DESTIN WATER USERS, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

Warren Averett
CPAs AND ADVISORS
www.warrenaverett.com

The report accompanying this deliverable was issued by Warren Averett, LLC.

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Warren Averett
CPAs AND ADVISORS

36474C Emerald Coast Pkwy, Suite 3301
Destin, FL 32541
850.837.0398
warrenaverett.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Destin Water Users, Inc.

Opinion

We have audited the accompanying financial statements of Destin Water Users, Inc. (a Florida corporation), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of income, members' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Destin Water Users, Inc. as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Destin Water Users, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Destin Water Users, Inc.'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 Destin Water Users, Inc.'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.

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance, as required by Chapter 69I-5, *Schedule of Expenditures of State Financial Assistance, Rules of the Department of Financial Services* and Chapter 10.650, *Rules of the Auditor General*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Governmental Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2026, on our consideration of Destin Water Users, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Destin Water Users, Inc.'s internal control over financial reporting and compliance.

Warren Averett, LLC

Destin, Florida
February 12, 2026

DESTIN WATER USERS, INC.
BALANCE SHEETS
DECEMBER 31, 2025 AND 2024

ASSETS

	2025	2024
UTILITY PLANT IN SERVICE, NET	$ 112,216,965	$ 110,371,316
RESTRICTED ASSETS		
Cash and cash equivalents – restricted	1,263,126	1,426,432
RUA loan deposits	123,755	123,755
Total restricted assets	1,386,881	1,550,187
CURRENT ASSETS		
Cash and cash equivalents – unrestricted	2,115,392	1,975,870
Investments	8,268,698	9,113,823
Customer receivables, net	2,480,929	2,234,859
Grant receivable	684,000	-
Prepaid expenses	682,069	247,369
Inventory	920,231	845,341
Total current assets	15,151,319	14,417,262
INTANGIBLE ASSETS, NET	684,843	741,074
OTHER ASSETS		
Investment in WRP, Inc.	7,705,152	7,932,751
Total other assets	7,705,152	7,932,751
TOTAL ASSETS	$ 137,145,160	$ 135,012,590

See notes to the financial statements.

DESTIN WATER USERS, INC.
BALANCE SHEETS
DECEMBER 31, 2025 AND 2024

LIABILITIES AND MEMBERS' EQUITY

	2025	2024
MEMBERS' EQUITY		
Contributions in aid of construction, net	$ 22,506,123	$ 23,799,570
Retained earnings	75,771,134	70,650,514
Total members' equity	98,277,257	94,450,084
LONG-TERM LIABILITIES		
Long-term debt, less current maturities	28,074,649	28,286,456
Due to WRP, Inc.	3,446,565	3,919,912
Compensated absences	853,242	860,026
Contract liabilities – member deposits	893,915	879,820
Longevity award payable	1,227,366	1,076,617
Prepaid tap fees	232,114	232,114
Total long-term liabilities	34,727,851	35,254,945
CURRENT LIABILITIES		
Accounts payable	139,776	546,315
Accrued expenses	58,479	70,496
Contracts payable	669,300	732,716
Retainage payable	127,453	226,931
Current maturities of long-term debt	2,675,497	3,276,877
Due to WRP, Inc.	469,547	454,226
Total current liabilities	4,140,052	5,307,561
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 137,145,160	$ 135,012,590

See notes to the financial statements.

DESTIN WATER USERS, INC.
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
REVENUE FROM OPERATIONS		
Water and sewer services	$ 20,682,568	$ 19,193,533
Other services	306,367	298,994
Total operating revenue	20,988,935	19,492,527
OPERATING EXPENSES		
Operating and maintenance	13,250,430	12,092,819
Depreciation and amortization	2,953,968	2,589,552
Total operating expenses	16,204,398	14,682,371
OPERATING INCOME	4,784,537	4,810,156
OTHER REVENUES (EXPENSES)		
Grant revenue	684,000	-
Gain (loss) on disposal of assets	8,000	(171,769)
Interest income	114,921	119,115
Interest expense	(1,140,297)	(1,259,641)
Other income	402,019	299,027
Investment income	539,854	1,002,684
Loss from investment in WRP, Inc.	(272,414)	(272,414)
Total other revenues (expenses), net	336,083	(282,998)
NET INCOME	$ 5,120,620	$ 4,527,158

See notes to the financial statements.

