

**AVALON BEACH-MULAT  
FIRE PROTECTION DISTRICT**

**FINANCIAL STATEMENTS AND  
REQUIRED SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2024**

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
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SEPTEMBER 30, 2024**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Fire Commissioners  
Avalon Beach-Mulat Fire Protection District

### Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of the Avalon Beach-Mulat Fire Protection District (the "District"), as of and for the year ended September 30, 2024, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the general fund of the District, as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information for the general fund, and the schedules related to the pension liabilities and contributions, 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 financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated July 1, 2025, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the District's internal control over financial reporting and compliance.

*Warren Averett, LLC*

Pensacola, Florida

July 1, 2025

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2024**

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As management of the Avalon Beach-Mulat Fire Protection District (the “District”), we offer readers of the District’s financial statements this narrative overview and analysis of financial activities of the District for the fiscal year ended September 30, 2024.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by \$437 thousand (net position), which represents a decrease of \$312 thousand from the prior year.
- The District’s general fund reported an ending fund balance of \$212 thousand, which represents a decrease of \$211 thousand from the prior year.
- At the end of the current fiscal year, there was no residual unassigned fund balance reported for the general fund.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis intends to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District’s finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets, deferred outflows, liabilities and deferred inflows of resources, with the difference reported as net position. This statement combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases or decreases in net position may serve as a useful indicator of the financial position of the District.

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

The government-wide financial statements distinguish and demonstrate that, as a governmental activity, the District is principally supported by property taxes and impact fees. The governmental activity of the District includes public safety (fire protection services). The government-wide financial statements are found on pages 10-11 of this report.

## **Fund Financial Statements**

A fund is a grouping of related accounts 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.

## **FUNDS**

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Such information may be useful in evaluating a government's near-term financial requirements. The basic governmental fund financial statements are found on pages 12-15 of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains one governmental fund (general fund). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, which is considered a major fund.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule is provided for the general fund to demonstrate compliance with this budget.

## **NOTES TO THE FINANCIAL STATEMENTS**

The notes provide additional information, which is essential to the full understanding of the data provided in the government-wide and fund financial statements. Beginning on page 16 of this report are the notes to the financial statements.

## **OTHER INFORMATION**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, including a budgetary comparison schedule for the general fund and other schedules reporting the District's progress in funding its obligation to provide pension benefits to employees. The required supplementary information is found immediately following the notes to the financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$437 thousand (net position) as of September 30, 2024, as reported in Table 1.

**TABLE 1**  
**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT**  
**STATEMENTS OF NET POSITION**  
**AS OF SEPTEMBER 30, 2024 AND 2023**

	<b>Governmental Activities</b>	
	<b>2024</b>	<b>2023</b>
Current assets	\$ 298,362	\$ 496,401
Capital assets, net	1,897,333	1,097,029
<b>Total assets</b>	<b>2,195,695</b>	<b>1,593,430</b>
<b>Deferred outflows of resources</b>	<b>814,715</b>	<b>1,035,456</b>
Current liabilities	151,996	74,287
Other liabilities	1,931,887	1,747,389
<b>Total liabilities</b>	<b>2,083,883</b>	<b>1,821,676</b>
<b>Deferred inflows of resources</b>	<b>489,243</b>	<b>57,973</b>
Net investment in capital assets	1,059,405	1,097,029
Restricted	181,392	277,847
Unrestricted deficit	(803,513)	(625,639)
<b>Total net position</b>	<b>\$ 437,284</b>	<b>\$ 749,237</b>

The largest portion of the District's net position, \$1.1 million, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that are still outstanding.

The District uses these capital assets to provide services to the public; consequently, these assets are not available for future spending. Although the District reports investment in its capital assets net of any related debt, it should be noted that the resources needed to repay that debt must be provided from other sources, since capital assets themselves cannot be used to liquidate such liabilities. The District has a financing contract payable for the District's fire engine as of September 30, 2024.

## GOVERNMENTAL ACTIVITIES

Governmental activities decreased the District's net position by \$312 thousand, as reported in Table 2. This decrease is primarily attributable to a decrease in capital grants and contributions and from impact fees during the year ending September 30, 2024, as compared to the prior year.

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2024**

**TABLE 2  
AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
STATEMENTS OF CHANGES IN NET POSITION  
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

	<b>Governmental Activities</b>	
	<b>2024</b>	<b>2023</b>
<b>REVENUES</b>		
Program revenues		
Capital grants and contributions	\$ 58,000	\$ 244,833
General revenues		
Property taxes	1,127,519	1,002,236
Intergovernmental	-	11,713
Interest earnings	89	144
Gain on sale of assets	-	133,000
Miscellaneous	3,181	7,043
Total revenues	<u>1,188,789</u>	<u>1,398,969</u>
<b>EXPENSES</b>		
Public safety		
Personnel	922,184	1,153,359
Operating	<u>578,558</u>	<u>471,557</u>
Total expenses	<u>1,500,742</u>	<u>1,624,916</u>
<b>CHANGE IN NET POSITION</b>	(311,953)	(225,947)
<b>NET POSITION AT BEGINNING OF YEAR</b>	<u>749,237</u>	<u>975,184</u>
<b>NET POSITION AT END OF YEAR</b>	<u>\$ 437,284</u>	<u>\$ 749,237</u>

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Fund**

The focus of the District's governmental fund is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, the assigned and unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year, the general fund’s revenues were under budgetary expectations by \$305 thousand, and expenditures exceeded budgetary expectations by \$703 thousand. Expenditures exceeded budgeted expectations due to the recognition of capital outlay for the new fire engine, totaling \$838 thousand, which was offset by proceeds from long-term debt of the same amount. The debt was not considered in the preparation approved budget.

