SOUTH WALTON FIRE DISTRICT

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2025

Warren Averett
CPAs AND ADVISORS
www.warrenaverett.com

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

SOUTH WALTON FIRE DISTRICT
TABLE OF CONTENTS
SEPTEMBER 30, 2025

INDEPENDENT AUDITORS' REPORT 1

MANAGEMENT'S DISCUSSION AND ANALYSIS 3

BASIC FINANCIAL STATEMENTS
Government-Wide Financial Statements
Statement of Net Position 11
Statement of Activities 12

Fund Financial Statements
Governmental Fund Financial Statements
Balance Sheet 13
Reconciliation of the Balance Sheet to the Statement of Net Position 14
Statement of Revenues, Expenditures and Changes in Fund Balance 15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities 16

Fiduciary Fund Financial Statements
Statement of Fiduciary Net Position 17
Statement of Changes in Fiduciary Net Position 18

Notes to the Financial Statements 19

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – General Fund 44
Notes to the Budgetary Comparison Schedule 45
Schedule of Changes in Net Pension Liability and Related Ratios 46
Notes to the Schedule of Changes in Net Pension Liability and Related Ratios 47
Schedule of Contributions 48
Notes to the Schedule of Contributions 49
Schedule of Investment Returns 51
Schedule of Changes in Total OPEB Liability and Related Ratios 52

COMPLIANCE SECTION
Independent Accountants' Report on an Examination of Compliance Requirements in Accordance with Chapter 10.550, *Rules of the Auditor General* 53
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* 54
Management Letter 56

Warren Averett
CPAs AND ADVISORS

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

INDEPENDENT AUDITORS' REPORT

To the Board of Fire Commissioners
South Walton Fire District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the general fund and the pension trust fund of the South Walton Fire District (the District), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general fund and the pension trust fund of the District, as of September 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 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 net pension and total OPEB liabilities, contributions, and investment returns, 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 May 11, 2026, 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

Destin, Florida
May 11, 2026

As management of South Walton Fire 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, 2025.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by $80.2 million (net position), which represents an increase of $13.3 million (or 19.9%) over the prior year. Of this amount, $24.5 million represents investments in capital assets (e.g., land, buildings, machinery and equipment) less any related liabilities still outstanding that were used to acquire those assets; $4.6 million represents impact fees restricted by Florida Statutes for items needed as a result of the expansion of District activities; and $51.1 million is unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors.

- The District's governmental fund reported an ending fund balance of $54.8 million, an increase of $8.3 million (or 17.9%) from the prior fiscal year.

- At the end of the current fiscal year, unassigned fund balance in the general fund was $10.0 million, or 24.9%, of the total expenditures in the general fund, which is available for spending at the District's discretion.

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, intergovernmental revenues, and service revenues. The governmental activities of the District include public safety (fire and emergency medical services) and debt service. The government-wide financial statements are found on pages 11-12 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. The funds of the District can be divided into two categories: governmental funds and fiduciary funds.

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 13-16 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 included for the general fund to demonstrate compliance with this budget on page 44.

Fiduciary Funds
Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The District has one fiduciary fund (pension trust fund). Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for the government-wide financial statement presentation (private-sector business). The basic fiduciary fund financial statements are found on pages 17-18 of this report.

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 19 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 concerning the District's progress in funding its obligation to provide pension and other post-employment benefits (OPEB) to its employees. This 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 $80.2 million (net position) as of September 30, 2025, as reported in Table 1.

The largest portion of the District's net position, $24.5 million, or 30.6%, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related liabilities outstanding used to acquire those assets.

The District uses these capital assets to provide services to residents; 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.

Table 1
SOUTH WALTON FIRE DISTRICT
STATEMENTS OF NET POSITION
AS OF SEPTEMBER 30, 2025 AND 2024
(In Thousands of Dollars, Rounded)

	Governmental Activities	
	2025	**2024**
Current, restricted, and other assets	$ 62,157	$ 48,937
Capital assets, net	25,883	21,466
Total assets	88,040	70,403
Deferred outflows of resources	9,844	11,663
Long-term liabilities	5,375	12,287
Other liabilities	4,094	1,683
Total liabilities	9,469	13,970
Deferred inflows of resources	8,224	1,229
Net investment in capital assets	24,499	20,849
Restricted	4,615	6,174
Unrestricted	51,077	39,844
Total net position	$ 80,191	$ 66,867

The District reported ending unrestricted net position of $51.1 million, which may be used to meet the District's ongoing obligations to citizens and creditors.

GOVERNMENTAL ACTIVITIES

Governmental activities increased the District's net position by $13.3 million, as reported in Table 2. This increase is primarily attributable to an increase in taxable assessed property values within the District and increases in charges for services during the year ending September 30, 2025, as compared to the prior year.

Table 2
SOUTH WALTON FIRE DISTRICT
STATEMENTS OF CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024
(In Thousands of Dollars, Rounded)

	Governmental Activities	
	2025	2024
REVENUES		
Program revenues		
Charges for services	$ 10,237	$ 8,969
Operating grants and contributions	115	48
Capital grants and contributions	1,180	1,800
General revenues		
Property taxes	36,906	32,661
State revenue sharing	33	41
Interest and investment income	1,450	1,385
Other revenues	108	127
Total revenues	50,029	45,031
EXPENSES		
Public safety	36,701	33,772
Debt service interest	4	-
Total expenses	36,705	33,772
INCREASE IN NET POSITION	13,324	11,259
NET POSITION AT BEGINNING OF YEAR	66,867	55,608
NET POSITION AT END OF YEAR	$ 80,191	$ 66,867

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, revenues and expenditures were favorable compared to budgetary estimates. The most notable favorable variances occurred in the following areas:

- Ad valorem tax revenue exceeded the budgeted amount as a result of higher than anticipated collection rates.
- Impact fees imposed on development within the District exceeded projections due to both single family and multi-family dwelling developments in South Walton County exceeding expectations.
- Investment income exceeded budgeted amounts due to conservative budgeting practices.
- Charges for services exceeded budgeted amounts as a result of the District entering into additional contracts to provide lifeguard services as well as ambulance fees revenue exceeding expectations.
- Public safety expenditures were below the amounts budgeted due to unfilled staff vacancies and delays in the commencement of planned capital projects.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets for its governmental activities as of September 30, 2025, totaled $25.9 million (net of accumulated depreciation and amortization). Capital assets include land, buildings, improvements, machinery and equipment, software, etc. The additions to the District's capital assets for the current fiscal year were $6.6 million, which was comprised primarily of various vehicles and equipment. The depreciation and amortization expense in the current year totaled $2.2 million. The District's capital asset activity for the current and prior fiscal year is summarized in Table 3 on the next page.

Table 3
SOUTH WALTON FIRE DISTRICT
CAPITAL ASSETS
(Net of Depreciation and Amortization)
AS OF SEPTEMBER 30, 2025 AND 2024

	Governmental Activities	
	2025	**2024**
Land	$ 671,155	$ 671,155
Buildings	16,178,863	10,794,267
Improvements other than buildings	1,021,310	197,715
Furniture and equipment	2,869,087	2,213,566
Trucks and automobiles	4,371,928	4,008,334
Intangible assets	29,395	41,152
Subscription assets	688,190	-
Construction in progress	52,800	3,539,615
Total	$ 25,882,728	$ 21,465,804

Additional information on the capital assets of the District can be found in Note 6 of this report.