DESTIN WATER USERS, INC.
STATEMENTS OF MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CONTRIBUTED CAPITAL		
Beginning balance	$ 23,799,570	$ 25,050,458
Contributions from members	300,427	337,822
Contributions from developers	28,918	103,533
Amortization	(1,622,792)	(1,692,243)
Ending balance	22,506,123	23,799,570
RETAINED EARNINGS		
Beginning of year	70,650,514	66,123,356
Net income	5,120,620	4,527,158
End of year	75,771,134	70,650,514
TOTAL MEMBERS' EQUITY	$ 98,277,257	$ 94,450,084

See notes to the financial statements.

DESTIN WATER USERS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 5,120,620	$ 4,527,158
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,953,968	2,589,552
(Gain) loss on disposal of assets	(8,000)	171,769
Loss from investment in WRP, Inc.	272,414	272,414
Unrealized gain on investments	(321,778)	(805,324)
(Increase) decrease in operating assets:		
Customer receivables, net	(246,070)	(79,494)
Grant receivable	(684,000)	-
Prepaid expenses	(434,700)	(243,803)
Inventory	(74,890)	(123,223)
Increase (decrease) in operating liabilities:		
Accounts payable	(406,539)	291,320
Accrued expenses	(12,017)	(13,523)
Contracts payable	(63,416)	512,102
Compensated absences	(6,784)	(108,841)
Contract liabilities – member deposits	14,095	6,325
Longevity award payable	150,749	(167,271)
Prepaid tap fees	-	(18,220)
Net cash provided by operating activities	6,253,652	6,810,941
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition and construction of utility plant in service	(6,461,346)	(7,355,228)
Proceeds from sale of vehicles	8,000	103,344
Investment in WRP, Inc.	(502,841)	(471,062)
Sales of investments, net	1,166,902	459,116
Net cash used in investing activities	(5,789,285)	(7,263,830)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	2,246,412	1,176,005
Payments of long-term debt	(3,063,908)	(2,956,072)
Contributions from members	300,427	337,822
Contributions from developers	28,918	103,533
Net cash used in financing activities	(488,151)	(1,338,712)

See notes to the financial statements.

DESTIN WATER USERS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CHANGE IN CASH AND CASH EQUIVALENTS	$ (23,784)	$ (1,791,601)
CASH AND CASH EQUIVALENTS, BEGINNING	3,402,302	5,193,903
CASH AND CASH EQUIVALENTS, ENDING	$ 3,378,518	$ 3,402,302
COMPOSITION OF CASH AND CASH EQUIVALENTS		
Unrestricted	$ 2,115,392	$ 1,975,870
Restricted	1,263,126	1,426,432
TOTAL CASH AND CASH EQUIVALENTS	$ 3,378,518	$ 3,402,302
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	$ 1,152,515	$ 1,271,464

See notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF BUSINESS

Description of Business

Destin Water Users, Inc., (hereinafter referred to as, the Company), was incorporated in the state of Florida in 1963, as a not-for-profit corporation to provide water and sewer services to customers in the Destin area of Okaloosa County, Florida. The Company's primary funding sources are from sales of water and sewer services, infrastructure constructed and donated by developers, and tap fees. The Company has qualified under Internal Revenue Code Section 501(c)(12) as an exempt organization and, as such, is not liable for income taxes. By Florida statute, the Company is also exempt from sales tax and ad valorem taxes.

Revenue Recognition, Contract Assets and Contract Liabilities

The Company follows the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* and related amendments (ASC 606), which is based on the principle that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. ASC 606 also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to fulfill a contract.

The Company recognizes revenue when performance obligations are satisfied. Generally, the Company’s performance obligations are satisfied, control of water and sewer services are transferred, and revenue is recognized on a monthly basis after the service has been performed. Because customers are invoiced at the time service has been performed and the Company’s right to consideration is unconditional at that time, the Company currently does not maintain contract asset balances. For setup of customer accounts, any amounts that have been collected for services, where control has not transferred, are recorded as member deposits (contract liabilities).

Cash and Cash Equivalents

The Company has defined cash and cash equivalents as cash held at a depository and cash on hand for operating purposes. Cash equivalents consist of cash, overnight repurchase agreement investments, funds held in money market accounts and short-term investments maturing in 90 days or less when purchased.

Restricted Cash

Cash has been restricted pursuant to the requirements of the loan from the Florida Department of Environmental Protection Loan Fund, sinking fund requirements related to the 2005 revenue bonds, and meter deposits held for customers.

Investments

Management determines the appropriate classification of investment securities at the time they are acquired and evaluates the appropriateness of such classifications at each balance sheet date. All of the investments held by the Company are classified at fair value.

Utility Plant in Service and Depreciation
Property, plant and equipment is recorded at cost when acquired by purchase, at estimated fair market value when donated, or at developer cost when contributed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Useful lives range from five to fifty years.