**CAPITAL ASSETS**

**Capital Assets**

The District's capital assets for its governmental activities as of September 30, 2024, totaled \$1.9 million (net of accumulated depreciation), which represents an increase of \$800 thousand from the prior year. Capital assets include land, buildings, improvements, equipment and vehicles. The District’s composition of capital assets for the current and prior fiscal year is summarized in Table 3.

**TABLE 3  
AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
CAPITAL ASSETS  
AS OF SEPTEMBER 30, 2024 AND 2023**

	<b>Governmental Activities</b>	
	<b>2024</b>	<b>2023</b>
Land	\$ 49,077	\$ 49,077
Buildings and improvements	577,205	539,172
Fire trucks and vehicles	2,827,288	2,116,636
Office equipment and furnishings	33,455	18,998
Fire equipment	454,353	425,651
Accumulated depreciation	<u>(2,044,045)</u>	<u>(2,052,505)</u>
<b>Total</b>	<b><u>\$ 1,897,333</u></b>	<b><u>\$ 1,097,029</u></b>

Additional information on the capital assets of the District can be found in Note 3 of this report.

**LONG-TERM DEBT**

The District’s debt represents a financing contract secured by the District’s fire engine. The District has no general obligation or special assessment debt. The outstanding balance of financing contracts as of December 31, 2024, totaled \$837,928. Additional information on the District’s long-term debt can be found in Note 5 of the report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The State of Florida, by constitution, does not have a state personal income tax, and therefore, the State operates primarily using sales, gasoline and corporate income taxes. Local governments such as the District primarily rely upon property taxes and a limited array of permitted other sources (such as impact fees and user service fees) for their governmental activities. There are a limited number of state shared revenues and recurring and non-recurring grants from both the state and federal government, which provide funding for specific programs, projects or activities.

The primary source of revenue for the District is property taxes, which were implemented in 1980.

Current trends and forecasts indicate the District will continue to see an increase in growth with higher demands for service. Effective October 1, 2024, the Florida Legislature approved a bill which removes the District's ability to assess and levy ad valorem taxes. The bill also establishes maximum rates that the District can levy for non-ad valorem assessments. As a result, the District has adopted an initial levy of non-ad valorem assessments for 2024, subject to the rate limits set forth in the bill.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Avalon Beach-Mulat Fire Protection District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mark Talbott – Chairman, 5408 Mulat Road, Milton, Florida 32483. The District's website address is [www.avalonfirerescue.com](http://www.avalonfirerescue.com).

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2024**

<b>ASSETS</b>	
Cash and cash equivalents	\$ 100,432
Restricted assets	
Cash and cash equivalents	197,930
Capital assets	
Non-depreciable	49,077
Depreciable, net	<u>1,848,256</u>
<b>TOTAL ASSETS</b>	<u>2,195,695</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>814,715</u>
<b>LIABILITIES</b>	
Accounts payable	23,789
Accrued payroll liabilities	46,479
Financing contracts payable	65,190
Payable from restricted assets	
Accrued refunds payable	16,538
Non-current liabilities	
Due in more than one year	
Financing contracts payable	772,738
Net pension liability	<u>1,159,149</u>
<b>TOTAL LIABILITIES</b>	<u>2,083,883</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>489,243</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,059,405
Restricted - impact fees	181,392
Unrestricted deficit	<u>(803,513)</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 437,284</u></u>

See notes to the financial statements.

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

<u>Function/Program Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental Activities</b>					
Public safety	\$ 1,500,742	\$ -	\$ -	\$ 58,000	\$ (1,442,742)
<b>Total primary government</b>	<u>\$ 1,500,742</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,000</u>	<u>(1,442,742)</u>
<b>General Revenues</b>					
Property taxes					1,127,519
Interest earnings					89
Miscellaneous					3,181
Total general revenues					<u>1,130,789</u>
<b>CHANGE IN NET POSITION</b>					(311,953)
<b>NET POSITION AT BEGINNING OF YEAR</b>					<u>749,237</u>
<b>NET POSITION AT END OF YEAR</b>					<u>\$ 437,284</u>

See notes to the financial statements.

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
GOVERNMENTAL FUND  
BALANCE SHEET  
SEPTEMBER 30, 2024**

	<b>General Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 100,432
Restricted assets	
Cash and cash equivalents	197,930
<b>TOTAL ASSETS</b>	<b>\$ 298,362</b>
<b>LIABILITIES AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 23,789
Accrued payroll liabilities	46,479
Payable from restricted assets	
Accrued refunds payable	16,538
Total liabilities	86,806
<b>FUND BALANCE</b>	
Restricted for capital expansion	181,392
Assigned for FY25 appropriations	30,164
Total fund balance	211,556
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 298,362</b>

See notes to the financial statements.

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
GOVERNMENTAL FUND  
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2024**

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Fund balance – total governmental fund	\$	211,556
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Governmental non-depreciable assets	\$	49,077
Governmental depreciable assets		3,892,301
Less accumulated depreciation		<u>(2,044,045)</u>
		1,897,333
<p>Deferred inflows of resources and deferred outflows of resources related to pensions are not available/receivable or due/payable, respectively, in the current period and therefore are not reported in the governmental fund.</p>		
Deferred outflows of resources		814,715
Deferred inflows of resources		<u>(489,243)</u>
		325,472
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund.</p>		
Financing contracts payable		(837,928)
Net pension liability		<u>(1,159,149)</u>
		<u>(1,997,077)</u>
Net position of governmental activities	\$	<u><u>437,284</u></u>

See notes to the financial statements.

