FLAGLER ESTATES ROAD AND WATER CONTROL DISTRICT

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

SEPTEMBER 30, 2025

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Governing Board
Flagler Estates Road and Water Control District
Hastings, Florida

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the governmental activities and each Major Fund of Flagler Estates Road and Water Control District, Florida (the "District") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the District 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

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Flagler Estates Road and Water Control District and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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

My objective is 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 my opinions. Reasonable assurance is a high level of assurance but it not absolute assurance and therefore is not a guarantee that an audit is conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing the audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Flagler Estates Road and Water Control 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Flagler Estates Road and Water Control District's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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, the budgetary comparison schedules, as listed in the Table of Contents, 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 reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

In connection with my audit of the basic financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If based, on the work performed, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated March 31, 2026 on my consideration of the District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my 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 Flagler Estates Road and Water Control District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

James Davis

March 31, 2026 Certified Public Accountant

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Flagler Estates Road and Water Control District has prepared the following discussion and analysis to (a) assist the reader in focusing on significant financial issues; (b) provide an overview and analysis of the District's financial activities; (c) identify changes in the District's financial position; (d) identify material deviations from the approved budget; and (e) highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transaction, events, and conditions, it should be considered in conjunction with the District's financial statements and notes to financial statements found on pages 15 through 21.

The preparation of the financial report is a team effort between the District's personnel and District's auditors.

Its intent is to provide a brief, objective and easily readable analysis of the District's financial performance for the year and its financial position at fiscal year-end September 30, 2025.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2024-25 fiscal year are as follows:

- The assets of the District's exceeded its liabilities at the close of the most recent fiscal year by $6,942,522.
- The District's total net position, increased by $929,487.
- As of the close of the current fiscal year, the District's governmental fund and capital projects fund reported a fund balance of $2,279,388.
- During the current year, General Fund and capital projects fund revenues were less than expenditures by $58,572.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the District's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net assets and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the District presented on the accrual basis of accounting.

The statement of net assets provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net assets, is a measure of the financial health of the District. The statement of activities presents information about

the change in the District's net assets, the results of operations, during the fiscal year. An increase or decrease in net assets may be an indication of whether the District's financial health is improving or deteriorating.

The government-wide statements present the District's activities in two categories:

- Governmental activities – This represents the District's water resources availability and maintain streets and roadways services. Support functions such as administration are also included. Support from the service revenue provides most of the resources that support these activities.

- Capital Projects Fund - To account for financial resources intended to be used for the acquisition or construction of major capital projects.

Fund Financial Statements

Fund financial statements are one of the components of the 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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law while others are created by legal agreements, such as bond covenants. Fund financial statements provide more detailed information about the District's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements. All of the District's funds may be classified within the category discussed below.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. This financial resource measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund statements provide a detailed short-term view that may be used to evaluate the District's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the

government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.

MANAGEMENTS' DISCUSSION AND ANALYSIS - continued

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the District's only fund, the General Fund.

Notes to Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. The following is a summary of the District's net position as of September 30, 2025.

The District's net position are spread among cash equivalents, fixed assets and vehicles as indicated on the following:

	NET POSITION END OF YEAR Governmental Activities	
	9/30/2025	9/30/2024
Non-capital assets	$ 2,280,230	$ 2,341,705
Capital assets	4,682,768	3,706,987
Total Assets	6,962,998	6,048,692
Current liabilities	20,476	35,657
Total current liabilities	20,476	35,657
Long-term debt	-	-
Total Liabilities	20,476	35,657
Net Position:		
Investment in Capital Assets	4,862,768	3,206,987
Unrestricted	2,111,618	2,306,048
Total Net Position	$ 6,942,522	$ 6,013,035

The key elements of the changes in the District's net position for the fiscal year ended September 30, 2025 are as follows:

Operating Results Governmental Activities	9/30/2025	9/30/2024
Program Revenues		
Charges for Services	$ 408,379	$ 402,025
General Revenues		
Special assessments	1,824,750	1,558,132
Investment earnings	34,167	45,693
Miscellaneous	7,843	10,329
Total Revenue	2,275,139	2,016,179
Functions/Program Expenses:		
Physical environment - water control	618,524	737,291
Transportation	500,223	596,274
Depreciation	226,905	814,246
Total Functions/Program Expenses	1,345,652	2,147,811
Increase (Decrease) in Net Position	$ 929,487	$ (131,632)