Intangible Assets
Intangible assets associated with the utility plant, distribution systems, and water supply connection fees are amortized over their period of availability using the straight-line method.

Customer Receivables
Customer accounts receivable consist of amounts due on water and sewer billings to customers. Bills for water and sewer service are due on the 15th day of each month. Bills not paid by the 15th are charged a 10% penalty. Accounts 30 days past due are disconnected and charged a $35 disconnection fee.

Management treats uncollectible customer accounts receivable as credit losses. Methods, inputs and assumptions used to estimate when customer balances are considered uncollectible include closely monitoring outstanding account balances and reviewing the Company's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Company. The Company believes that historical loss information is a reasonable starting point for calculating the expected allowance for credit losses.

Inventory
Inventory is stated at lower of cost or net realizable value with cost being determined by the moving average method. The inventory of operating supplies is reported using the consumption method under which operating supplies are expensed and additions to the system are recorded as the supplies are used.

Prepaid Tap Fees
Prepaid tap fees consist of payments made by individuals, businesses and developers for future water and/or sewer connection fees under the terms of contracts between the parties and the Company. Prepaid tap fees were $232,114 for 2025 and 2024.

Contributions in Aid of Construction
Contributions in aid of construction consist of state and federal grants and contributions by individuals and corporations toward the cost of the water and sewer system. Property contributed by customers and developers is recorded as contributions in aid of construction at its developer cost at the date received. These contributions are amortized using the straight-line method over the estimated useful lives of the contributed assets, generally 40 years. Accumulated amortization was $1,540,457 and $1,609,908 for 2025 and 2024, respectively, netted by loan cost and amortization expense. The amortization is offset against depreciation charged to operations.

Contributions by Members
Contributions by members are water and/or sewer connection fees paid by individuals, businesses, and developers and are utilized for capital projects and utility plant expansion. As such, these tap fees are treated as contributed capital for financial reporting purposes and are amortized using the straight-line method over 40 years. The amortization is offset against depreciation charged to operations.

Compensated Absences
Full-time permanent employees earn vacation based on years of service. Earned, but unused vacation may be carried forward indefinitely and is payable upon termination. Employees with more than one year of service will be paid 50% of their accrued sick leave upon termination. Accrued vacation and sick leave benefits as of December 31, 2025 and 2024, were $853,242 and $860,026, respectively.

Longevity Award
Employees terminating with a total of ten years of service at Destin Water Users, Inc. will be provided a bonus equal to 20% of their current annual base salary. Employees terminating between 11 and 15 years will receive an additional 2% of their current annual base salary for each year beyond ten years. The maximum bonus for 15 years is 30%. Employees terminating between 16 and 19 years will receive an additional 2.25% of their current annual base salary for each year beyond 15 years. Employees terminating with a total of 20 years of service will be provided a bonus equal to 50% of their current annual base salary. Employees terminating between 20 and 30 years will receive an additional 2.5% of their current annual base salary for each year beyond 20 years. The maximum bonus for 30 years is 75%.

Accrued benefits as of December 31, 2025 and 2024, were $1,227,366 and $1,076,617, respectively.

Income Taxes
The Company is generally exempt from payment of income taxes under Section 501(c)(12) of the Internal Revenue Code but obligated to pay tax on any unrelated business income as defined by the Internal Revenue Code. The Company is not aware of any uncertain tax positions that would require disclosure or accrual in accordance with generally accepted accounting principles.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising
Advertising costs are expensed as incurred and were $23,882 and $44,003 for 2025 and 2024, respectively.

Subsequent Events
The Company has evaluated events and transactions that occurred between December 31, 2025, and February 12, 2026, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

2. CONCENTRATIONS

The Company maintains cash balances at several banks. Interest-bearing and noninterest-bearing accounts at each institution are insured by the Federal Deposit Insurance Company (FDIC) up to $250,000. At December 31, 2025 and 2024, the Company exceeded the FDIC insured limits at financial institutions by a total of $3,313,871 and $3,939,742, respectively, which is the amount of the Company's exposure to credit loss. The Company has not experienced any losses in such accounts and believes there is little or no exposure to any significant credit risk.