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
GOVERNMENTAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<b>General Fund</b>
<b>REVENUES</b>	
Taxes	\$ 1,127,519
Impact fees	58,000
Miscellaneous	3,270
Total revenues	1,188,789
<b>EXPENDITURES</b>	
Current	
Public safety	
Personnel	858,413
Operating	427,065
Capital outlay	951,797
Total expenditures	2,237,275
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	(1,048,486)
<b>OTHER FINANCING SOURCES</b>	
Proceeds from issuance of financing contracts	837,928
<b>NET CHANGE IN FUND BALANCE</b>	(210,558)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	422,114
<b>FUND BALANCE AT END OF YEAR</b>	\$ 211,556

See notes to the financial statements.

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
GOVERNMENTAL FUND  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

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Net change in fund balance – governmental fund \$ (210,558)

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

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is depreciated or amortized over the estimated useful lives of the assets.

Expenditures for capital assets	\$ 951,797	
Less current year depreciation	<u>(151,493)</u>	
		800,304

The general fund does not report capital assets on the balance sheet; however, they are reported in the government wide financial statements. Accordingly, proceeds received for disposals of capital assets are shown as income on the governmental financial statements and a gain or loss is reported in the statement of activities.

Disposals of capital assets	(159,953)	
Accumulated depreciation associated with disposals	<u>159,953</u>	
		-

The issuance of long-term debt provides current financial resources to the general fund, while the repayment of the principal of long-term debt consumes the current financial resources of the general fund. Neither transaction, however, has any effect on net position. (837,928)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund.

Change in net pension liability	588,240	
Change in deferred outflows of resources	(220,741)	
Change in deferred inflows of resources	<u>(431,270)</u>	
		<u>(63,771)</u>

Change in net position of governmental activities \$ (311,953)

See notes to the financial statements.

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE DISTRICT**

**Description of the District**

The Avalon Beach-Mulat Fire Protection District (the "District") was established as an independent special district by the Florida Legislature in 2005 under HB 1677, Chapter 2005-347, *Laws of Florida*; for the purpose of providing fire protection and related activities within the territorial jurisdiction of the District. The District's boundaries generally include the western portion of the peninsula that extends into Escambia Bay in Santa Rosa County, Florida. The District is governed by a five-member Board of Fire Commissioners (the "Board"), which was established, elected and organized in accordance with Chapter 191, *Florida Statutes*.

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to governmental units and the Uniform Accounting System mandated by Section 218.33, *Florida Statutes*. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

**The Reporting Entity**

In evaluating the District as a reporting entity, management has considered all potential component units for which the District may or may not be financially accountable and, as such, be included within the District's financial statements. Management utilized criteria set forth in GASB pronouncements for determining financial accountability of potential component units in evaluating all potential component units. As of September 30, 2024, the District had no component units.

**Government-Wide and Fund Financial Statements**

The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for the governmental fund.

**Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

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Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. General capital asset acquisitions are reported as expenditures in governmental funds.

Interest associated with the current fiscal period is considered to be susceptible to accrual and is recognized as revenue of the current fiscal period. Intergovernmental revenues collected and held by other governments at year end on behalf of the District, are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

Revenue recognition criteria for property taxes under GASB requires that property taxes expected to be collected within 60 days of the current period be accrued. No accrual has been made for 2024 non-ad valorem taxes because property taxes are not legally due until subsequent to the end of the fiscal year.

**Basis of Presentation**

The financial transactions of the District are recorded in individual funds. Each fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

The following broad classification is used to categorize the fund type used by the District:

***Governmental***

Governmental funds focus on the determination of financial position and changes in financial position (sources, uses and balances of financial resources) and not net income. The District has the following major governmental fund.

*General Fund* – This is the District's primary operating fund and is used to account for all financial resources except those required to be accounted for in another fund.

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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**Assets, Liabilities, Deferred Outflows/Inflows and Net Position or Fund Balance**

***Cash and Cash Equivalents***

The District's cash on hand, demand deposits and short-term investments are considered cash and cash equivalents. For purposes of these statements, all highly liquid debt instruments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

***Deposits and Investments***

Section 218.415, *Florida Statutes*, requires the investment of surplus public funds and prescribes allowable investments, specifically the State of Florida Local Government Surplus Funds Trust Fund, direct obligations of the United States government or other obligations unconditionally guaranteed by the United States government, collateralized interest-bearing time deposits or savings accounts in state or federal banks or savings and loan associations, debt securities of the Federal Farm Credit Banks, the Federal Home Loan Mortgages Corporation, the Federal Home Loan Bank, the Government National Mortgage Association, the Federal National Mortgage Association and securities of or other interest in certain investment companies or investment trusts, the portfolio of which is limited to United States government obligations or repurchase agreements fully collateralized by such obligations. The District adheres strictly to the provisions of those cited statutes, as well as with Chapter 280, *Florida Statutes*, which requires the District to maintain deposits only with *Qualified Public Depositories*.