Long-Term Liabilities
As shown in Table 4 below, as of September 30, 2025, the District had total outstanding long-term debt of $270 thousand. The District's debt consists solely of subscription liabilities. The District has no general obligation or special assessment debt.

Table 4
SOUTH WALTON FIRE DISTRICT
LONG-TERM LIABILITIES OUTSTANDING
AS OF SEPTEMBER 30, 2025 AND 2024

	Governmental Activities	
	2025	**2024**
Subscription liabilities	$ 270,096	$ -

Additional information on the District's long-term liabilities can be found in Note 11 of this 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 1997. The District's millage rate for the current fiscal year and preceding four fiscal years was as follows:

Fiscal year ended September 30,	Ad Valorem Millage Rate
2025	1.0000
2024	1.0000
2023	1.0000
2022	1.0000
2021	1.0000

Current trends and forecasts indicate the District will continue to see an increase in growth with higher demands for service. The State's improving economic conditions are expected to result in an upward reassessment of property values within the District in the near future. The adopted budget for fiscal year 2026 estimates property tax revenues to increase by approximately 9.0%, as a result of an increase in the taxable assessed value of property within the District. The District elected to set its millage rate for fiscal year 2026 at 1.0000.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of South Walton Fire 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 the Fiscal Officer, 911 N County Highway 393, Santa Rosa Beach, FL 32459. The District's website address is www.swfd.org. Inquiries may also be sent via e-mail to the fiscal agent at cmartin@swfd.org.

SOUTH WALTON FIRE DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Primary Government
ASSETS	
Cash and cash equivalents	$ 37,378,960
Investments	14,706,573
Receivables, EMS	1,012,919
Receivables, other	31,307
Due from other governments	406,335
Prepaid items	30,940
Restricted assets	
Cash and cash equivalents	4,614,080
Net pension asset	3,975,548
Capital assets	
Non-depreciable	723,955
Depreciable, net	25,158,773
TOTAL ASSETS	88,039,390
DEFERRED OUTFLOWS OF RESOURCES	9,844,175
LIABILITIES	
Accounts payable	1,392,126
Accrued liabilities	999,258
Unearned revenue	1,230
Accrued interest	4,302
Non-current liabilities	
Amounts due within one year	
Compensated absences	1,652,679
Subscription liabilities	44,905
Amounts due beyond one year	
Compensated absences	2,019,941
Subscription liabilities	225,191
Total OPEB liability	3,129,722
TOTAL LIABILITIES	9,469,354
DEFERRED INFLOWS OF RESOURCES	8,223,608
NET POSITION	
Net investment in capital assets	24,499,344
Restricted – impact fees	4,614,080
Unrestricted	51,077,179
TOTAL NET POSITION	$ 80,190,603

See notes to the financial statements.

SOUTH WALTON FIRE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Function/Program Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Government Activities					
Public safety	$ 36,701,162	$ 10,236,913	$ 114,574	$ 1,179,633	$ (25,170,042)
Debt service interest	4,302	-	-	-	(4,302)
Total primary government	$ 36,705,464	$ 10,236,913	$ 114,574	$ 1,179,633	(25,174,344)
	General Revenues				
	Taxes				
	Property taxes				36,906,147
	State revenue sharing				33,230
	Interest and investment income				1,449,847
	Gain on sale of capital assets				22,627
	Miscellaneous				86,342
	Total general revenues				38,498,193
	CHANGE IN NET POSITION				13,323,849
	NET POSITION AT BEGINNING OF YEAR				66,866,754
	NET POSITION AT END OF YEAR				$ 80,190,603

See notes to the financial statements.

SOUTH WALTON FIRE DISTRICT
GOVERNMENTAL FUND
BALANCE SHEET
SEPTEMBER 30, 2025

	General Fund
ASSETS	
Cash and cash equivalents	$ 41,993,040
Investments	14,706,573
Receivables, EMS	1,012,919
Receivables, other	31,307
Due from other governments	406,335
Prepaid items	30,940
TOTAL ASSETS	$ 58,181,114
LIABILITIES	
Accounts payable	$ 1,392,126
Accrued liabilities	999,258
Unearned revenue	1,230
Total liabilities	2,392,614
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	1,012,919
FUND BALANCE	
Nonspendable	30,940
Restricted for capital expansion	4,614,080
Assigned for capital outlay	20,045,973
Assigned for compensatory time off	1,500,000
Assigned for contingencies	18,550,000
Unassigned	10,034,588
Total fund balance	54,775,581
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 58,181,114

See notes to the financial statements.

SOUTH WALTON FIRE DISTRICT
GOVERNMENTAL FUND
RECONCILATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

Fund balance – total governmental fund (page 13)		$ 54,775,581
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Governmental non-depreciable assets	$ 723,955	
Governmental depreciable and amortizable assets	41,730,997	
Less accumulated depreciation and amortization	(16,572,224)	
		25,882,728
Deferred inflows of resources in the governmental funds are used to offset accounts receivables not expected to be collected within the period of availability of year-end. These receivables are a component of net position in the statement of net position.		
Deferred inflows related to EMS receivable		1,012,919
Deferred inflows of resources and deferred outflows of resources related to pensions and OPEB are not available/receivable or due/payable, respectively, in the current period and therefore are not reported in the governmental fund.		
Deferred outflows of resources	9,844,175	
Deferred inflows of resources	(8,223,608)	
		1,620,567
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund.		
Compensated absences	(3,672,620)	
Subscription liabilities	(270,096)	
Accrued interest on long-term debt	(4,302)	
Net pension asset	3,975,548	
Total OPEB liability	(3,129,722)	
		(3,101,192)
Net position of governmental activities (page 11)		$ 80,190,603

See notes to the financial statements.

SOUTH WALTON FIRE DISTRICT
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund
REVENUES	
Taxes	$ 36,906,147
Intergovernmental	4,375,588
Impact fees	1,179,633
Charges for services	4,264,844
Interest income	1,449,847
Miscellaneous	139,287
Total revenues	48,315,346
EXPENDITURES	
Current	
Public safety	33,667,489
Capital outlay	6,611,361
Total expenditures	40,278,850
EXCESS OF REVENUES OVER EXPENDITURES	8,036,496
OTHER FINANCING SOURCES	
Issuance of subscription liabilities	270,096
NET CHANGE IN FUND BALANCE	8,306,592
FUND BALANCE AT BEGINNING OF YEAR	46,468,989
FUND BALANCE AT END OF YEAR	$ 54,775,581

See notes to the financial statements.

SOUTH WALTON FIRE 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, 2025

Net change in fund balance – governmental fund (page 15)		$ 8,306,592
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	$ 6,611,361	
Less current year depreciation and amortization	(2,183,714)	
		4,427,647
Governmental funds do not report capital assets on the balance sheet; however, they are reported in the government-wide financial statements. Accordingly, proceeds received for disposal of capital assets are shown as income in the governmental financial statements and a gain or loss is reported in the statement of activities.		
Disposals of capital assets	(1,771,307)	
Accumulated depreciation on disposals of capital assets	1,760,584	
		(10,723)
EMS revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund.		
EMS revenues billed but not collected		1,724,690
The issuance of long-term debt provides current financial resources to governmental funds while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.		
Issuance of subscription liabilities		(270,096)
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 and related deferrals	1,336,598	
Change in accrued interest on long-term debt	(4,302)	
Change in total OPEB liability and related deferrals	(318,332)	
Change in compensated absences	(371,181)	
Bad debt expense related to EMS receivables	(1,497,044)	
		(854,261)
Change in net position of governmental activities (page 12)		$ 13,323,849

See notes to the financial statements.