Governmental activities decreased the District's net position by $(58,572), or approximately 2.50 percent.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Major Governmental Funds

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance was $2,279,388 while the total fund balance was $2,279,388. As a measure of the General Fund's liquidity, it may be useful to compare both the unreserved fund balance and total fund balance to total General Fund expenditures. Unreserved fund balance represents 1.32 percent of total General Fund expenditures, while total fund balance represents 1.32 percent of that same amount. The unreserved total fund balance of the General Fund decreased by $58,572 during the year ended September 30, 2025.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of the 2024-25 fiscal year, the District did not amend their budget. Actual expenditures were $765,543 less than budgeted expenditures.

CAPITAL ASSETS

The District has capital assets, consisting of a land, buildings, vehicles and equipment.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Flagler Estates Road and Water Control District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the, Flagler Estates Road and Water Control District, Hastings, Florida.

FLAGLER ESTATES ROAD AND WATER CONTROL DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

		Governmental Activities
ASSETS		
Cash & Cash Equivalents	$	1,993,846
Investment in State Pool		138,248
Inventory		148,136
Fixed Assets, net of depreciation		4,682,768
Total Assets	$	6,962,998
LIABILITIES		
Accounts Payable and Accrued Wages	$	842
Compensated Absences		19,634
		20,476
NET ASSETS		
Net Investment in Capital Assets		4,682,768
Reserved for Inventory		148,136
Unrestricted		2,111,618
Total Net Position		6,942,522
TOTAL LIABILITIES AND NET POSITION	$	6,962,998

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

FLAGLER ESTATES ROAD AND WATER CONTROL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Net (Expense) Revenue & Changes in Net Assets: Governmental Activities
Governmental Activities:			
Physical Environment	$ 618,524	$ 408,379	$ (210,145)
Transportation	500,223	1,824,750	1,324,527
Depreciation Expense	226,905	-	(226,905)
Total Government Activities	$ 1,345,652	$ 2,233,129	$ 887,477
General Revenues:			
Miscellaneous			7,843
Interest Income			34,167
Total General Revenue			42,010
Change in Net Position			929,487
Net Position -October 1, 2024			6,013,035
Net Position - September 30, 2025			$ 6,942,522

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

FLAGLER ESTATES ROAD AND WATER CONTROL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash & Cash Equivalents	$ 1,619,328	$ 374,518	$ 1,993,846
Investment in State Pool	138,248	-	138,248
Inventory	148,136	-	148,136
TOTAL ASSETS	$ 1,905,712	$ 374,518	$ 2,280,230
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable and Accrued Liabilities	$ 842	$ -	$ 842
Total Liabilities	842	-	842
Fund Balances:			
Nonspendable:			
Inventory	148,136	-	148,136
Assigned for Capital Projects	-	374,518	374,518
Unassigned	1,756,734	-	1,756,734
Total Fund Balances	1,904,870	374,518	2,279,388
TOTAL LIABILITIES AND FUND BALANCES	$ 1,905,712	$ 374,518	$ 2,280,230

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

FLAGLER ESTATES ROAD AND WATER CONTROL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

Total Fund Balances - Governmental Funds	$	2,279,388
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the governmental funds.		4,682,768
Compensated absences used in governmental activities are not financial resources and, therefore, not reported in the governmental funds.		(19,634)
Long term debt used in governmental activities are not financial resources and, therefore, not reported in the governmental funds.		-
Total Net Position - Governmental Activities	$	6,942,522

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

FLAGLER ESTATES ROAD AND WATER CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Intergovernmental:			
Charges for Services	$ 449,844	$ -	$ 449,844
Special Assessments	1,785,932	38,818	1,824,750
Miscellaneous	7,843	-	7,843
Interest Income	31,520	2,647	34,167
TOTAL REVENUES	2,275,139	41,465	2,316,604
EXPENDITURES			
Current:			
Physical Environment	618,524	-	618,524
Transportation	552,627	1,339	553,966
Capital Outlay	1,202,686	-	1,202,686
TOTAL EXPENDITURES	2,373,837	1,339	2,375,176
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(98,698)	40,126	(58,572)
OTHER FINANCING SOURCES			
Proceeds from Long-term Debt	-	-	-
TOTAL OTHER FINANCING SOURCES			
Fund Balances, October 1, 2024	1,900,223	438,579	2,338,802
FUND BALANCES, SEPTEMBER 30, 2025	$ 1,801,525	$ 478,705	$ 2,280,230