***Restricted Assets***

Certain resources are set aside and classified as restricted assets because their use is limited by state law. Receipts from impact fees are restricted for acquisition, purchase, or construction of new facilities or equipment, the need for which is in whole or in part the result of new construction and development.

***Capital Assets***

Capital assets, which include property and equipment, are reported in the government-wide financial statements.

Capital assets are defined by the District as assets with an initial cost of more than \$2,500 and an estimated useful life of more than one year. Assets are recorded at cost if purchased or constructed, while donated capital assets are recorded at estimated acquisition value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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Property and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Life
Buildings and improvements	15-40 years
Fire trucks and vehicles	10-20 years
Equipment, furniture and fixtures	5-10 years

***Compensated Absences***

The District's policy permits qualifying employees to accumulate earned but unused paid time off. Such leave is eligible for payment upon termination. Employees do not have the option to carry forward unused vested leave to the subsequent year. The liability for unused paid time off is reported as incurred in the government-wide financial statements. A liability for accrued compensated absences is recorded in the governmental fund as payments come due each period upon the occurrence of relevant events, such as employee resignations and retirements. All unused accrued leave is paid out by the District on an annual basis. Therefore, the liability for accrued compensated absences is reported with accrued payroll liabilities in both the government-wide and fund financial statements.

***Long-Term Obligations***

In the government-wide financial statements, any long-term debt and other long-term obligations are reported as a governmental activity in the statement of net position.

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District's deferred outflows of resources are comprised of pension benefit-related items.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows of resources are comprised of pension benefit-related items.

***Classification of Fund Balance***

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications are comprised of the following:

***Nonspendable*** – Includes amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, deposits and prepaid items.

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
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**Restricted** – Includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

**Committed** – Includes amounts that can be used only for the specific purposes that are internally imposed by a formal action (a Resolution) of the government’s highest level of decision-making authority (the Board of Fire Commissioners). Commitments may be changed or lifted only by the District taking the same formal action (a Resolution) that imposed the constraint initially. Contractual obligations are included to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual obligations.

**Assigned** – Includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Intent is expressed by the Board of Fire Commissioners or a body (for example: a budget or finance committee) or official to which the Board of Fire Commissioners has delegated the authority to assign amounts to be used for specific purposes.

**Unassigned** – Includes residual positive fund balance within the general fund, which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

In circumstances when an expenditure is made for a purpose for which amounts are available from multiple fund balance classifications, fund balance is generally considered to be spent from the most restrictive classification first.

***Encumbrances***

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental fund. Encumbrances outstanding at year-end are reported as assignments of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

***Net Position***

Net position in the government-wide financial statements is categorized as net investment in capital assets, restricted, or unrestricted. The net investment in capital assets represents net position related to property and equipment, less any related debt. Restricted net position represents the net position restricted by enabling legislation. The District considers restricted amounts to be spent first when both restricted and unrestricted resources are available.

***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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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**Subsequent Events**

Management has evaluated subsequent events and transactions that occurred from September 30, 2024 through July 1, 2025, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

**2. DEPOSITS**

The investment of surplus funds is governed by Section 218.415, Florida Statutes, as to the type of investments that can be made. Deposits may be exposed to custodial credit risk, which is the risk that in the event of a bank failure, the government's deposits may not be returned.

The District manages its custodial credit risk by maintaining its deposits at *Qualified Public Depositories*, as defined in Chapter 280, *Florida Statutes*. The provisions of this statute allow *Qualified Public Depositories* to participate in a multiple financial institution collateral pool to ensure the security for public deposits. All *Qualified Public Depositories* must deposit eligible collateral with the Treasurer of the State of Florida equal to or in excess of their required collateral pledging level. In the event of default by a *Qualified Public Depository*, the Treasurer will pay public depositors all losses in excess of insurance and collateral through assessments among all *Qualified Public Depositories*. Under this method, all District deposits are considered fully insured or collateralized.

As of September 30, 2024, the value of the District's deposits with financial institutions was \$318,605. These deposits were fully insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by pooled collateral held by the State Treasurer and, therefore, had no custodial credit risk.

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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**3. CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 49,077	\$ -	\$ -	\$ 49,077
Capital assets being depreciated				
Buildings and improvements	539,172	38,033	-	577,205
Fire trucks and vehicles	2,116,636	870,605	(159,953)	2,827,288
Office equipment and furnishings	18,998	14,457	-	33,455
Fire equipment	425,651	28,702	-	454,353
Total capital assets being depreciated	<u>3,100,457</u>	<u>951,797</u>	<u>(159,953)</u>	<u>3,892,301</u>
Less accumulated depreciation				
Buildings and improvements	(217,076)	(13,012)	-	(230,088)
Fire trucks and vehicles	(1,512,979)	(94,464)	159,953	(1,447,490)
Office equipment and furnishings	(18,713)	(285)	-	(18,998)
Fire equipment	(303,737)	(43,732)	-	(347,469)
Total accumulated depreciation	<u>(2,052,505)</u>	<u>(151,493)</u>	<u>159,953</u>	<u>(2,044,045)</u>
Total capital assets being depreciated, net	<u>1,047,952</u>	<u>800,304</u>	<u>-</u>	<u>1,848,256</u>
<b>Governmental Activities, Net</b>	<u><u>\$ 1,097,029</u></u>	<u><u>\$ 800,304</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,897,333</u></u>

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental Activities</b>	
Public safety	<u><u>\$ 151,493</u></u>

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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**4. DEFINED BENEFIT PENSION PLAN – FLORIDA RETIREMENT SYSTEM**

District employees hired prior to January 1, 1996, participate in the Florida Retirement System (“FRS”). As provided by Chapters 121 and 112, *Florida Statutes*, the FRS provides two cost-sharing, multiple-employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (“Pension Plan”) and the Retiree Health Insurance Subsidy (“HIS Plan”). Under Section 121.4501, *Florida Statutes*, the FRS also provides a defined contribution plan (“Investment Plan”) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (“SBA”). The FRS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, *Florida Statutes*, and Chapter 60S, *Florida Administrative Code*. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Research and Education Section, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the website: [www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

**Pension Plan**

*Plan Description*

The pension plan is a cost-sharing multiple-employer defined benefit pension plan, with a deferred retirement option program (“DROP”) for eligible employees.