SOUTH WALTON FIRE DISTRICT
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2025

	Pension Trust Fund
ASSETS	
Cash and cash equivalents	$ 445,717
Investments, at fair value	104,319,694
Interest receivable	187,159
TOTAL ASSETS	104,952,570
LIABILITIES	
Accounts payable	64,504
NET POSITION RESTRICTED FOR PENSIONS	$ 104,888,066

See notes to the financial statements.

SOUTH WALTON FIRE DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Pension Trust Fund
ADDITIONS	
Contributions	
Employer	$ 2,814,709
Plan members	573,044
State of Florida	1,661,862
Total contributions	5,049,615
Investment income	9,294,863
Less investment expense	(287,145)
Net investment income	9,007,718
Total additions	14,057,333
DEDUCTIONS	
Administrative expenses	168,807
Distributions to retirees	3,080,211
Distributions to terminated employees	22,030
Total deductions	3,271,048
CHANGE IN FIDUCIARY NET POSITION	10,786,285
NET POSITION RESTRICTED FOR PENSIONS	
Beginning of year	94,101,781
End of year	$ 104,888,066

See notes to the financial statements.

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

Description of the District

South Walton Fire District (the District) is an unincorporated district created by Ordinance 83-6 of the Walton County Board of County Commissioners in 1983. The District's boundaries generally include all the land, excluding any federal land or land within a municipality, in that area of Walton County, south of the Intracoastal Waterway canal and Choctawhatchee Bay, west of the Walton-Bay County line and east of the Walton-Okaloosa County line.

The financial statements of the District have been prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America applicable to governmental units and the Uniform Accounting System mandated by Section 218.33, Florida Statutes. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The District's purpose is to protect lives, property, and natural resources through fire suppression, fire inspection, rescue and emergency medical response.

The Reporting Entity

The District is governed by a seven (7) member commission, one elected at-large and six (6) from three specifically described geographic areas (two each) for four-year terms. The powers of this commission are regulated by ordinances and resolutions of the District, Walton County and the Statutes of the State of Florida.

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 the criteria set forth in GASB pronouncements for determining financial accountability of potential component units in evaluating all potential component units.

As of September 30, 2025, 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 nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities (the District has no business-type activities to report on the government-wide financial statements), which rely, to a significant extent, on fees and charges for support.

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 and fiduciary fund, even though the fiduciary fund is excluded from the government-wide financial statements.

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, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The pension trust fund recognizes revenue when contributions are due as there is a statutory requirement to make the contribution. Property taxes are recorded as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 District considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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.

The Walton County Tax Collector bills and collects property taxes for the District in accordance with the laws of the State of Florida. Property taxes attach as an enforceable lien on property as of the date of assessment and remain in effect until discharged by payment. Taxes are payable when levied (on November 1 or as soon thereafter as the assessment roll becomes available to the Tax Collector).

The following is the property tax calendar:

Lien Date	January 1st
Levy Date	November 1st
Due Date	November 1st
Delinquent Date	April 1st

Discounts of 1% are granted for each month taxes are paid prior to March 1st.

Revenue recognition criteria for property taxes under the GASB requires that property taxes expected to be collected within 30 days of the current period be accrued. No accrual has been made for 2025 ad valorem taxes because property taxes are not legally due until subsequent to the end of the fiscal year. Current year taxes, which are uncollected as of the end of the fiscal year, are generally immaterial in amount and highly susceptible to uncollectibility and, therefore, are not recorded as a receivable as of the balance sheet date.

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 two broad classifications are used to categorize the fund types 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.

Fiduciary

Fiduciary funds are used to account for the assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. The District has one type of fiduciary fund.

- *Pension Trust Fund* – Used to report the resources that are required to be held in trust for the members and beneficiaries of the defined benefit pension plan administered by the Firefighters' Pension Fund Board of Trustees.

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Balance/Net Position

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 investments (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." The District's investments are stated at fair value.

The pension trust fund may invest in annuity and life insurance contracts with life insurance companies, collateralized interest-bearing time deposits or savings accounts in state or federal banks or savings and loan associations, direct obligations of the United States government or other obligations unconditionally guaranteed by the United States government, bonds issued by the State of Israel, stocks, commingled funds administered by national or state banks, mutual funds or other evidences of indebtedness, provided that (a) all individually held securities in a commingled mutual fund must be issued or guaranteed by a corporation organized under the laws of the United States or its territories and in the case of bonds shall hold a rating in one of the three highest classifications by a rating service; (b) up to ten percent (10%) of the assets may be invested in foreign securities; (c) the Board shall not invest more than five percent (5%) of its assets in the common stock, capital stock or convertible securities of any one issuing company, nor shall the aggregate investment in any one issuing company exceed five percent (5%) of the outstanding capital stock of that company; nor shall the aggregate of its investments in common stock, capital stock and convertible securities at cost exceed sixty percent (60%) of the assets of the fund. During the year, the District maintained cash and investments in accordance with retirement fund plan documents. Investments are stated at fair value.

Receivables

District management places all emergency medical service receivables greater than 120 days outstanding into "pending collections" status, turns them over to a contracted collection agency, and removes them from the accounts receivable. If payment is subsequently collected by the collection agency, the District recognizes bad debt recovery income. Accordingly, the District has not recorded an allowance for any uncollectible accounts as of September 30, 2025.

Capital Assets

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

Capital assets are defined by the District as assets with an initial cost more than the following:

Land	All
Buildings	$10,000
Improvements other than buildings	$10,000
Vehicles	$ 5,000
Equipment and furnishings	$ 5,000
Intangible and subscription assets	$ 5,000

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.

Intangible assets include purchased and internally developed software. These assets are stated at cost, less accumulated amortization. Amortization is provided using the straight-line method.

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

Assets	Years
Buildings	5-40 Years
Improvements other than buildings	10-40 Years
Vehicles	3-15 Years
Equipment and furnishings	5-40 Years
Intangible and subscription assets	3-5 Years

Compensated Absences

The District records a compensated absences liability for leave that 1) can be carried forward to future reporting periods; 2) was earned based on service that the employee has already provided; and 3) is more likely than not to be used, paid, or otherwise settled with the District. The compensated absences liability is measured using the pay rates in effect as of the financial statement date, including directly and incrementally associated salary-related employer taxes and benefits. Changes to pay rates will be recognized in future periods as those changes occur. The District uses a first-in, first-out (FIFO) flow assumption for calculating the portion of the liability due within one year.

Subscription-Based Information Technology Arrangements (SBITA's)

The District records a subscription asset and a related subscription liability for subscription-based information technology arrangements (SBITA's) at the commencement of the subscription term. The subscription liability is measured at the present value of payments expected to be made during the subscription term. The subscription asset is measured at the initial amount of the subscription liability adjusted for any payments made at or before the beginning of the subscription term. The District monitors changes in circumstances that would require remeasurement of subscription assets and liabilities.

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. See Note 7 for additional information on the District's deferred outflows of resources.

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. See Note 7 for additional information on the District's deferred inflows of resources.

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.

- 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.

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, net of 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.

