Net position of governmental activities	<u>\$ 46,375,395</u>

**LAKE COUNTY WATER AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	General Fund
Revenues:	
Taxes	\$ 11,501,104
Intergovernmental	1,168,867
Charges for services	2,000
Miscellaneous:	
Interest	734,954
Total Revenues	13,406,925
Expenditures:	
Current:	
General Government	4,039,431
Physical Environment	6,533,160
Culture and Recreation	1,321,916
Education	200,175
Capital Outlay	2,497,040
Total Expenditures	14,591,722
Excess of Revenues (Under) Expenditures/Net Change in Fund Balances	(1,184,797)
Fund Balance at Beginning of Year	19,212,280
Fund Balance at End of Year	\$ 18,027,483

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

LAKE COUNTY WATER AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (1,184,797)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay of \$2,497,040 was more than depreciation of \$728,207.	1,768,833
The net effect of miscellaneous transactions involving capital assets (i.e. sales and trade-ins) is to decrease net position.	<u>(22)</u>
Changes in net position of governmental activities	<u>\$ 584,014</u>

LAKE COUNTY WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

1. Significant Accounting Policies:

- A. Reporting Entity - The Lake County Water Authority (f/k/a Oklawaha Basin Recreation and Water Conservation and Control Authority) was created by Chapter 29222, Laws of Florida, Special Acts of 1953, as amended, and was codified pursuant to Section 189.429, Florida Statutes, in Chapter 2005-314 Laws of Florida, as amended by Chapter 2017-218. Pursuant to HB 1105, Chapters 2005-314 and 2017-218 will be codified by Lake County, Florida; this was adopted by County Ordinance No. 2022-31, as amended by Ordinances 2022-37 and 38, which changed the Authority from an Independent Special District to a Dependent Special District that is now considered a component unit of Lake County, Florida. The Authority is comprised of a five member appointed Board with statutory authority to assess no more than .5 mills in ad valorem taxes.

The Authority is a special taxing district extending territorially throughout the present limits of Lake County, Florida; “for the purposes of controlling and conserving the freshwater resources of Lake County; fostering improvements to streams, lakes, and canals in the county; improving the fish and aquatic wildlife of the county by improving the streams, lakes, and canals in the county; and protecting the freshwater resources of Lake County through assisting local governments in treating of stormwater runoff.” The principal powers are those of a corporate body, including the power to do things necessary to accomplish this purpose as set forth in the Statutes, as amended.

- B. Measurement focus, basis of accounting, and financial statement presentation - The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the primary government. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers or grants that are restricted to meeting the operation or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate fund financial statements are provided for the governmental fund.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as received as they are levied and received in the same fiscal year. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All grants of the Authority were classified as operating or capital for the statement of activities.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized

LAKE COUNTY WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority generally considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Authority reports the general fund as its only major governmental fund. The general fund is the Authority's primary operating fund. This fund accounts for all financial resources of the general government.

C. Budget and Budgetary Accounting - The Authority followed the following procedures in establishing the budgetary data for fiscal year 2025, reflected in the financial statements:

- 1) The assessment date is January 1.
- 2) On approximately July 1, the county property appraiser certifies the tax roll.
- 3) The Board shall by resolution determine the total amount to be raised by taxation in such year upon the taxable property within the Authority and shall determine the millage rate required, not to exceed .5 mills. The director submits a proposed operating budget to the Authority's Board for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- 4) A series of two public hearings are held between 65 and 100 days following the certification of the tax roll.
- 5) Prior to October 1, the budget is legally enacted through adoption by the Board, and the Lake County Board of County Commissioners. All revisions of the budget require approval by the Board.
- 6) The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgetary comparisons presented in this report are on this budgetary basis.

The legal level of budgetary control is the major object level. The original budget is adopted before final audited beginning fund balance is available, resulting in differences between the beginning fund balance for the original and the final budget presentation in the governmental fund.