*Benefits Provided*

Benefits under the pension plan are computed on the basis of age, average final compensation and service credit. *Regular Class* members enrolled before July 1, 2011, who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.60% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits.

*Special Risk Class* members (police and firefighters) enrolled before July 1, 2011, who retire at or after age 55 with at least six years of credited special risk service, or with 25 years of special risk service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation, based on the five highest years of salary, for each year of credited service.

As provided in Section 121.101, *Florida Statutes*, if the member was initially enrolled in the pension plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with an FRS employer for a period not to exceed 96 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
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*Contributions*

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute 3% of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1st of each year.

The employer contribution rates by job class as of July 1st for each of the prior three years were as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Regular Class:	13.63%	13.57%	11.91%
Special Risk Class:	34.52%	32.67%	27.83%
DROP:	21.13%	21.13%	18.60%

These employer contribution rates include 1.66% for HIS plan subsidies for the periods October 1, 2020 through June 30, 2023. Effective July 1, 2023, the HIS plan subsidy increased to 2.00%. The District's contributions to the pension plan totaled \$153,692, \$185,952 and \$67,940 for the fiscal years ended September 30, 2024, 2023 and 2022, respectively.

*Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources*

On September 30, 2024, the District reported a liability of \$971,305 for its proportionate share of the pension plan's net pension liability. The District's proportionate share of the net pension liability was based on the District's share of contributions to the FRS relative to the contributions of all participating governments. For the June 30, 2024 measurement date, the District's proportionate share was 0.002510825%.

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024.

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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For the fiscal year ended September 30, 2024, the District recognized pension expense of \$213,506. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 98,128	\$ -
Changes of assumptions	133,126	-
Net difference between projected and actual earnings on pension plan investments	-	64,558
Changes in proportionate share of District's net pension liability contributions and proportionate share of contributions	420,887	294,299
District pension plan contributions subsequent to the measurement date	45,647	-
	<b>\$ 697,788</b>	<b>\$ 358,857</b>

A component of deferred outflows of resources related to the pension plan of \$45,647 resulting from the District's contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2025. Other components reported as deferred outflows of resources and deferred inflows of resources related to the pension plan, except for changes in proportion and related differences in the share of contributions, will be recognized in pension expense as follows:

<b>Fiscal year ending September 30:</b>	<b>Amount</b>
2025	\$ 44,780
2026	217,378
2027	70,206
2028	(28,625)
2029	(10,455)
	<b>\$ 293,284</b>

*Actuarial Assumptions*

The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Payroll growth	3.50%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 table, projected generationally with Scale MP-2018.

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
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The actuarial assumptions used in the July 1, 2024 valuation were based on the results of a 2019 actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation (1)</b>	<b>Annual Arithmetic Return</b>	<b>Compound Annual (Geometric) Return</b>	<b>Standard Deviation</b>
Cash	1.00%	3.30%	3.30%	1.10%
Fixed income	29.00%	5.70%	5.60%	3.90%
Global equity	45.00%	8.60%	7.00%	18.20%
Real estate	12.00%	8.10%	6.80%	16.60%
Private equity	11.00%	12.40%	8.80%	28.40%
Strategic investments	2.00%	6.60%	6.20%	8.70%
Total	<u>100.00%</u>			
Assumed inflation – mean			2.40%	1.50%

(1) As outlined in the pension plan's investment policy

**Discount Rate**

The discount rate used to measure the total pension liability was 6.70%. The pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return.

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
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***Sensitivity of the Net Position Liability to Changes in the Discount Rate***

The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<b>1% Decrease (5.70%)</b>	<b>Current Discount Rate (6.70%)</b>	<b>1% Increase (7.70%)</b>
District's proportionate share of the net pension liability	\$ 1,708,492	\$ 971,305	\$ 353,755

***Pension Plan Fiduciary Net Position***

Detailed information regarding the pension plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

**HIS Plan**

***Plan Description***

The Retiree Health Insurance Subsidy Program (HIS) Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, *Florida Statutes*, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

***Benefits Provided***

Eligible retirees and beneficiaries received a monthly HIS plan payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 per month through June 30, 2024. To be eligible to receive these benefits, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

***Contributions***

The HIS plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. The HIS plan contribution was 2.00% of gross compensation through June 30, 2024. The District contributed 100% of its statutorily required contributions for the current and preceding three years. HIS plan contributions are deposited in a separate trust fund from which payments are authorized. HIS plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The District's contributions to the HIS plan totaled \$11,314, \$14,342 and \$5,314 for the fiscal years ended September 30, 2024, 2023 and 2022, respectively.