Change in Accounting Principle
Effective October 1, 2024, the District adopted the provisions of GASB Statement No. 101, *Compensated Absences* (GASBS 101). This pronouncement establishes a unified model for recognition and measurement of liabilities associated with compensated absences, including vacation, sick leave and other paid time off. GASBS 101 is expected to result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation and can be applied consistently to different types of leave offered by governmental employers.

As part of the implementation process, the District has evaluated whether leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means by assessing relevant factors, such as the District's employment policies related to compensated absences; historical information about the use, payment, or forfeiture of compensated absences; and known information that would indicate that historical information may not be representative of future trends or patterns. GASBS 101 was retroactively implemented and had no effect on fund balance or net position previously presented.

Reclassifications
Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year presentation. Such reclassifications have no effect on net position or fund balances previously reported.

Subsequent Events
Management has evaluated subsequent events and transactions that occurred between September 30, 2025 through May 11, 2026, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets
Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted by resolution for the general fund. All appropriations lapse at fiscal year-end except for appropriations related to multi-year capital projects.

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 used for the general 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. As of September 30, 2025, the District reported no encumbrances in the general fund.

3. DEPOSITS AND INVESTMENTS

Deposits
Deposits may be exposed to custodial credit risk, which is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District maintains its deposits in *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 place with the Treasurer of the State of Florida, securities which have a market value equal to 50% of all public funds on deposit at the end of each month in excess of any applicable deposit insurance. In the event of default by a qualified public institution, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all *Qualified Public Depositories*. Under this method, all District deposits, including any certificates of deposit, are fully insured or collateralized with securities held by the State Treasurer in the District's name.

At year-end, the value of the District's deposits was $29,886,249, all of which were entirely covered by pooled collateral held by the State Treasurer and, therefore, have no custodial credit risk.

Investments
The types of investments that can be made by the District are restricted by state statutes, retirement fund plan documents and other contractual agreements. A description of the requirements and the types of investments allowed can be found in Note 1.

As of September 30, 2025, investments held by the District were as follows:

General Fund	$ 14,706,573
Pension Trust Fund	104,319,694
	$ 119,026,267

Interest Rate Risk
Both the District's investment policy and the pension trust fund's investment policy encourage matching investment maturities with known cash needs and anticipated cash flow requirements in order to manage interest rate risk.

As of September 30, 2025, the District held the following investments and related maturities:

		INVESTMENT MATURITIES (YEARS)						
	Fair Value	<1	1-5	5-10	10-15	15-20	20-25	25-30
Investments subject to interest rate risk:								
U.S. Treasury securities	$ 22,233,532	$ 11,060,137	$ 1,216,582	$ 6,798,682	$ -	$ 1,716,653	$ 1,441,478	$ -
U.S. government agency securities	10,057,790	-	-	-	521,096	552,714	-	8,983,980
Corporate bonds	3,778,005	1,204,126	1,495,102	1,078,777	-	-	-	-
	36,069,327	$ 12,264,263	$ 2,711,684	$ 7,877,459	$ 521,096	$ 2,269,367	$ 1,441,478	$ 8,983,980
Investments not subject to interest rate risk:								
Mutual funds	61,224,732							
Real estate investment funds	8,971,488							
Private equity investment funds	12,760,720							
Total	$ 119,026,267							

Credit Risk
The pension trust fund was in compliance with its investment policies described in Note 1 regarding credit risk as of September 30, 2025. The District's investment policy does not limit investments to those with specific credit ratings.

Custodial Credit Risk
Investments are diversified to the extent practicable to control the risk of loss resulting from over-concentration of assets in a specific maturity, issuer, instrument, dealer or bank. When investment funds are needed, in whole or in part, for the purposes originally intended or for more optimal investments, investments may be redeemed at market price and the proceeds placed into the proper account for immediate use or investment.

4. FAIR VALUE OF INVESTMENTS

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1 – Quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for an asset, either directly or indirectly.
- Level 3 – Unobservable inputs for an asset. The District had no Level 3 investments as of September 30, 2025.

The following table presents the investments carried at fair value on September 30, 2025:

	Fair Value	Level 1	Level 2	Level 3
Debt securities				
U.S. Treasury securities	$ 22,233,532	$ 22,233,532	$ -	$ -
U.S. government agency obligations	10,057,790	-	10,057,790	-
Corporate bonds	3,778,005	-	3,778,005	-
Total debt securities	36,069,327	22,233,532	13,835,795	-
Equity securities				
Mutual and exchange-traded funds	61,224,732	-	61,224,732	-
*Real estate investment funds	8,971,488	-	-	-
*Private equity investment funds	12,760,720	-	-	-
Total equity securities and commingled funds	82,956,940	-	61,224,732	-
Total investments measured at fair value	$ 119,026,267	$ 22,233,532	$ 75,060,527	$ -

*In accordance with GASB Statement No. 72, certain investments measured at net asset value (NAV) per share, or its equivalent, have not been classified in the fair value hierarchy.

Securities classified in Level 2 are determined by broker quotes that utilize matrix pricing models and other observable market inputs.

5. RECEIVABLES

Receivables on September 30, 2025, were comprised of the following:

Receivables	
EMS charges for ambulance and rescue servies	$ 1,012,919
Other receivables	31,307
Total Receivables	$ 1,044,226
Due From Other Governments	
Due from the County Tax Collector for excess fees on prior year taxes	$ 406,335

6. CHANGES IN CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers/ Reclass	Ending Balance
Governmental Activities					
Capital assets not being depreciated and amortized					
Land	$ 671,155	$ -	$ -	$ -	$ 671,155
Construction in progress	3,539,615	24,993	-	(3,511,808)	52,800
Total capital assets not being depreciated and amortized	4,210,770	24,993	-	(3,511,808)	723,955
Capital assets being depreciated and amortized					
Buildings	16,047,035	2,723,257	(736,240)	3,017,458	21,051,510
Improvements other than buildings	435,919	907,733	(22,664)	-	1,320,988
Furniture and equipment	5,741,777	874,439	(732,684)	494,350	6,377,882
Trucks and automobiles	11,013,611	1,343,593	(279,719)	-	12,077,485
Intangibles	165,786	-	-	-	165,786
Subscription assets	-	737,346	-	-	737,346
Total capital assets being depreciated and amortized	33,404,128	6,586,368	(1,771,307)	3,511,808	41,730,997
Less accumulated depreciation and amortization					
Buildings	(5,252,768)	(352,565)	732,686	-	(4,872,647)
Improvements other than buildings	(238,204)	(78,880)	17,406	-	(299,678)
Furniture and equipment	(3,528,211)	(517,329)	536,745	-	(3,508,795)
Trucks and automobiles	(7,005,277)	(979,999)	279,719	-	(7,705,557)
Intangibles	(124,634)	(205,785)	194,028	-	(136,391)
Subscription assets	-	(49,156)	-	-	(49,156)
Total accumulated depreciation and amortization	(16,149,094)	(2,183,714)	1,760,584	-	(16,572,224)
Total capital assets being depreciated and amortized, net	17,255,034	4,402,654	(10,723)	3,511,808	25,158,773
Governmental Activities, Net	$ 21,465,804	$ 4,427,647	$ (10,723)	$ -	$ 25,882,728

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

Governmental Activities	
Public safety	$ 2,183,714

7. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

As of September 30, 2025, the District reported the following deferred outflows of resources and deferred inflows of resources:

	Governmental Activities
Deferred outflows of resources	
Pension related	
Contributions subsequent to the measurement date	$ 4,476,571
Changes of assumptions	1,808,225
Differences between expected and actual experience	2,486,054
Total pension related deferred outflows	8,770,850
OPEB related	
Contributions subsequent to the measurement date	47,961
Changes of assumptions	858,107
Differences between expected and actual experience	167,257
Total deferred outflows of resources	$ 9,844,175

	General Fund	Governmental Activities
Deferred inflows of resources		
Pension related		
Net difference between projected and actual earnings on pension plan investments	$ -	$ 7,219,290
Changes of assumptions	-	87,760
Differences between expected and actual experience	-	184,968
Total pension related deferred inflows	-	7,492,018
OPEB related		
Changes of assumptions	-	513,687
Differences between expected and actual experience	-	217,903
Unavailable revenue - EMS receivables	1,012,919	-
Total deferred inflows of resources	$ 1,012,919	$ 8,223,608

8. DEFINED BENEFIT PENSION PLAN

Plan Description

Plan Administration

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

a) Two District Board appointees,
b) Two Members of the System elected by a majority of the other covered firefighters, and
c) A fifth Member elected by the other four and appointed by the District Board.

Each person employed by the District as a full-time firefighter becomes a member of the system as a condition of his or her employment. All firefighters are therefore eligible for plan benefits as provided for in the plan document and by applicable law.

Plan Membership as of October 1, 2023:

Inactive Plan Members or Beneficiaries currently receiving benefits	36
Inactive Plan Members entitled to but not yet receiving benefits	10
Active Plan Members	107
	153

Benefits Provided
The Plan provides retirement, termination, disability and death benefits as follows:

Normal Retirement:
Eligibility: Earlier of age 55 and the completion of 10 years of credited service or the completion of 25 years of credited service, regardless of age.

Benefit Amount: Members hired prior to October 1, 2011: 4% of average final compensation times credited service. Additionally, these Members will receive a $550.00 per month supplemental retirement benefit, payable until the earlier of death or age 65 (normal retirement only). Members hired on and after October 1, 2011: 3% of average final compensation times credited service.

Early Retirement:
Eligibility: Age 50 and 10 years of credited service.

Benefit Amount: Accrued benefit, reduced by 3% per year prior to normal retirement date.

Disability:
Eligibility: a) 10 years of credited service for non-service related; coverage from date of hire for service incurred. b) Total and permanent disability prior to normal retirement date.

Benefit Amount: Accrued benefit, but not less than 42% of average final compensation for service-related disabilities.
Death:
Less Than 10 Years of Credited Service: Refund of member contributions.

10 Years or More: Beneficiary is entitled to either: 1) the benefits otherwise payable to the firefighter at his early or normal retirement date, payable for 10 years, or 2) a refund of Member contributions.

Vesting (Termination):
Less Than 10 Years of Credited Service: Refund of member contributions.

10 Years or More: Accrued benefit payable at age 50 or later, on reduced basis if to commence prior to normal retirement date, or a refund of member contributions.

Funding Policy and Contributions
Employee: Members hired prior to October 1, 2011: 7.0% of base pay (8.0% from 10/7/2012 to 9/30/2013). Members hired on and after October 1, 2011: 3.5% of base pay (4.5% from 10/7/2012 to 9/30/2013).

Premium Tax: 1.85% tax on premiums for fire insurance policies.

District: Remaining amount necessary for payment of normal (current year's) cost and amortization of the accrued past service liability as provided in Part VII of Chapter 112, Florida Statutes.

Net Pension Liability
The measurement date is September 30, 2024. The measurement period for the pension expense was October 1, 2023 to September 30, 2024. The reporting period is October 1, 2024 through September 30, 2025.

The District's net pension liability was measured as of September 30, 2024. The total pension liability used to calculate the net pension liability was determined as of that date.

Actuarial Assumptions
The total pension liability was determined by an actuarial valuation as of October 1, 2023, updated to September 30, 2024, using the following actuarial assumptions:

Inflation	2.50%
Salary increases	Service based
Discount rate	7.00%
Investment rate of return	7.00%

Mortality Rate Healthy Active Lives:
PubS.H-2010 for Employees, set forward one year.

Mortality Rate Healthy Retiree Lives:
PubS.H-2010 (Above Median) for Healthy Retirees, set forward one year.
Mortality Rate Healthy Retiree Lives:
PubS.H-2010 (Above Median) for Healthy Retirees, set forward one year.

Mortality Rate Beneficiary Lives:
Female: PubG.H-2010 (Above Median) for Healthy Retirees.

Male: PubG.H-2010 (Above Median) for Healthy Retirees, set back one year.

Mortality Rate Disabled Lives:
80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

The date of the most recent experience study for which significant assumptions are based upon was dated August 19, 2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. For 2025, the inflation rate assumption of the investment advisor was 2.50%. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2025, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	35.00%	7.50%
International equity	20.00%	8.50%
Broad market fixed income	20.00%	2.50%
Real estate	10.00%	4.50%
Infrastructure	5.00%	4.50%
Private equity	10.00%	8.50%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the District's net pension liability for the year ended September 30, 2025, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at September 30, 2024 (Measurement date of 09/30/2023)	$ 81,376,758	$ 75,010,969	$ 6,365,789
Changes:			
Service cost	3,216,126	-	3,216,126
Interest	5,840,235	-	5,840,235
Share plan allocation	359,581	-	359,581
Differences between expected and actual experience	1,150,538	-	1,150,538
Change in assumptions	461,661	-	461,661
Contributions – employer	-	2,321,481	(2,321,481)
Contributions – state	-	1,358,952	(1,358,952)
Contributions – employee	-	543,266	(543,266)
Net investment income	-	17,236,984	(17,236,984)
Benefit payments, including refunds of employee contributions	(2,278,666)	(2,278,666)	-
Administrative expenses	-	(91,205)	91,205
Net changes	8,749,475	19,090,812	(10,341,337)
Balances at September 30, 2025 (Measurement date of 09/30/2024)	$ 90,126,233	$ 94,101,781	$ (3,975,548)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate
The sensitivity of the net pension liability to changes in the discount rate was as follows:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's net pension liability (asset)	$ 7,196,795	$ (3,975,548)	$ (13,238,346)

Pension Plan Fiduciary Net Position
Detailed information about the pension plan's fiduciary net position is available in a separately issued plan financial report. A separate audited financial report of the pension plan is not available.

Pension Expense and Deferred Outflows/Inflows of Resources
For the year ended September 30, 2025, the District recognized pension expense of $3,139,973. On September 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District and state contributions subsequent to the measurement date	$ 4,476,571	$ -
Net difference between projected and actual earnings on pension plan investments	-	7,219,290
Changes of assumptions	1,808,225	87,760
Differences between expected and actual experience	2,486,054	184,968
Total	$ 8,770,850	$ 7,492,018

Deferred outflows of resources of $4,476,571 resulting from District and State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2026	$ (750,161)
2027	601,180
2028	(2,006,315)
2029	(1,728,176)
2030	455,418
Thereafter	230,315
	$ (3,197,739)

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description
The District's Retiree Health Care Plan (the Plan) is a single-employer defined benefit postemployment health care plan that covers eligible retired employees of the District. The Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements under one of the District's retirement plans to purchase health insurance at the District's group rate as mandated by Section 112.0801, Florida Statutes.