D. Assets, Liabilities, and Fund Equity

- 1) Deposits - State statute allows public deposits only at qualified public depositories that have deposited required collateral in the name of the Treasurer of the State of Florida under the Florida Security for Deposits Act. All deposits are entirely insured by the Federal Deposit Insurance Corporation or Florida's Multiple Financial Institution Collateral Pool.
- 2) *Investments* – Pursuant to Florida Statutes, the Authority is authorized to invest in:
The Local Government Surplus Funds Trust Fund, (commonly referred to as the SBA) administered by the Florida State Board of Administration or any intergovernmental

LAKE COUNTY WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in s. 163.01.

Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in s. 280.02.

Direct obligations of the U.S. Treasury.

- 3) *Capital Assets* - Capital assets, which include land and improvements, structures, equipment, and infrastructure are reported in the applicable government-wide financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$ 5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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.

Property, structures and equipment of the government are depreciated using the straight line method over the following estimated useful lives:

Land improvements	20 years
Structures	20-40 years
Vehicles/computer equipment	5 years
Office equipment	10 years
Heavy equipment	10-20 years
Infrastructure	20 years

- 4) *Fund Balance and Net Position* –

Restrictions of fund balance represent amounts that are imposed by an external party to be held by the Authority. These restrictions can only be lifted with the consent of the external party.

Assignments of fund balance represent the Authority board’s intent to complete projects in the future with expenditures of funds under signed agreements or tentative management plans. These designations are not restricted by outside third parties.

Unassigned fund balance represents funds that are remaining after restrictions and assignments and that are accessible to the Authority for its operations. When determining the classification of fund balance, the Authority considers that restricted funds and assigned funds are used before using unassigned funds.

Net investment in capital assets represents that portion of net position that is associated with capital assets and is, therefore, not available for general operations.

LAKE COUNTY WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

E. Revenues and Expenditures -

Taxes - The key dates in the property tax cycle (latest date where appropriate) are as follows:

Assessment date	January 1
Assessment roll validated	July 1
Millage resolution approved	By September 30
Beginning of fiscal year for which taxes have been levied	October 1
Tax bills rendered and due	November 1
Property Taxes Payable:	
Maximum discount	November 30
Delinquent	April 1
Tax certificates sold	May 31

For fiscal year 2025 the statutory maximum tax rate which may be assessed by the Authority for ad valorem millage is .5 mills.

F. Use of Estimates –

The management of the Authority has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with GAAP. Examples of major areas where estimates are used include the estimate of useful lives of capital assets.

2. Cash and Cash Equivalents:

At September 30, 2025 the Authority had cash and cash equivalents of \$ 1,998,610 in checking and money market accounts, and \$ 15,822,248 in a savings account.

LAKE COUNTY WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

3. Capital Assets:

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

	Balances - Oct. 1, 2024	Increases	Decreases	Balances - Sept. 30, 2025
Land	\$ 18,074,942	\$ 884,267	\$ -	\$ 18,959,209
Construction work in progress	1,212,866	1,066,023	(2,235,024)	43,865
Total assets not being depreciated	19,287,808	1,950,290	(2,235,024)	19,003,074
Land Improvements	2,607,287	2,067,629	-	4,674,916
Structures	7,945,313	-	-	7,945,313
Equipment and vehicles	1,469,367	506,350	(2,688)	1,973,029
Heavy equipment	2,537,562	-	-	2,537,562
Infrastructure	2,272,829	207,795	-	2,480,624
Total assets being depreciated	16,832,358	2,781,774	(2,688)	19,611,444
Less accumulated depreciation for:				
Land improvements	(1,944,890)	(123,283)	-	(2,068,173)
Structures	(3,794,266)	(184,820)	-	(3,979,086)
Equipment and vehicles	(1,054,878)	(132,278)	2,666	(1,184,490)
Heavy equipment	(1,615,496)	(149,646)	-	(1,765,142)
Infrastructure	(1,131,535)	(138,180)	-	(1,269,715)
Total accumulated depreciation	(9,541,065)	(728,207)	2,666	(10,266,606)
Governmental activities, capital assets, net	\$ 26,579,101	\$ 4,003,857	\$ (2,235,046)	\$ 28,347,912

Depreciation expense was \$ 728,207. Of this amount, \$ 49,996 was general government; \$ 522,271 was physical environment; and \$ 155,940 was culture and recreation.