3. INVESTMENTS

Investments in marketable securities are carried at fair value as determined by the quoted market prices. The Company's investments consist of the following:

As of December 31, 2025	Cost	Unrealized Gain	Fair Value
Mutual funds and exchange traded funds	$ 4,330,801	$ 1,738,857	$ 6,069,658
Fixed income	2,144,492	54,548	2,199,040
Total Investments	$ 6,475,293	$ 1,793,405	$ 8,268,698

As of December 31, 2024	Cost	Unrealized Gain	Fair Value
Mutual funds and exchange traded funds	$ 3,981,377	$ 1,464,616	$ 5,445,993
Fixed income	3,658,845	8,985	3,667,830
Total Investments	$ 7,640,222	$ 1,473,601	$ 9,113,823

Investment returns were as follows:

	2025	2024
Dividend and interest	$ 218,076	$ 197,360
Unrealized gain on investments	321,778	805,324
Total investment income	$ 539,854	$ 1,002,684

The Company paid investment advisory fees of $42,269 and $42,685 for 2025 and 2024, respectively.

4. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820, *Fair Value Measurements*, are described as follows:

- Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities. These valuations represent quoted prices in the active markets, and therefore, do not require significant management judgement.
- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly, for the asset or liability such as: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in less active markets; or other inputs that can be derived principally from, or corroborated by, observable market data.
- Level 3 – Valuations based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. The Company had no Level 3 investments as of December 31, 2025 or 2024.

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

As of December 31, 2025	Level 1	Level 2	Total
Mutual funds and exchange traded fund	$ 6,069,658	$ -	$ 6,069,658
Fixed income	-	2,199,040	2,199,040
Total Investments at fair value	$ 6,069,658	$ 2,199,040	$ 8,268,698

As of December 31, 2024	Level 1	Level 2	Total
Mutual funds and exchange traded fund	$ 5,445,993	$ -	$ 5,445,993
Fixed income	-	3,667,830	3,667,830
Total Investments at fair value	$ 5,445,993	$ 3,667,830	$ 9,113,823

The following methods and assumptions were used to estimate the fair value for each class of investment, measured at fair value:

- Mutual funds and exchange traded funds – Investments are comprised of various equity holdings. They are classified as Level 1, as the funds are traded in an active market for which closing prices are readily available.

- Fixed income – Investments in debt and fixed income funds are comprised of various bond market index funds and a certificate of deposit. They are classified as Level 2, as they are traded in an active market and quoted prices are based on the value of underlying assets.

5. INVESTMENT IN WRP, INC.

In 1996, the Company and South Walton Utility Company, Inc. (SWUCI) formed WRP, Inc. (WRP), a not-for-profit organization incorporated in the state of Florida, for the purpose of acquiring land and developing well fields and pipelines capable of providing potable water to the Company and SWUCI. The Company accounts for its 50% ownership interest in WRP, using the equity method of accounting in accordance with generally accepted accounting principles. In 2011, WRP began the Phase IV Water System Improvements, General Brown Wellfield Transmission Main Project (hereinafter referred to as, the Phase IV Project). The Phase IV Project was completed and placed into service during 2013. The cost of the Phase IV Project was shared equally between the Company and SWUCI.

The construction costs associated with the Phase IV Project were funded through a State Revolving Funds Loan (SRF Loan) through the Florida Department of Environmental Protection (FDEP) in the amount of $16,000,000 obtained by WRP, as well as through contributions from the Company and SWUCI. The SRF Loan bears interest at 2.5% and is payable in semi-annual principal and interest payments of $449,742. The SRF Loan is secured by pledged revenues of the Company and SWUCI. As of December 31, 2025, WRP had drawn a total of $13,819,265 on the SRF Loan of which $3,916,112 is the responsibility of the Company and is recorded as “Due to WRP, Inc.” in the financial statements.

The Company's 50% share of costs incurred on the Phase IV Project, including its share of the balances of the SRF Loan and line of credit, is recognized as an increase to the Company's investment in WRP. As of December 31, 2025 and 2024, the Company owed WRP $3,916,112 and $4,374,138, respectively, for costs associated with the Phase IV Project, which includes the Company's share of WRP's line of credit, SRF loan and accounts payable, contracts payable and retainage payable. The amounts due to WRP by the Company are tied to the related debt on WRP's books, and accordingly, have corresponding maturities, which are summarized as follows at December 31, 2025:

	Amount
2026	$ 465,653
2027	477,367
2028	489,376
2029	501,687
2030	514,307
Thereafter	1,467,722
Total due to WRP, Inc.	$ 3,916,112

During the year ended December 31, 2025, the Company contributed $42,605 to WRP and recognized a loss on its investment in WRP of $272,414. During the year ended December 31, 2024, the Company contributed $24,275 to WRP and recognized a loss on its investment in WRP of $272,414. The Company's investment in WRP totaled $7,705,152 and $7,932,751 at December 31, 2025 and 2024, respectively.