For purposes of applying under GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, the Plan does not meet the requirements for an OPEB plan administered through a trust. Accordingly, no assets are held in a GASB compliant trust to pay for related plan benefits.

Plan Membership as of September 30, 2023:

Inactive Plan Members or Beneficiaries currently receiving benefits	5
Active Plan Members	148
	153

Benefits Provided
A retired employee and his or her spouse are eligible to continue health insurance identical to active employees if they meet the eligibility for retirement under the applicable Plan. The retiree is responsible for paying the entire monthly premium for health coverage and that of any covered spouse or eligible dependents. Medicare is assumed to become primary upon attainment of age 65.

Total OPEB Liability
The measurement date is September 30, 2024. The measurement period for OPEB expense is October 1, 2023 to September 30, 2024. The reporting period is October 1, 2024 to September 30, 2025.

The District's total OPEB liability was measured as of September 30, 2024.

Actuarial Assumptions
The total OPEB liability was determined by an actuarial valuation as of September 30, 2024, using the following actuarial assumptions:

Inflation	2.50%
Salary increases	Service based
Discount rate	4.06%
Initial trend rate	7.00%
Ultimate trend rate	4.00%
Years to ultimate	51

All mortality rates were based on the Pub-2010 mortality tables. All mortality rates are those outlined in Milliman's July 1, 2023, Florida Retirement System (FRS) valuation report. All tables include fully generational adjustments for mortality improvements using gender-specific improvement Scale MP-2018.

Mortality – Active Lives
For female (non-special risk) lives, the headcount-weighted PubG-2010 female employee table was used. For female special risk lives, the headcount-weighted PubS-2010 female employee table, set forward one year, was used. For male (non-special risk) lives, the headcount-weighted PubG-2010 male employee table, set back one year, was used. For male special risk lives, the headcount-weighted PubS-2010 male employee table, set forward one year, was used.

Mortality – Inactive Healthy Lives
For female (non-special risk) lives, the headcount-weighted PubG-2010 female above-median income healthy retiree table was used. For female special risk lives, the headcount-weighted PubS-2010 female above-median income healthy retiree table, set forward one year, was used. For male (non-special risk) lives, the headcount-weighted PubG-2010 male above-median income healthy retiree table, set back one year, was used. For male special risk lives, the headcount-weighted PubS-2010 male above-median income healthy retiree table, set forward one year, was used.

Mortality – Disabled Lives
For female (non-special risk) lives, the headcount-weighted PubG-2010 female disabled retiree table, set forward three years, was used. For female special risk lives, an 80% headcount-weighted PubG-2010 female disabled retiree, 20% headcount-weighted PubS-2010 female disabled retiree blended table was used.

Discount Rate
Given the District's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.06%. The high-quality municipal bond rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices as of the measurement date. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least "AA" by Standard and Poor's Ratings Services, "Aa2" by Moody's or "AA" by Fitch. If there are multiple ratings, the lowest rating is used.

Change in Total OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability (a) – (b)**
Balances at September 30, 2024 (Measurement date of 09/30/2023)	$ 2,620,079	$ -	$ 2,620,079
Changes for the year:			
Service cost	201,184	-	201,184
Interest	136,389	-	136,389
Differences between expected and actual experience	213,903	-	213,903
Benefit payments	(41,833)		(41,833)
Net changes	509,643	-	509,643
Reporting period ending September 30, 2025 (Measurement date of 09/30/2024)	$ 3,129,722	$ -	$ 3,129,722

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate
The following table presents the total OPEB liability of the District, as well as what the District's total OPEB 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 discount rate:

	1% Decrease 3.06%	Current Discount Rate 4.06%	1% Increase 5.06%
Total OPEB liability	$ 3,423,175	$ 3,129,722	$ 2,868,470

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rates
The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare costs trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease 3.00%-6.00%	Healthcare Cost Trend Rates 4.00%-7.00%	1% Increase 5.00%-8.00%
Total OPEB liability	$ 2,789,271	$ 3,129,722	$ 3,525,906

OPEB Plan Fiduciary Net Position
The plan is unfunded, so the OPEB plan has no fiduciary net position.

OPEB Expense and Deferred Outflows/Inflows of Resources
For the year ended September 30, 2025, the District recognized OPEB expense of $366,293. On September 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 167,257	$ 217,903
Changes of assumptions	858,107	513,687
Employer contributions subsequent to measurement date	47,961	-
Total	$ 1,073,325	$ 731,590

Deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB liability will be recognized in OPEB expense as follows:

Year ended September 30:	
2026	$ 19,721
2027	40,236
2028	57,767
2029	57,764
2030	55,176
Thereafter	63,110
	$ 293,774

10. SUPPLEMENTAL RETIREMENT PLANS

Deferred Compensation Plan
The District offers employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is a tax-deferred supplemental retirement program that allows District employees to contribute a portion of their salary before federal income taxes to a retirement account. The assets are held in trust for the employee's benefit. The plan participants individually select and make changes in funding options made available by the independent plan administrator. Since plan participants select the investment fund or funds in which their deferred compensation accounts are invested, the District has no liability for investment losses.

The District's fiduciary responsibility is to administer the plan properly and to ensure the investment alternatives made available are reasonable. All full-time employees are eligible to participate in the plan and make elective deferrals. For non-high-risk employees hired before October 2, 2006, the District contributes 10% of their base wage to the deferred compensation plan. Contributions to the plan are immediately vested.

For the year ending September 30, 2025, plan contributions made by plan members totaled $276,491.

Defined Contribution Plan
The District offers a defined contribution plan created in accordance with Internal Revenue Code Section 401(a). The plan is a governmental money purchase plan with the same independent plan administrator as the deferred compensation plan, also with participant selected investments. All full-time employees hired after October 2, 2006, are eligible to participate in the plan. The District contributes 7% of employees' base wages for the first three years of employment and 10% thereafter to the 401(a) plan.

The vesting percentage of District contributions is determined in accordance with the following schedule:

Service Years	Vesting Percentage
3 years	20%
4 years	40%
5 years	60%
6 years	80%
7 years	100%

The authority for establishing and amending the plan's provisions lies with the District's Board of Fire Commissioners (the Board). The Board also has the authority for amending contribution requirements. Contributions made to the plan by the District were $240,997 for the fiscal year ending September 30, 2025.

11. LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

The following table summarizes changes in long-term liabilities of the District for the year ended September 30, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Other Debt					
Subscription liabilities	$ -	$ 270,096	$ -	$ 270,096	$ 44,905
Compensated absences [1]	3,301,439	371,181	-	3,672,620	1,652,679
Total Governmental Activities	$ 3,301,439	$ 641,277	$ -	$3,942,716	$ 1,697,584

[1] Additions and reductions are reported on a net basis for compensated absences.

Description of Long-Term Debt Outstanding

The District has entered into subscription-based information technology arrangement with a telecommunications vendor. The District's subscription liability is measured using the present value of subscription payments expected to be remitted to the vendor during the subscription term, including options reasonably certain to be exercised. The agreement requires annual base subscription payments ranging from $58,905 to $84,244. The remaining subscription term is approximately 4.67 years, and the discount rate used to calculate the present value of the subscription payments is 4.75%, which is the District's estimated incremental borrowing rate for similar assets. The carrying value of the related subscription asset can be found in Note 6. In the event of default, the lender may revoke the District's license to use the underlying software. This agreement does not contain any subjective acceleration clauses.