4. Risk Management:

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. Significant losses for liability is covered through participation in a local government non-assessable self-insurance pool. For these insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. The Authority is self-insured for property damage with the exception of the nutrient reduction facility and office building.

LAKE COUNTY WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

5. Other Matters

The Authority is allowed to expend up to 3.5 percent of its ad valorem revenues providing educational information or guidance to the public about all aspects of our water resources. The allowable amount was \$ 402,539. Actual expended was \$ 200,175.

**LAKE COUNTY WATER AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 11,945,336	\$ 11,945,336	\$ 11,501,104	\$ (444,232)
Intergovernmental	1,819,143	1,819,143	1,168,867	(650,276)
Charges for services	16,000	16,000	2,000	(14,000)
Miscellaneous:				
Interest	450,000	450,000	734,954	284,954
Total Revenues	14,230,479	14,230,479	13,406,925	(823,554)
Expenditures:				
Current:				
General Government - Financial and Administrative				
Personal services	74,493	74,493	74,451	42
Operating expenses	2,953,249	3,417,486	3,222,765	194,721
Grants and aid	689,959	742,487	742,215	272
Total General Government	3,717,701	4,234,466	4,039,431	195,035
Physical Environment - Conservation and Resource Management				
Operating expenses	14,860,678	13,680,890	5,867,661	7,813,229
Capital outlay	4,343,000	5,322,129	2,245,380	3,076,749
Grants and aids	1,912,500	4,009,702	665,499	3,344,203
Total Physical Environment	21,116,178	23,012,721	8,778,540	14,234,181
Culture and Recreation - Parks and Recreation				
Operating expenses	838,238	1,511,538	1,321,916	189,622
Capital outlay	2,450,000	2,450,000	251,660	2,198,340
Total Culture and Recreation	3,288,238	3,961,538	1,573,576	2,387,962
Education:				
Operating expenses	152,922	159,565	120,175	39,390
Grants and aids	64,500	84,500	80,000	4,500
Total Education	217,422	244,065	200,175	43,890
Total Expenditures	28,339,539	31,452,790	14,591,722	16,861,068
Excess of Revenues Over (Under) Expenditures	(14,109,060)	(17,222,311)	(1,184,797)	16,037,514
Other Financing Sources (Uses)				
Reserve for Contingencies	(11,776,186)	(1,989,969)	-	1,989,969
Total Other Financing Sources (Uses)	(11,776,186)	(1,989,969)	-	1,989,969
Net Change in Fund Balances	(25,885,246)	(19,212,280)	(1,184,797)	18,027,483
Fund Balance - Beginning of Year	25,885,246	19,212,280	19,212,280	-
Fund Balance - Ending of Year	\$ -	\$ -	\$ 18,027,483	\$ 18,027,483

LAKE COUNTY WATER AUTHORITY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2025

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>ALN</u>	<u>Pass-Through / State Contract Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Expenditures</u>
Clustered				
Fish and Wildlife Cluster				
United States Department of the Interior:				
<i>Passed through,</i>				
<i>Florida Fish and Wildlife Conservation Commission</i>				
Sport Fish Restoration	15.605	FWC #22171	\$ -	\$ 549,857
Total Fish and Wildlife Cluster			-	549,857
Non-Clustered				
United States Department of Homeland Security:				
<i>Passed through,</i>				
<i>Florida Division of Emergency Management</i>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Hurricane Milton	-	489,599
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 1,039,456</u>

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Lake County Water Authority

Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2025

1. Summary of Significant Accounting Policies

General

The Schedule of Expenditures of Federal Awards has been prepared using the modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues when they become measurable and available and expenditures generally when a liability is incurred.