The Company's investment in WRP is accounted for under the equity method of accounting. Pertinent financial information for WRP, Inc., as of December 31, follows:

	2025	2024
Balance Sheet		
Cash	$ 974,930	$ 885,298
Due from SWUCI	2,328,985	2,600,743
Due from Company	3,925,325	4,383,350
Property and equipment, net	14,550,844	15,077,161
Total assets	$ 21,780,084	$ 22,946,552
Accrued interest payable	$ 68,724	$ 74,757
SRF Loan payable	6,351,908	7,058,705
Equity	15,359,452	15,813,090
Total liabilities and equity	$ 21,780,084	$ 22,946,552

	Year Ended December 31, 2025	Year Ended December 31, 2024
Statement of Operations and Gains		
Revenue	$ 260,272	$ 263,652
Expenses	(339,725)	(343,105)
Deficit of revenues under expenses	(79,453)	(79,453)
	x 50%	x 50%
Company's share of WRP, Inc.'s deficit of revenues under expenses	$ (39,727)	$ (39,727)
Less: amortization of contributed capital	(232,688)	(232,688)
Company's recognized loss on investment in WRP, Inc.	$ (272,414)	$ (272,414)

6. CUSTOMER RECEIVABLES

At December 31, 2025, 2024 and 2023, receivables consisted of the following:

	2025	2024	2023
Customer receivables	$ 1,579,471	$ 1,422,947	$ 1,391,870
Unbilled receivable	894,557	804,450	760,792
Other	26,962	27,523	22,764
Total customer receivables	2,500,990	2,254,920	2,175,426
Less: allowance for credit losses	(20,061)	(20,061)	(20,061)
Customer receivables, net	$ 2,480,929	$ 2,234,859	$ 2,155,365

7. UTILITY PLANT IN SERVICE, NET

The following is a summary of utility plant in service as of December 31, 2025 and 2024:

	2025	2024
Water distribution system and wastewater treatment plant	$ 134,896,831	$ 129,754,666
Land	11,825,895	11,825,895
Buildings	23,802,539	22,969,960
Equipment	3,710,590	3,662,313
Easements	283,065	283,065
Construction in progress	3,040,942	2,952,795
Total utility plant in service	177,559,862	171,448,694
Less: accumulated depreciation	(65,342,897)	(61,077,378)
Utility plant in service, net	$ 112,216,965	$ 110,371,316

Annual provisions for depreciation of utility plant in service total $4,494,425 and $4,199,460 for 2025 and 2024, respectively.

8. INTANGIBLE ASSETS

The Company has purchased the right to provide water and sewer services to certain groups of customers. Anticipated amortization for each of the next ten years will be at a rate of $12,386 for customer rights.

In 2008, SWUCI completed construction of the Phase III Water Supply Project. In 2009, there was additional construction of the Phase III Project. Under the terms of its agreement with SWUCI, the Company contributed a total of $1,315,357 for the project. The Company's contribution to the project was recorded as an intangible asset and will be amortized over a period of 30 years. Anticipated amortization for Phase III access will be $43,845 per year.

The amortized cost of these intangible assets was as follows as of December 31, 2025:

	Date Acquired	Original Period	Original Cost	Accumulated Amortization	Amortized Cost
Customer rights	1994	40 years	$ 495,439	$ (383,964)	$ 111,475
Phase III access	2008	30 years	1,315,357	(741,989)	573,368
			$ 1,810,796	$ (1,125,953)	$ 684,843

The amortized cost of these intangible assets was as follows as of December 31, 2024:

	Date Acquired	Original Period	Original Cost	Accumulated Amortization	Amortized Cost
Customer rights	1994	40 years	$ 495,439	$ (371,579)	$ 123,860
Phase III access	2008	30 years	1,315,357	(698,143)	617,214
			$ 1,810,796	$ (1,069,722)	$ 741,074

9. EMPLOYEE BENEFIT PLANS

The Company provides pension benefits to its employees through a money purchase pension plan. Employees with at least one year of service, who have attained the age of 18, are eligible to participate. The Company is required to contribute 5% of each eligible employee's compensation to the plan. The contributions for 2025 and 2024 were $187,281 and $183,949, respectively.

In 1996, the Company established a profit-sharing plan covering all employees with at least one year of service who have attained the age of 21. Under this plan, the Company's contribution is determined annually by the board of directors. The Company's contribution, if any, is allocated to each participant based on a point system, with points awarded to each employee based on factors such as years of service, age, and compensation. The Company elected not to contribute to the profit-sharing plan in 2025 and 2024.