Amortization of Outstanding Debt
The annual requirements to amortize all debt outstanding except compensated absences as of September 30, 2025, was as follows:

Year Ending	Subscription Liabilities	
September 30	Principal	Interest
2026	$ 44,905	$ 14,000
2027	69,570	10,615
2028	74,959	7,230
2029	80,662	3,582
Total	$ 270,096	$ 35,427

12. RISK MANAGEMENT

South Walton Fire 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.

All full-time District employees are covered under the District's employee health benefit program. The District pays 100% of the health insurance premium for District employees and 50% of the premium for employee dependents. The District's health insurance program has two plans. One plan has no deductibles and a maximum out-of-pocket cost of $1,500 per individual and $3,000 per family, if network providers are used. The other plan offers a health savings account with a deductible of $1,600 per individual and $3,200 per family and a maximum out-of-pocket cost of $4,800 per individual and $9,200 per family, if network providers are used. Under these plans, the District is not obligated to reimburse for deductibles or out-of-pocket costs.

It is at the employee’s discretion in determining in which plan to participate.

13. LAND CONTRACT

In 1999, the District entered into a land lease agreement with the Board of Trustees of the Internal Improvement Trust Fund of the State of Florida. This agreement allows the District to use two lots of land on Mack Bayou Road with the only consideration from the District being the establishment and operation of a fire department, which was satisfied by the construction and operation of the Mack Bayou station. The agreement is not considered a lease in accordance with GASB guidance.

14. BEACH SAFETY CONTRACT

In February 2023, the District entered into a five-year agreement with Walton County, Florida to provide beach safety services. The contract calls for compensation of $3,125,720 for 2025. For 2026 through 2027, total compensation shall be the base amount from the immediately preceding year plus a 4% increase. The agreement continues through February 2028, with a mutual option to renew for an additional five-year period.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH WALTON FIRE 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, 2025

	Budgeted Amounts			Variance with Final Budget – Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes	$ 36,263,123	$ 36,263,123	$ 36,906,147	$ 643,024
Intergovernmental	4,294,299	4,294,299	4,375,588	81,289
Impact fees	1,050,000	1,050,000	1,179,633	129,633
Charges for services	2,735,340	2,735,340	4,264,844	1,529,504
Investment income	900,000	900,000	1,449,847	549,847
Miscellaneous	56,440	56,440	139,287	82,847
Total revenues	45,299,202	45,299,202	48,315,346	3,016,144
EXPENDITURES				
Current				
Public safety	38,368,167	38,368,167	33,667,489	4,700,678
Capital outlay	8,282,813	8,282,813	6,611,361	1,671,452
Total expenditures	46,650,980	46,650,980	40,278,850	6,372,130
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,351,778)	(1,351,778)	8,036,496	9,388,274
OTHER FINANCING SOURCES				
Issuance of subscription liabilities	-	-	270,096	270,096
NET CHANGE IN FUND BALANCE	(1,351,778)	(1,351,778)	8,306,592	9,658,370
FUND BALANCE AT BEGINNING OF YEAR	25,138,829	25,138,829	46,468,989	21,330,160
FUND BALANCE AT END OF YEAR	$ 23,787,051	$ 23,787,051	$ 54,775,581	$ 30,988,530

See notes to the budgetary comparison schedule.

SOUTH WALTON FIRE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. An appropriated budget is adopted for the general fund. The Board of Fire Commissioners must approve any revision to the budget.

Comparisons are made between actual results and budgeted amounts. Budget data presented in the financial statements includes approved amendments to the originally adopted budget. Budgetary data reflected in the financial statements is based on procedures required by Florida Statutes.

Budget workshops are held by the District in which proposed budget information is reviewed and discussed. A newspaper of general circulation in the District advertises the proposed budget. Public hearings are conducted to hear requests and concerns from the public.

The final budget is adopted by resolution. Any subsequent amendments must be enacted in the same manner as the original budget, except individual line-item transfers, which are approved by the Board of Fire Commissioners. The legal level of budgetary control is at the fund level.

SOUTH WALTON FIRE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal year ending September 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement period ending September 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	$ 3,216,126	$ 2,929,100	$ 2,654,644	$ 2,397,636	$ 2,209,986	$ 1,978,247	$ 1,782,394	$ 1,571,972	$ 1,513,160	$ 1,861,588
Interest	5,840,235	5,264,326	4,845,886	4,508,042	4,045,880	3,702,378	3,300,501	2,925,711	2,533,992	2,590,317
Change in excess state money	-	-	-	-	-	-	-	-	(399,766)	179,685
Share plan allocation	359,581	268,500	186,676	164,589	69,284	42,799	20,864	4,899	422,953	-
Change in benefits	-	-	-	-	-	(4,505)	-	-	-	-
Differences between expected and actual experience	1,150,538	1,575,722	(203,423)	(137,456)	664,267	501,045	833,461	292,955	712,281	(786,803)
Changes of assumptions	461,661	-	-	1,975,312	1,132,954	(351,043)	1,489,578	2,773,063	-	(3,878,418)
Contributions – buy back	43,257	-	144,949	-	102,801	24,084	160,587	103,630	-	89,010
Benefit payments, including refunds of employee contributions	(2,321,923)	(1,872,905)	(1,978,044)	(2,258,098)	(1,818,250)	(964,334)	(471,935)	(422,780)	(266,641)	(196,017)
Net change in total pension liability	8,749,475	8,164,743	5,650,688	6,650,025	6,406,922	4,928,671	7,115,450	7,249,450	4,515,979	(140,638)
Total pension liability – beginning	81,376,758	73,212,015	67,561,327	60,911,302	54,504,380	49,575,709	42,460,259	35,210,809	30,694,830	30,835,468
Total pension liability – ending (a)	$ 90,126,233	$ 81,376,758	$ 73,212,015	$ 67,561,327	$ 60,911,302	$ 54,504,380	$ 49,575,709	$ 42,460,259	$ 35,210,809	$ 30,694,830
Plan Fiduciary Net Position										
Contributions – employer	$ 2,321,481	$ 1,915,095	$ 1,695,834	$ 1,393,727	$ 1,109,331	$ 904,000	$ 546,000	$ 430,000	$ 1,151,968	$ 1,210,923
Contributions – state	1,358,952	1,176,789	1,013,142	968,968	778,357	725,387	681,518	649,588	686,162	756,247
Contributions – employee	543,266	531,759	504,835	479,736	453,636	452,684	431,182	421,681	421,011	405,366
Contributions – buy back	43,257	-	144,949	-	102,801	24,084	160,587	103,630	-	89,010
Net investment income	17,236,984	7,202,059	(7,812,797)	11,192,948	6,305,347	1,427,036	4,515,886	5,320,373	3,664,067	182,373
Benefit payments, including refunds of employee contributions	(2,321,923)	(1,872,905)	(1,978,044)	(2,258,098)	(1,818,250)	(964,334)	(471,935)	(422,780)	(266,641)	(196,017)
Administrative expenses	(91,205)	(78,729)	(79,095)	(53,137)	(60,094)	(49,031)	(53,221)	(63,823)	(42,840)	(43,231)
Net change in plan fiduciary net position	19,090,812	8,874,068	(6,511,176)	11,724,144	6,871,128	2,519,826	5,810,017	6,438,669	5,613,727	2,404,671
Plan fiduciary net position – beginning	75,010,969	66,136,901	72,648,077	60,923,933	54,052,805	51,532,979	45,722,962	39,284,293	33,670,566	31,265,895
Plan fiduciary net position – ending (b)	94,101,781	75,010,969	66,136,901	72,648,077	60,923,933	54,052,805	51,532,979	45,722,962	39,284,293	33,670,566
Net pension liability (asset) – ending (a) – (b)	$ (3,975,548)	$ 6,365,789	$ 7,075,114	$ (5,086,750)	$ (12,631)	$ 451,575	$ (1,957,270)	$ (3,262,703)	$ (4,073,484)	$ (2,975,736)
Plan fiduciary net position as a percentage of the total pension liability (asset)	104.41%	92.18%	90.34%	107.53%	100.02%	99.17%	103.95%	107.68%	111.57%	109.69%
Covered payroll	$ 10,211,636	$ 9,636,857	$ 8,810,709	$ 8,025,331	$ 7,414,380	$ 7,133,977	$ 6,630,379	$ 6,383,199	$ 6,237,566	$ 6,438,507
Net pension liability (asset) as a percentage of covered payroll	-38.93%	66.06%	80.30%	-63.38%	-0.17%	6.33%	-29.52%	-51.11%	-65.31%	-46.22%