2. Contingency

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement by the grantor agencies would become a liability of the Authority. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

3. Indirect Cost

The Authority did not elect to use the de minimis indirect cost rate for any of its Federal Programs.

4. Prior Period Expenditures

The recognition of amounts for financial statement presentation may differ from guidance regarding the inclusion of amounts on the Schedule of Expenditures of Federal Awards: therefore, some amounts presented are related to prior years.

Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Governing Board
Lake County Water Authority
Tavares, Florida

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Lake County Water Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended September 30, 2025. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended September 30, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Forvis Mazars, LLP

**Orlando, Florida
April 28, 2026**

**Lake County Water Authority
 Schedule of Findings and Questioned Costs
 Year Ended September 30, 2025**

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:
 Unmodified Qualified Adverse Disclaimer

2. Internal control over financial reporting:
 Material weakness(es) identified? Yes No
 Significant deficiency(ies) identified? Yes None reported

3. Noncompliance material to the financial statements noted? Yes No

Federal Awards

4. Internal control over major federal programs:
 Material weakness(es) identified? Yes No
 Significant deficiency(ies) identified? Yes None reported

5. Type of auditor’s report issued on compliance for major federal program(s):
 Unmodified Qualified Adverse Disclaimer

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

7. Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
15.605	Fish and Wildlife Cluster

8. Dollar threshold used to distinguish between Type A and Type B programs: \$1,000,000.

9. Auditee qualified as a low-risk auditee? Yes No

Lake County Water Authority
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2025

Section II – Financial Statement Findings

Reference Number	Finding
	No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
	No matters are reportable.

**Lake County Water Authority
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2025**

Reference Number	Summary of Finding	Status
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No matters were reported over federal awards in the prior year.

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*

Independent Auditor's Report

Governing Board
Lake County Water Authority
Tavares, Florida

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the governmental activities and the major fund of Lake County Water Authority (the "Authority"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 28, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

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.

Forvis Mazars, LLP

**Orlando, Florida
April 28, 2026**

Independent Auditor's Management Letter

Governing Board
Lake County Water Authority
Tavares, Florida

Report on the Financial Statements

We have audited the financial statements of Lake County Water Authority (the "Authority") as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated April 28, 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); 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 the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control over Compliance; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated April 28, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding audit 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. The legal authority 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 the Authority 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 Authority 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 Authority. It is management's responsibility to monitor the Authority'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*, a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the Authority's geographical boundaries during the fiscal year under audit.

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicated the failure of a special district that is a component unit of a county, municipality, or special district, provided 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 determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.544(1)(i)7, *Rules of the Auditor General*, the Authority reported:

- a. The total number of Authority employees compensated in the last pay period of the Authority's fiscal year as 5.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Authority's fiscal year as 5.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$60,733.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$362,725.
- e. Each construction project with a total cost of at least \$65,000 approved by the Authority 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 follows:

Pole Barn Expansion	\$0.00
Administration Building Addition & Renovation	\$0.00

- 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 Authority amends a final adopted budget under Section 189.016(6), Florida Statutes, as \$6,672,967.

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

- a. The millage rate or rates imposed by the Authority as 0.2940.
- b. The total amount of ad valorem taxes collected by or on behalf of the Authority as \$11,501,104.
- c. The total amount of outstanding bonds issued by the Authority and the terms of such bonds as \$0.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or fraud, waste, or abuse that has occurred, or is likely to have occurred, that has 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 have any such findings.

Purpose of this Letter

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

Forvis Mazars, LLP

**Orlando, Florida
April 28, 2026**

Independent Accountant's Report

Governing Board
Lake County Water Authority
Tavares, Florida

We have examined the Lake County Water Authority's (the "Authority") compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2025. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority'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 Authority complied, in all material respects, with the aforementioned requirements referenced above. An examination involves performing procedures to obtain evidence about the Authority's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of 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 our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2025.

Forvis Mazars, LLP

Orlando, Florida
April 28, 2026