The Company's profit-sharing plan also includes a 401(k) feature that allows employees to defer a portion of their compensation subject to statutory limits. The Company provides a matching contribution of 100% on the first 3% that an employee defers. Company contributions to the 401(k) portion of the plan totaled $106,059 and $105,136 in 2025 and 2024, respectively.

10. CONTRACT LIABILITIES – MEMBER DEPOSITS

Member deposits are comprised of both membership fees and deposits that are held until the customer account is closed. The fee is either applied toward the final billing or returned after the final payment has been received. Member deposits are shown as a long-term liability on the balance sheet. Member deposits held on accounts were $893,915 and $879,820 as of December 31, 2025 and 2024, respectively.

11. LONG-TERM DEBT

The Company's long-term debt, excluding amounts due to WRP, Inc. and South Walton Utility Company, Inc. consisted of the following at December 31, 2025 and 2024:

	2025	2024
Construction loan agreements – SRF	$ 4,914,566	$ 3,300,747
State Revolving Funds Loan Payable to RUA	2,574,414	2,830,712
Commercial construction loans	23,323,602	25,498,619
Total debt	30,812,582	31,630,078
Less: unamortized debt issuance costs	(62,436)	(66,745)
Total debt less unamortized issuance costs	30,750,146	31,563,333
Less: current maturities	(2,675,497)	(3,276,877)
Total long-term debt	$ 28,074,649	$ 28,286,456

Construction Loan Agreements – State Revolving Funds (SRF)
On May 24, 2004, the Company entered into a construction loan agreement with the State of Florida funded through the Drinking Water State Revolving Fund (DWSRF), in the amount of $3,000,000. On December 14, 2004, the agreement was amended to provide for an additional $3,375,000, which was received during 2005. In August 2006, the agreement was amended to provide an additional $2,013,362, which was received during 2007. The DWSRF is funded with federal grants passed through the State of Florida's Department of Environmental Protection (FDEP). The loan is secured by the gross revenues derived yearly after satisfaction of all yearly payment obligations on any senior revenue obligations (USDA guaranteed second mortgage agreement and Variable Rate Demand Taxable Notes Series 2001). Interest on the loan accrues and is compounded annually from the time when disbursements are made until six months before the first semi-annual payment is due. Interest is currently at a fixed rate of 2.71% on the original $3,000,000; 2.81% on the additional $3,375,000; and 2.75% on the additional $2,013,362.

As of December 31, 2025 and 2024, the loan had a total principal outstanding of $0 and $533,506, respectively. The Company is required to maintain a reserve cash account of a deposit equal to one semi-annual payment. This amount is included in restricted cash on the balance sheet.

During 2020 and 2019, the Company received funding of $1,176,064 and $962,762, respectively, for a State Revolving Fund (SRF) loan related to water storage and supply project. The Company makes semi-annual payments of $61,214 beginning August 2019 through February 2039. The loan bears an interest rate of 1.49%. As of December 31, 2025 and 2024, the loan had total principal outstanding of $1,492,149 and $1,591,236, respectively.

On June 16, 2021, the Company entered into a second construction loan agreement with the State of Florida funded through the Drinking Water State Revolving Fund (DWSRF), in the amount of $920,000. In May 2023, the agreement was amended to provide for an additional $2,080,000, of which $1,176,005 was received during 2024. In July 2024, the agreement was amended to provide additional funding of $2,300,000, of which $2,246,412 was received during 2025. In April 2025, the agreement was amended to provide an additional $2,205,000, which has not been received as of December 31, 2025. The DWSRF is funded with federal grants passed through the State of Florida's Department of Environmental Protection (FDEP). The loan is secured by the gross revenues derived yearly from the operation of the utility system after payment of the operation and maintenance expense and the satisfaction of all yearly payment obligations. Interest on the loan accrues and is compounded annually from the time when disbursements are made until six months before the first semi-annual payment is due. Interest is currently at a fixed rate of 0.62% on the total amount awarded.

As of December 31, 2025 and 2024, the loan had a total principal outstanding of $3,422,417 and $1,176,005, respectively. The $7,505,000 loan is payable over a 20-year term with semi-annual payments beginning September 15, 2027.

SRF Loans Payable to Regional Utility Authority (RUA)
During 2011, the Company obtained two SRF Loans, one for $1,639,606 and the other for $1,495,376 from the FDEP to fund improvements to its wastewater treatment and reclaimed water disposal system, completed in previous years. The loans are secured by land and improvements.