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
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*Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources*

On September 30, 2024, the District reported a liability of \$187,844 for its proportionate share of the HIS plan's net pension liability. For the June 30, 2024 measurement date, the District's proportionate share was 0.001252211%.

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024.

For the fiscal year ended September 30, 2024, the District recognized pension expense of \$15,269. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,814	\$ 361
Changes of assumptions	3,324	22,238
Net difference between projected and actual earnings on pension plan investments	-	68
Changes in proportionate share of District's net pension liability contributions and proportionate share of contributions	108,488	107,719
District pension plan contributions subsequent to the measurement date	3,301	-
	<b>\$ 116,927</b>	<b>\$ 130,386</b>

A component of deferred outflows of resources related to the HIS Plan, totaling \$3,301 resulting from the District's contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2025. Other components reported as deferred outflows of resources and deferred inflows of resources related to the HIS plan, except for changes in proportion and related differences in the share of contributions, will be recognized in pension expense as follows:

<b>Fiscal year ending September 30:</b>	<b>Amount</b>
2025	\$ 4,227
2026	2,236
2027	(389)
2028	(608)
2029	(15,585)
Thereafter	(6,641)
	<b>\$ (16,760)</b>

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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*Actuarial Assumptions*

The total pension liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Payroll growth	3.50%, average, including inflation
Investment rate of return	3.93%

Mortality rates were based on the PUB-2010 table, projected generationally with Scale MP-2018. Because the HIS plan is funded on a pay-as-you-go basis, no experience study has been completed for that plan. The actuarial assumptions used in the July 1, 2024 valuation were based on certain results of the most recent experience study for the FRS pension plan.

*Discount Rate*

The discount rate used to measure the total pension liability was 3.93%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long- term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

*Sensitivity of the Net Position Liability to Changes in the Discount Rate*

The following represents the District's proportionate share of the net pension liability calculated using the discount rate 3.93%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower and one percentage point higher than the current rate:

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b>(2.93%)</b>	<b>(3.93%)</b>	<b>(4.93%)</b>
District's proportionate share of the net pension liability	\$ 213,836	\$ 187,844	\$ 166,266

*Pension Plan Fiduciary Net Position*

Detailed information regarding the HIS plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

*Pension Expense*

For the fiscal year ended September 30, 2024, the District recognized an aggregate pension expense of \$228,775 on all defined benefit pension plans.

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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**5. LONG-TERM DEBT**

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Financing contracts	\$ -	\$ 837,928	\$ -	\$ 837,928	\$ 65,190

In August 2024, the District entered into a note payable for a new rescue pumper fire truck. The contract requires the District to make annual payments of \$110,974, which includes interest at 5.45% per annum, beginning in August 2025 through maturity in August 2034. The principal amount of the contract is \$837,928, which represents the purchase price of the fire truck.

*Annual Requirements to Amortize Debt Outstanding*

The annual debt service requirements to maturity to retire note payable are as follows:

<b>Year Ending September 30,</b>	<b>Financing Contracts</b>	
	<b>Principal</b>	<b>Interest</b>
2025	\$ 65,190	\$ 45,784
2026	68,752	42,222
2027	72,508	38,466
2028	76,470	34,504
2029	80,649	30,326
2030-2034	474,359	80,511
	<b>\$ 837,928</b>	<b>\$ 271,814</b>

**6. LITIGATION**

The District may be contingently liable with respect to lawsuits and claims incidental to the ordinary course of its operations. In the opinion of management, there are no claims, either asserted or unasserted, which are likely to have a material effect on the financial position of the District.

**7. RISK MANAGEMENT**

The District is exposed to various risks of loss related to tort; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases insurance through commercial carriers to cover these risks. The coverage has been sufficient to cover all claims made in the last two fiscal years.

**8. EXPENDITURES IN EXCESS OF BUDGETED APPROPRIATIONS**

The general fund had an excess of expenditures over final budgeted appropriations in the amount of \$703,177 for the year ended September 30, 2024.

**REQUIRED SUPPLEMENTARY INFORMATION**

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET TO ACTUAL – GENERAL FUND (UNAUDITED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget – (Negative) Positive</b>
	<u>Original</u>	<u>Final</u>		<u>Positive</u>
<b>REVENUES</b>				
Taxes	\$ 1,162,948	\$ 1,162,948	\$ 1,127,519	\$ (35,429)
Intergovernmental	310,000	310,000	-	(310,000)
Impact fees	21,000	21,000	58,000	37,000
Miscellaneous	150	150	3,270	3,120
Total revenues	<u>1,494,098</u>	<u>1,494,098</u>	<u>1,188,789</u>	<u>(305,309)</u>
<b>EXPENDITURES</b>				
Current				
Public safety				
Personnel	724,156	724,156	858,413	(134,257)
Operating	509,942	509,942	427,065	82,877
Capital outlay	<u>300,000</u>	<u>300,000</u>	<u>951,797</u>	<u>(651,797)</u>
Total expenditures	<u>1,534,098</u>	<u>1,534,098</u>	<u>2,237,275</u>	<u>(703,177)</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>				
	(40,000)	(40,000)	(1,048,486)	(1,008,486)
<b>OTHER FINANCING SOURCES</b>				
Proceeds from long-term debt	<u>-</u>	<u>-</u>	<u>837,928</u>	<u>837,928</u>
<b>NET CHANGE IN FUND BALANCE</b>	(40,000)	(40,000)	(210,558)	(170,558)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>				
	<u>40,000</u>	<u>40,000</u>	<u>422,114</u>	<u>382,114</u>
<b>FUND BALANCE AT END OF YEAR</b>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 211,556</u>	<u>\$ 211,556</u>

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO THE BUDGETARY COMPARISON INFORMATION (UNAUDITED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

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**Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund.