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

FLAGLER ESTATES ROAD AND WATER CONSERVATION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
& CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Net Change in Fund Balance - Governmental Funds	$	(58,572)
Amounts reported for governmental activities in the statement of activities are different because:		
Changes on Compensated Absences liabilities are accounted for as an expense of current funds.		12,278
Capital assets purchased with governmental funds are accounted for as an expense of current funds.		1,202,686
Depreciation expense not recorded in governmental funds		(226,905)
Change in Net Position - Governmental Activities	$	929,487

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

FLAGLER ESTATES ROAD AND WATER CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies as applicable to governmental units, which has been consistently, applied in the preparation of the financial statements of the various funds and account groups follows.

- Reporting Entity and Legal Authority

  The District was created as a Water Control District, by court order in 1971. The District operates primarily under the Florida Statutes in chapter 298 and through several acts of the Florida Legislature, which have adjusted the boundaries and authorized the District to maintain the roads within Flagler Estates.

  The District is an independent special district administered by a three member board of supervisors elected by the voters of St. Johns County. The District for financial reporting purposes includes all of the funds relevant to the operation of the District. There are not separately administered organizations, which are controlled by, or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board. Therefore, in accordance with U.S. generally accepted accounting principles, the District has determined that there are no potential component units that it must include within its financial statements.

  The District's purpose, under Florida Statutes, is to preserve, restore, and protect the availability of surface water resources for public health, welfare, and convenience. In addition to water control duties, the District is also empowered to maintain streets, roadways, and roads for necessity and convenience to provide access, and efficient development of areas made suitable and available for cultivation and settlement (urban and suburban), as well as other beneficial use and development as a result of drainage, irrigation, and reclamation operations of the district.

- Basis of Presentation

  These financial statements are fund financial statements that have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the State of Florida, Office of the Auditor General.

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special-purpose financial statements consist of only the fund level financial statements as defined in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*.

The District reports the following major governmental fund:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources, which are not properly accounted for in another fund.

Capital Projects Fund – To account for financial resources intended to be used for the acquisition or construction of major capital projects.

- Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the fund financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. The major modifications to the accrual basis are : (a) revenues are recorded in the accounting period in which they become available and measureable (available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days for revenue) and (b) expenditures are recorded in the accounting period in which the liability is incurred, if measureable, except for accumulated sick and vacation compensation, which are expensed when paid.

Fiduciary fund (agency fund) statements are prepared using economic resource measurement focus and the accrual basis of accounting. The District had no fiduciary funds at September 30, 2025.

- Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

- Cash and Cash Equivalents

  Cash and cash equivalents represent cash on hand as well as demand deposits, and certificates of deposit with original maturities of twelve months or less.

- Inventory and Prepaid Items

  The purchase method is used to account for inventory and payments to vendors for costs applicable to future periods (prepaid). Under the purchase method, expenditures are recognized when the available financial resource is expended. Inventory is not deemed significant and therefore no amount has been reported.

- Estimates

  The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from these estimates.

- Governmental Fund Balances

  Fund balances are classified either as nonspendable or spendable. Spendable fund balances are further classified in a hierarchy based on the extent to which there are external internal constraints on the spending of these fund balances. These classifications are described as follows:

  Nonspendable fund balances included amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. There were no nonspendable fund balances at the Flagler Estates Road and Water Control District as of September 30, 2025.

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

Spendable fund balances are classified based on a hierarchy of the Flagler Estates Road and Water Control District's' ability to control the spending of these fund balances.

Restricted fund balances are fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations or imposed by law through constitutional provisions or enabling legislation. As of September 30, 2025, the Flagler Estates Road and Water Control District had no restricted fund balances.

Committed fund balances are fund balances constrained for specific purposes imposed by the Flagler Estates Road and Water Control District's formal action of highest level of decision making authority. As of September 30, 2025, the Flagler Estates Road and Water Control District had no committed fund balances.

Assigned fund balances are fund balances intended to be used for specific purposes, but which are neither restricted nor committed. As of September 30, 2025, the Flagler Estates Road and Water Control District had no assigned fund balances as indicated on the Balance Sheet.