The $1,639,606 loan bears interest at a rate of 2.74%, is secured by pledged revenues, and is payable semiannually over a 20-year term beginning August 15, 2012. As of December 31, 2025 and 2024, the loan had total principal outstanding of $607,302 and $691,562, respectively. The $1,495,376 loan bears interest at a rate of 2.74%, is secured by pledged revenues, and is payable semiannually over a 20-year term beginning July 15, 2012. As of December 31, 2025 and 2024, the loan had total principal outstanding of $477,876 and $544,179, respectively.

The Company is required to maintain a loan deposit account equal to one semi-annual payment. This amount is included in RUA loan deposits on the balance sheet in the amount of $123,755 as of December 31, 2025 and 2024.

During 2019, the Company obtained a $1,196,882 SRF Loan and a $975,135 SRF Loan ($316,165 advanced payment in 2018) from the FDEP to fund water reclamation facility improvements. The $1,196,882 loan bears interest at a rate of 0.92%, is secured by pledged revenues and is payable semiannually over a 20-year term which began May 15, 2019. As of December 31, 2025 and 2024, the loan had total principal outstanding of $816,600 and $875,472, respectively. The $975,135 loan bears interest at a rate of 1.40%, is secured by pledged revenues, and is payable semiannually over a 20-year term which began March 15, 2019. As of December 31, 2025 and 2024, the loan had total principal outstanding of $672,636 and $719,499, respectively.

Commercial Construction Loans

In May 2015, the Company obtained a $5,500,000 Commercial Construction Loan from a local financial institution to fund a Highway 98 widening project and sanitary sewer evaluation and sewer line repairs, both completed in 2017. The contract was awarded to a local construction company in the amount of $3,932,450. The loan bears interest at a rate of 3.55%, is secured by pledged revenues and is payable monthly over a 15-year term beginning June 7, 2015. As of December 31, 2025 and 2024, the loan had total principal outstanding of $1,937,676 and $2,335,332, respectively.

In January 2019, the Company obtained a $15,000,000 promissory note from a local financial institution to fund upcoming project requirements. The loan bears interest at a rate of 4.28%, is secured by pledged revenues, and is payable monthly over a 15-year term beginning February 1, 2019. As of December 31, 2025 and 2024, the loan had total principal outstanding of $9,259,846 and $10,196,243, respectively.

In May 2022, the Company obtained a $15,000,000 promissory note from a local financial institution to fund project requirements. The loan bears interest at a rate of 3.6%, is secured by pledged revenues and is payable monthly over a 15-year term beginning June 18, 2022. As of December 31, 2025 and 2024, the loan had total principal outstanding of $12,126,080 and $12,967,044, respectively.

Management believes that the Company is in compliance with all covenants and restrictions at December 31, 2025 and 2024.

Aggregate maturities of long-term debt at December 31, 2025, are as follows:

	Amount
2026	$ 2,624,500
2027	2,891,523
2028	3,213,700
2029	3,323,512
2030	3,155,931
Thereafter	15,603,416
	$ 30,812,582

12. RELATED PARTY AGREEMENTS

During 2000, SWUCI entered into an agreement with Regional Utilities (RU) to use 60% of its water line capacity beginning on June 1, 2001, and continuing for 20 years. As part of that agreement, the Company pays SWUCI one-half of the initial payment for the extension and one-half of the water line capacity. The agreement includes automatic term renewals for 20-year periods.

13. OPERATING LEASES

Tower Lease
The Company has an operating lease with a communications company to lease space on towers to cellular service providers. Total income from this lease was $197,933 and $187,511 in 2025 and 2024, respectively, and is included in other income in the statements of income.

14. COMMITMENTS

Kelly Plantation Water Storage Tank
In September 2024, the Company entered into a contract with a construction company for the installation of a 0.5 MG water storage tank at Kelly Plantation for an amount totaling $3,481,000. As of December 31, 2025, there were $2,421,607 of expenses incurred on the contract. The contract is expected to be completed in 2026. The project is being funded by the SRF loan as described in Note 11. The Company was also awarded $1,150,000 from the Florida Department of Environmental Protection to help fund this project. As of December 31, 2025, the Company recognized grant receivable and revenue related to the project totaling $684,000. The remaining award is expected to be received as eligible costs are incurred and reimbursement requests are submitted.

COMPLIANCE SECTION

DESTIN WATER USERS, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2025

State Agency Pass-Through Entity State Project	CSFA	Contract/Grant Number	Expenditures	Passed Through to Subrecipients
STATE PROJECTS:				
Florida Department of Environmental Protection				
Direct Programs:				
Drinking Water Facility Construction	37.076	DW460121	$ 2,246,412	$ -
Statewide Water Quality Restoration	37.039	NW008	684,000	-
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			$ 2,930,412	$ -

See notes to the schedule of expenditures of state financial assistance.