The appropriated budget is prepared by fund and function. Florida Statutes provide that it is unlawful to make expenditures that exceed the total amount budgeted for each fund. Chapter 166, *Florida Statutes*, governs the manner in which the budget may be legally amended once it has been approved. Therefore, the legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

The District's annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year. The District adopts an annual operating budget for the fiscal year, which can be amended by the District throughout the year. The budget for the general fund is adopted annually after public hearings are conducted to obtain taxpayer comments. The same basis of accounting is used to reflect actual revenues and expenditures recognized on a GAAP basis. Over expenditure of adopted budget line items is not contrary to law. The District's annual budget does not include unanticipated grant awards.

The District generally follows these procedures in establishing the general fund budgetary data reflected in the basic financial statements:

- In early July, the Board prepares a proposed operating budget for the fiscal year commencing the following October 1<sup>st</sup>.
- During the months of August and September, the District holds public hearings on the operating budget and the proposed expenditures and the means to finance them.
- Prior to October 1<sup>st</sup>, the District's Board formally approves the budget document following the public hearings.
- The approved annual budget is used as a control device for the general fund.

Budgetary data presented in the accompanying required supplementary information in the final budgeted amounts column represents the final budgetary data. In this column, the effects of the latest budget amendments, if any, have been applied to the original budgetary data.

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (UNAUDITED)  
FLORIDA RETIREMENT SYSTEM  
LAST TEN YEARS**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
District's proportion of the net pension liability	0.002510825%	0.003579433%	0.001400637%	0.001161783%	0.001357212%	0.001280864%	0.001056583%	0.000863554%	0.001250633%	0.000357276%
District's proportionate share of the net pension liability	\$ 971,305	\$ 1,426,291	\$ 521,150	\$ 87,760	\$ 588,236	\$ 441,100	\$ 318,248	\$ 255,521	\$ 315,786	\$ 46,147
District's covered payroll	638,675	801,205	285,301	227,410	217,470	192,952	158,012	125,602	173,675	35,723
District's proportionate share of the net pension liability as a percentage of its covered payroll	152.08%	178.02%	182.67%	38.59%	270.49%	228.61%	201.41%	203.44%	181.83%	129.18%
Plan fiduciary net position as a percentage of the total pension liability	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

\* Amounts presented for each year were determined as of June 30th.

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (UNAUDITED)  
HEALTH INSURANCE SUBSIDY  
LAST TEN YEARS**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
District's proportion of the net pension liability	0.001252211%	0.002021860%	0.000782737%	0.000642244%	0.000626458%	0.000576775%	0.000483743%	0.000393936%	0.000562497%	0.000155030%
District's proportionate share of the net pension liability	\$ 187,844	\$ 321,098	\$ 82,904	\$ 78,781	\$ 76,490	\$ 64,535	\$ 51,200	\$ 42,121	\$ 65,557	\$ 15,811
District's covered payroll	638,675	801,205	285,301	227,410	217,470	192,952	158,012	125,602	173,675	35,723
District's proportionate share of the net pension liability as a percentage of its covered payroll	29.41%	40.08%	29.06%	34.64%	35.17%	33.45%	32.40%	33.54%	37.75%	44.26%
Plan fiduciary net position as a percentage of the total pension liability	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

\* Amounts presented for each year were determined as of June 30th.

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE CONTRIBUTIONS (UNAUDITED)  
FLORIDA RETIREMENT SYSTEM  
LAST TEN YEARS**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution	\$ 153,692	\$ 185,952	\$ 67,940	\$ 45,547	\$ 45,394	\$ 40,549	\$ 33,372	\$ 22,480	\$ 30,499	\$ 8,711
Contributions in relation to the contractually required contribution	(153,692)	(185,952)	(67,940)	(45,547)	(45,394)	(40,549)	(33,372)	(22,480)	(30,499)	(8,711)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 565,700	\$ 837,462	\$ 320,120	\$ 229,699	\$ 224,337	\$ 194,639	\$ 170,964	\$ 131,265	\$ 126,446	\$ 76,145
Contributions as a percentage of covered payroll	27.17%	22.20%	21.22%	19.83%	20.23%	20.83%	19.52%	17.13%	24.12%	11.44%

\* Amounts presented in this schedule are for the District's fiscal year rather than the plan's year.

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE CONTRIBUTIONS (UNAUDITED)  
HEALTH INSURANCE SUBSIDY  
LAST TEN YEARS**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution	\$ 11,314	\$ 14,342	\$ 5,314	\$ 3,813	\$ 3,724	\$ 3,231	\$ 2,838	\$ 2,179	\$ 2,099	\$ 1,264
Contributions in relation to the contractually required contribution	(11,314)	(14,342)	(5,314)	(3,813)	(3,724)	(3,231)	(2,838)	(2,179)	(2,099)	(1,264)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 565,700	\$ 837,462	\$ 320,120	\$ 229,699	\$ 224,337	\$ 194,639	\$ 170,964	\$ 131,265	\$ 126,446	\$ 76,145
Contributions as a percentage of covered payroll	2.00%	1.71%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%

\* Amounts presented in this schedule are for the District's fiscal year rather than the plan's year.