Unassigned fund balances represent the residual positive fund balance within the general fund, which has not been assigned to other funds and has not been restricted, committed or assigned. In funds other than the general fund, unassigned fund balances are limited to negative residual fund balances. As of September 30, 2025, the Flagler Estates Road and Water Control District had only unassigned fund balances.

When expenditures are incurred for purposes for which restricted or unrestricted fund classifications could be used, it is the Flagler Estates Road and Water Control District's policy to use restricted funds first, then unrestricted.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents at September 30, 2025 consisted of $2,132,094 maintained in local checking accounts and certificates of deposits and the Florida State Board of Administration. These depositories qualifies as a "public depository", as required by law (Florida Security for Public Deposits Act Chapter 280, Florida Statutes). All the cash deposits of the Flagler Estates Road and Water Control District are classified as category one risk, which means they are insured or collateralized.

NOTE 3 – CHANGE IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

	BALANCE 10/1/2024	ADDITIONS	DELETIONS	BALANCE 9/30/2025
Capital assets not being depreciated:				
Land	$ 82,144	$ -	$ -	$ 82,144
Capital assets being depreciated:				
Infrastructure	14,117,036	625,044	-	14,742,080
Buildings	72,601	577,642	-	650,243
Equipment	1,757,399	-	-	1,757,399
Total capital assets being depreciated	15,947,036	1,202,686	-	17,149,722
Less accumulated depreciation for:				
Infrastructure	10,775,614	15,626	-	10,791,240
Buildings	72,975	1,569	-	74,544
Equipment	1,473,604	209,710	-	1,683,314
Total accumulated depreciation	12,322,193	226,905	-	12,549,098
Total capital assets being depreciated, net	3,624,843	975,781	-	4,600,624
Capital assets, net	$ 3,706,987	$ 975,781	$ -	$ 4,682,768

Depreciation expense was allocated to the governmental functions in the statement of activities. Depreciation expense was $226,905 for the year ended September 30, 2025.

NOTE 4 – DEPOSITS

At September 30, 2025, the District's carrying amount was $2,132,094 and bank balance was $2,132,094 consisting entirely of demand deposits. The entire amount of the demand deposits is deposited in a state of Florida qualified depository and, therefore, is fully collateralized.

Custodial Credit Risk is the risk that in the event of a bank failure the government's deposits may not be returned to it. The Authority's monies must be deposited in banks designated as qualified public depositories by the Chief Financial Officer, Florida Department of Financial Services. Therefore, the Authority's total deposits are insured by the Federal Depository Insurance Corporation and collateralized by the Bureau of

NOTE 4 – DEPOSITS (continued)

Collateral Management, Division of Treasury, and Florida Department of Financial Services. The law requires the Chief Financial Officer to ensure that funds are entirely collateralized throughout the fiscal year. Other than the preceding, the Authority has no policy on custodial credit risk.

Collateral is provided for demand deposits through the Florida Security for Public Deposits Act. This law establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements, and characteristics of eligible collateral. Under this law, the qualified public depository must pledge at least 25% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance.

Additional collateral, up to a maximum of 150%, may be required if deemed necessary under the conditions set forth in this law. Eligible collateral consists of obligations of the United States and its agencies and obligations of states and their local political subdivisions and unaffiliated corporations.

Obligations pledged to secure deposits must be delivered to the Department of Financial Services or, with the approval of the Chief Financial Officer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Chief Financial Officer. On a monthly basis, the Chief Financial Officer determines that the collateral has a market value adequate to cover the deposits under the provisions of this law.

NOTE 5 – INVENTORY

Inventory consisting of supplies and parts amounted to $148,136 at September 30, 2025.

NOTE 6 – LONG-TERM LIABILITIES

Notes Payable

A note payable was issued on November 24, 2021 in amount of $123,936 to finance the purchase of a new wheel loader. It is payable in annual installments of $32,371 with a nominal annual rate of 3%, through December 2024. As of September 30, 2025, the principal outstanding on the note was $0.