DESTIN WATER USERS, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2025

1. BASIS OF PRESENTATION

The information in the accompanying Schedule of Expenditures of State Financial Assistance (the Schedule) is presented in accordance with the requirements of Chapter 10.650*, Rules of the Auditor General of the State of Florida.* Because the Schedule presents only a selected portion of the operations of Destin Water Users, Inc. (the Company), it is not intended to, and does not, present the financial position, results of operations, changes in equity and cash flows of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule includes the state grant activity of the Company for the year ended December 31, 2025. Expenditures reported on the Schedule are reported on the accrual basis of accounting.

3. STATE REVOLVING LOAN PROJECTS

The Company has entered into a state revolving loan with the Florida Department of Environmental Protection (FDEP) for the rehabilitation of a well. Expenditures reported on the Schedule related to this project are considered expended when the funds are drawn down from the FDEP, regardless of when the underlying expenditure is incurred, under the accrual basis of accounting. As a result, a portion of the $2,246,412 of expenditures of state financial assistance reported in the Schedule were incurred in a prior period but the state funds were drawn down during the year ended December 31, 2025. As of December 31, 2025, the Company has an outstanding loan balance of $3,422,417.

Warren Averett
CPAs AND ADVISORS

36474C Emerald Coast Pkwy, Suite 3301
Destin, FL 32541
850.837.0398
warrenaverett.com

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Destin Water Users, Inc.

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, the financial statements of Destin Water Users, Inc. (a nonprofit organization), which comprise the balance sheet as of December 31, 2025, and the related statement of income, members' equity and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 12, 2026.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered Destin Water Users, Inc.'s (the Company) 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 Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company'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 Company'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 Company'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 Company'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 Company's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Destin, Florida
February 12, 2026

Warren Averett
CPAs AND ADVISORS

36474C Emerald Coast Pkwy, Suite 3301
Destin, FL 32541
850.837.0398
warrenaverett.com

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.650*, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA*

To the Board of Directors
Destin Water Users, Inc.

Report on Compliance for the Major State Project

Opinion on the Major State Project
We have audited Destin Water Users, Inc.'s (the Company) compliance with the types of compliance requirements described in the Executive Office of the Florida Governor's State *Project Compliance Supplement* that could have a direct and material effect on the Company's major state project for the year ended December 31, 2025. The Company's major state project is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Company complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state project for the year ended December 31, 2025.

Basis for Opinion on the Major State Project
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Our responsibilities under those standards and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Company 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 state project. Our audit does not provide a legal determination of the Company'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 Company's state projects.

Auditors' 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 Company'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 generally accepted auditing standards, *Government Auditing Standards*, and the Chapter 10.650, *Rules of the Auditor General of the State of Florida,* 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 Company's compliance with the requirements of the major state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, 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 Company'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 Company'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 Chapter 10.650, *Rules of the Auditor General of the State of Florida*, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 state project 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 state project 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 state project 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 Auditors' 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 Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Accordingly, this report is not suitable for any other purpose.

Warren Averett, LLC

Destin, Florida
February 12, 2026

DESTIN WATER USERS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:			**Unmodified**	
Internal control over financial reporting:				
• Material weakness(es) identified?	_____	Yes	X	No
• Significant deficiency(ies) identified that is/are not considered to be material weaknesses?	_____	Yes	X	None Reported
Noncompliance material to financial statements noted?	_____	Yes	X	No

State Project

Internal control over major state project:				
• Material weakness(es) identified?	_____	Yes	X	No
• Significant deficiency(ies) identified that is/are not considered to be material weaknesses?	_____	Yes	X	None Reported
Type of auditors' report issued on compliance for major state project:			**Unmodified**	
• Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, *Rules of the Auditor General of the State of Florida?*	_____	Yes	X	No

Identification of major state project:

CSFA Number	Name of State Project
37.076	Drinking Water Facility Construction

Dollar threshold used to distinguish between type A and type B major state projects?	$750,000			
Auditee qualified as low-risk auditee for federal awards?	_____	Yes	X	No

DESTIN WATER USERS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025

II. FINANCIAL STATEMENT FINDINGS

There were no findings which were required to be reported in accordance with *Government Auditing Standards.*

III. MAJOR STATE PROJECT FINDINGS AND QUESTIONED COSTS

There were no findings which were required to be reported in accordance with Chapter 10.650, *Rules of the Auditor General of the State of Florida.*

IV. OTHER MATTERS

There were no prior audit findings as described in Chapter 10.650, *Rules of the Auditor General of the State of Florida*.

There were no items relating to state financial assistance required to be reported in the management letter.