## **COMPLIANCE SECTION**

**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 Fire Commissioners  
Avalon Beach-Mulat Fire Protection District

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 the governmental activities and the general fund of the Avalon Beach-Mulat Fire Protection District (the "District"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 1, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our 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 schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*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 District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as #2024-001 to be a material weakness.

*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. We consider the deficiency described in the accompanying schedule of findings and responses as #2024-002 to be a significant deficiency.

**Report on Compliance and Other Matters**

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

**The District's Response to Findings**

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

**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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pensacola, Florida  
July 1, 2025

**INDEPENDENT ACCOUNTANTS' REPORT ON AN EXAMINATION OF  
COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER  
10.550, RULES OF THE FLORIDA AUDITOR GENERAL**

To the Board of Fire Commissioners  
Avalon Beach-Mulat Fire Protection District

We have examined the Avalon Beach-Mulat Fire Protection District's (the "District") compliance with Section 218.415, Florida Statutes, in regard to investments for the year ended September 30, 2024.

Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

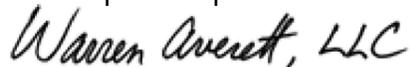
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

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

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



Pensacola, Florida  
July 1, 2025

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
SEPTEMBER 30, 2024**

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**FINDING 2024-001 – FINANCIAL CLOSE PROCESS**

*Criteria*

The District's internal control over financial reporting is designed to allow for management and employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, a material misstatement on a timely basis.

*Condition*

Errors in the financial close process resulted in audit adjustments to reconcile differences and to record the actual year-end balances for capital assets and related expenditures, accounts payable, receivables and revenue, and expenditures. In addition, we noted the bank reconciliations contained material errors requiring material adjustments to the cash balances held at year-end.

*Cause*

The District lacks cohesive and comprehensive accounting policies and procedures that identify all tasks, particularly year-end closing considerations.

*Effect*

The auditors proposed material correcting entries, either individually or in the aggregate, which were reviewed and accepted by management to correct certain account balances at September 30, 2024. The system of internal control over financial accounting and reporting is not functioning as intended.

*Recommendation*

The District should adopt a comprehensive and cohesive set of written policies outlining accounting and financial reporting procedures and activities. These policies should outline the personnel responsible for performing and reviewing each task as well as the time frame for completion. Capital asset reconciliations should take place at a minimum on a quarterly basis due to the volume of activity and ensure all activity related to federal funding is properly tracked. In addition, management should establish more effective review and reconciliation policies and procedures, as a customary part of the accounting process, to perform more frequent reviews of the general ledger activity throughout the year.

**FINDING 2024-002 (Prior Year 2023-001) – CAPITAL ASSET TRACKING**

*Criteria*

The District's internal control over financial reporting should be designed to allow for management and employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, a material misstatement on a timely basis.

*Condition*

The District does not maintain adequate record keeping to track capital assets.

*Cause*

A robust review of the capital asset listing was not performed by qualified District personnel as of September 30, 2024.

**AVALON BEACH-MULAT FIRE PROTECTION DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
SEPTEMBER 30, 2024**

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*Effect*

Capital asset activity reported in the District's financial statements for the year ended September 30, 2024, was not accurate. Adjustments were required to reconcile capital asset activity for the year ended September 30, 2024.

*Recommendation*

We recommend that the District adopt a policy that requires qualified District personnel to perform a detailed review of capital assets at the end of each fiscal year-end to verify the completeness and accuracy of capital asset information.

*Management's Response*

Management is in agreement with the finding and will implement procedures to facilitate a detailed review of the capital asset listing each year by qualified individuals.

## MANAGEMENT LETTER

To the Board of Fire Commissioners  
Avalon Beach-Mulat Fire Protection District

### Report on the Financial Statements

We have audited the financial statements of the Avalon Beach-Mulat Fire Protection District (the "District"), as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated July 1, 2025.

### Auditors' Responsibility

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

### Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Florida Auditor General*. Disclosures in those reports are dated July 1, 2025, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Florida Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The table below summarizes uncorrected finding in the current financial audit report.

Tabulation of Uncorrected Audit Findings			
Description	Current Year Finding No.	2022-2023 Finding No.	2021-2022 Finding No.
Capital Asset Tracking	2024-002	2023-001	N/A

### Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Florida 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 can be found in Note 1 to the financial statements. There are no component units related to the District.

### **Financial Condition and Management**

Section 10.554(1)(i)5.a. and 10.556(7), *Rules of the Florida Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District 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 our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Florida Auditor General*, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., *Rules of the Florida Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### **Property Assessed Clean Energy (PACE) Programs**

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

### **Special District Component Units**

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

### **Specific Information**

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

- a. The total number of district employees compensated in the last pay period of the District's fiscal year as 11.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year as 0.
- c. All compensation earned by or awarded to employees, whether paid or accrued regardless of contingency as \$471,965.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$0.
- e. 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 1 of the fiscal year being reported.
- f. No budget variances or amendments based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported.

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

- a. The millage rate or rates imposed by the district as 2.0000.
- b. The total amount of ad valorem taxes collected by or on behalf of the District as \$1,127,519.
- c. The District does not have any outstanding bonds.

The specific information reported in the previous two paragraphs of this report has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Additional Matters**

Section 10.554(1)(i)3., *Rules of the Florida Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

**Purpose of This Letter**

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

We greatly appreciate the assistance and cooperation extended to us during our audit.



Pensacola, Florida  
July 1, 2025