NOTE 6 – LONG-TERM LIABILITIES (continued)

A summary of changes in long-term liabilities is as follows:

	Balance October 1, 2024	Additions	Deletions	Balance September 30, 2025	Due Within One Year
Compensated Absences	$ 32,754	$ -	$ 13,120	$ 19,634	$ -
Total	$ 32,754	$ -	$ 13,120	$ 19,634	$ -

NOTE 7 – RETIREMENT PLAN

The District sponsors a 403(b) retirement plan. The District's contribution is discretionary. Eligible employees are those who are at least 21 years of age and there is no minimum service requirement.

NOTE 8 - RISK MANAGEMENT

The Flagler Estates Road and Water Control District is exposed to various risk of loss related to torts; thefts of, damage to property of others. The Flagler Estates Road and Water Control District purchases insurance to protect itself against these risks.

NOTE 9– SIGNIFICANT FUNDING SOURCE

During the fiscal year ended September 30, 2025, the District received a substantial amount of its funding from St. Johns County special assessments. Significant reductions in the level of this funding, if this were to occur, could have an adverse effect on the District's programs and activities.

NOTE 10 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION

No post employment benefits were provided by the District.

NOTE 12 – SUBSEQUENT EVENTS

The District has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 31, 2026, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

FLAGLER ESTATES ROAD AND WATER CONTROL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE -
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	General and Major Special Revenue Funds			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental:				
Charges for Services	$ 103,625	$ 103,625	$ 449,844	$ (346,219)
Special Assessments	1,467,895	1,467,895	1,824,750	(356,855)
Interest Income	3,400	3,400	34,167	(30,767)
Miscellaneous	200	200	7,843	(7,643)
TOTAL REVENUES	1,575,120	1,575,120	2,316,604	(741,484)
EXPENDITURES				
Current:				
Physical Environment	620,710	620,710	618,524	2,186
Transportation	434,923	434,923	553,966	(119,043)
Capital Outlay	554,000	554,000	1,202,686	(648,686)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
TOTAL EXPENDITURES	1,609,633	1,609,633	2,375,176	(765,543)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(34,513)	(34,513)	(58,572)	24,059
OTHER FINANCING SOURCES				
Proceeds from Long-term Debt	-	-	-	-
TOTAL OTHER FINANCING SOURCES				
Fund Balances, October 1, 2024	2,338,802	2,338,802	2,338,802	-
FUND BALANCES, SEPTEMBER 30, 2025	$ 2,304,289	$ 2,304,289	$ 2,280,230	$ 24,059

JAMES DAVIS, CPA
1733 Old Plank Road
Crawfordville, FL 32327
Phone: (850) 445-5878

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Flagler Estates Road and Water Control District
Hastings, Florida

I have audited the financial statements of Flagler Estates Road and Water Control District, Florida (the District), as of and for the year ended September 30, 2025, and have issued my report thereon dated March 31, 2026. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying management letter, I identified certain prior year deficiencies (Item 2020-001, 2021-001, 2022-001, 2022-002) in internal control that I consider to be material weaknesses.

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. During my audit I did not identify any deficiencies in internal control that I consider to be a significant deficiency. However, significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District's Response to Findings

The District's responses to the findings identified in my audit are included in the accompanying management letter. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

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

James Davis
Certified Public Accountant

March 31, 2026

JAMES DAVIS, CPA
1733 Old Plank Road
Crawfordville, FL 32327
Phone: (850) 445-5878

INDEPENDENT ACCOUNTANT'S REPORT ON AN EXAMINATION CONDUCTED IN ACCORDANCE WITH AICPA PROFESSIONAL STANDARDS, SECTION 601, REGARDING COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

Flagler Estates Road and Water Control District
Hastings, Florida

I have examined the Flagler Estates Road and Water Control District's (the District) compliance with the requirements of Section 218.415, Florida Statues, Local Government Investment Policies, during the year ended September 30, 2025. Management is responsible for the District's compliance with those requirements. My responsibility is to express an opinion on the District's compliance based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my examination provides a reasonable basis for my opinion. My examination does not provide a legal determination on the District's compliance with specified requirements.

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

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

James Davis
Certified Public Accountant

March 31, 2026

JAMES DAVIS, CPA
1733 Old Plank Road
Crawfordville, FL 32327
Phone: (850) 445-5878

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Flagler Estates Road and Water Control District
Crestview, Florida

Report on the Financial Statements

I have audited the financial statements of Flagler Estates Road and Water Control District as of and for the fiscal year ended September 30, 2025 and have issued my report thereon dated March 31, 2026.

Auditor's Responsibility

I conducted my 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations;* and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedules

I have issued my Independent Auditor's 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 Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated, March 31, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

2022-001 (Reported in previous audit reports as items 2021-001 and 2020-001)

Criteria – Adequate controls should be in place to allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements in a timely basis. Although the small size of the business office staff limits the extent of separation of duties, we believe certain steps could be taken to separate incompatible duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Condition – The manager receives cash receipts, prepares and is a signer on checks, reconciles bank accounts, and enters general ledger transactions.

Cause – Because of a limited number of available personnel, it is not always possible to adequately segregate incompatible duties so that no one employee has access to both physical and the related accounting records, or to all phases of a transaction.

Effect – Incompatible duties are not adequately separated. The result is that intentional or unintentional errors could be made and not detected.

Recommendation – To the extent possible, given available personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction.

2022-002 (Reported in previous audit reports as items 2021-002 and 2020-002)

Criteria – Financial statements must be presented in accordance with generally accepted accounting principles.

Condition – As a part of the audit process, it was necessary for us to propose material adjustments to the financial statements. It was also necessary for us to assist with the preparation of the District's financial statements.

Cause – Personnel are unable to prepare financial statements, including related notes, and material adjustments for governmental wide presentation, in accordance with generally accepted accounting principles.

Effect – Our proposed financial statements were accepted by management, enabling the financial statements to be fairly presented in conformity with generally accepted accounting principles.

Recommendation – We recommend that you consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process.

Due to the size of the District, these findings will continue to be a comment in the future. It is for most small organizations. Search for an accountant to assist with the financial statements with government accounting experience is intended for the year ended September 30, 2026.

Current Year Audit Findings

No current year findings were noted.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is contained in the footnotes on page 15.

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that I report the results of my determination as to whether or not Flagler Estates Road and Water Control District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with my audit, I determined Flagler Estates Road and Water Control District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that I communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statues. In connection with my audit, I did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statues. The District does not include any special district component units.

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

a. The total number of district employees compensated in the last pay period of the District's fiscal year is 11.

b. The total number of independent contracts to whom nonemployee compensation was paid in the last month of the District's fiscal year was not applicable.

c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency is $458,052.

d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency was not applicable.

f. There are no construction projects with a total cost of at least $65,000 approved by the District that are scheduled to begin on or after October 1st of the fiscal year being reported.

g. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes. The District did not amend its budget during the year ended September 30, 2025.

Special Assessments – Specific Information (For an independent special district that imposes non-ad valorem special assessments)

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.54(1)(i)7, Rules of the Auditor General, the Flagler Estates Road and Water Control District reported:

a. The rate or rates of non-ad valorem special assessments imposed by the District as $300 per lot.

b. The total amount of special assessments collected by or on behalf of the District was $1,824,750.

c. The total amount of outstanding bonds issued by the District and the terms of such bonds as -0-.

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that I report the results of my determination as to whether the annual financial report for Flagler Estates Road and Water Control District for the fiscal year ended September 30, 2025, to be filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(1), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2025. In connection with my audit, I determined that these reports were in agreement. This report is delinquent.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that I address in the management letter any recommendations to improve financial management. In connection with my audit, I did not have any such recommendations.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that I address 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 my audit, I did not have any such findings.

Purpose of this Letter

My 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, Flagler Estates Road and Water Control District, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

James Davis

March 31, 2026 Certified Public Accountant

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Flagler Estates Road & Water Control District

April 30, 2026

Ms. Sherrill F. Norman, CPA
Auditor General
111 West Madison Street
Tallahassee, FL 32399

Dear Ms. Norman:

I am writing to you in response to the audit report of Flagler Estates Road & Water Control District, for the year ended September 30, 2025.

The District's Board of Supervisors appreciates the acknowledgement that the District has eliminated most of the Comments and Recommendations listed in previous reports. The remaining comments related to size issues of the District staff and the possible concerns of separation of duties and the lack of knowledge to prepare the yearend financial in accordance with generally accepted accounting principles. The Board does see the staff growing in the future, but as a Board will continue in monitoring the accounting system. As to the yearend financial report, the District will continue to rely on our auditor to prepare this report with review by management and the Board.

If you require further information, please do not hesitate to contact me.

Sincerely,

Board of Supervisors