See notes to the schedule.

SOUTH WALTON FIRE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
(UNAUDITED)

Changes in Benefit Terms
For measurement date 9/30/2019, amounts reported as changes of benefit terms resulted from the provisions of Chapter 112.1816, Florida Statutes. The Statutes state that, effective July 1, 2019, a death or disability (under the Plan's definition of total and permanent disability) for a Firefighter due to the diagnosis of cancer or circumstances that arise out of the treatment of cancer will be treated as duty related.

Changes of Assumptions
For measurement date 9/30/2021, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.25% to 7.00%.

For measurement date 9/30/2020, as required by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in the July 1, 2019 actuarial valuation for special risk lives, with appropriate risk and collar adjustments made based on plan demographics.

For measurement date 9/30/2019, amounts reported as changes in assumptions resulted from an experience study dated August 19, 2019, the following changes have been incorporated:

- The assumed rates of termination have been amended from an age-based table to a service-based table to better align with actual plan experience.
- The assumed rates of disablement for active members have been amended to better align with actual plan experience.
- In anticipation of compliance with Chapter 2019-21, Laws of Florida, the in-line-of duty assumption has been increased from 75% of disablements to 90% of disablements.

For measurement date 9/30/2018, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.50% to 7.25%.

For measurement date 9/30/2017, as required by Chapter 2015-157, Laws of Florida, the assumed rates of mortality have been changed from those in the July 1, 2015 FRS valuation report to those used in the July 1, 2016 FRS valuation report. Additionally, the investment rate of return was lowered from 8.00% to 7.50%.

For the measurement date 09/30/2016, the inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

For the measurement date 9/30/2015, amounts reported as changes of assumptions were resulted from mandatory revisions to the mortality table to incorporate generational mortality improvements. Furthermore, the salary increase assumption has been changed from 7.50% per year to a service-based assumption that more closely aligns with actual plan experience.

SOUTH WALTON FIRE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS (UNAUDITED)
LAST TEN FISCAL YEARS

Measurement Period Ended	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Actuarially determined contribution	$ 3,320,851	$ 2,823,384	$ 2,522,299	$ 2,197,906	$ 1,818,404	$ 1,586,587	$ 1,206,557	$ 1,162,676	$ 1,725,074	$ 1,787,485
Contributions in relation to the actuarially determined contributions	3,320,852	2,823,384	2,522,300	2,198,106	1,818,404	1,586,588	1,206,654	1,074,689	1,814,944	1,787,485
Contribution deficiency (excess)	$ (1)	$ -	$ (1)	$ (200)	$ -	$ (1)	$ (97)	$ 87,987	$ (89,870)	$ -
Covered payroll	$ 10,211,636	$ 9,636,857	$ 8,810,709	$ 8,025,331	$ 7,414,380	$ 7,133,977	$ 6,630,379	$ 6,383,199	$ 6,237,566	$ 6,438,507
Contributions as a percentage of covered payroll	32.52%	29.30%	28.63%	27.39%	24.53%	22.24%	18.20%	16.84%	29.10%	27.76%

See notes to the schedule.

SOUTH WALTON FIRE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE SCHEDULE OF CONTRIBUTIONS
(UNAUDITED)

Valuation Date: October 1, 2023

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Mortality Rate
The assumed rates of mortality are mandated by Chapter 2015-157, Laws of Florida. The law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement Systems (FRS). The above rates are those outlined in the July 1, 2023 FRS actuarial valuation report for special risk employees.

Interest Rate
7.00% per year compounded annually, net of investment-related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Retirement Age
Earlier of age 55 and 10 years of service or the completion of 25 years of service. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.

Early Retirement
Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.

Funding Method
Entry Age Normal Actuarial Cost Method.

Disability Rates
It is assumed that 90% of disablements are service related. This assumption was developed from those used by other plans containing Florida municipal firefighters. See table on page 51.

Payroll Growth
2.00% per year. This assumption complies with Part VII of Chapter 112, Florida Statutes.

Asset Valuation Method
All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

Salary Increases

Service Years	Increase
0	12.0%
1	11.5%
2	11.0%
3	10.5%
4	10.0%
5	9.0%
6	8.0%
7	7.0%
8	6.0%
9	5.0%
10+	4.0%

The assumed rates above were determined based on an experience analysis performed in conjunction with the October 1, 2015, actuarial valuation.

Termination Rates

Years of Service	% Terminating During the Year
0	7.00%
1 - 6	2.00%
7 - 9	0.00%
10+	0.50%

Disability Rates

Age	% Becoming Disabled During the Year
20	0.12%
30	0.18%
40	0.27%
50	0.70%
60	3.60%
61+	5.00%

The assumed rates above were determined based on an actuarial experience study performed as of August 19, 2019.

SOUTH WALTON FIRE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS (UNAUDITED)
LAST TEN FISCAL YEARS

Measurement Period Ended September 30:	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Annual Money-Weighted Rate of Return										
Net of Investment Expense	22.86%	10.85%	-10.78%	18.42%	2.77%	9.82%	13.49%	10.72%	0.57%	11.64%

SOUTH WALTON FIRE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB
LIABILITY AND RELATED RATIOS (UNAUDITED)

Reporting period ending September 30,	2025	2024	2023	2022	2021	2020	2019	2018
Measurement period ending September 30,	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Total OPEB Liability								
Service cost	$ 201,184	$ 138,310	$ 193,847	$ 156,835	$ 114,786	$ 91,868	$ 100,374	$ 111,340
Interest	136,389	118,955	71,358	45,970	60,260	62,514	55,051	47,573
Differences between expected and actual experience	-	(266,327)	-	159,534	-	178,839	-	-
Changes of assumptions	213,903	318,497	(567,076)	443,584	273,814	(152,892)	(157,747)	(184,679)
Benefit payments	(41,833)	(88,714)	(82,525)	(26,864)	(24,990)	(6,288)	(5,795)	(5,329)
Net change in total OPEB liability	509,643	220,721	(384,396)	779,059	423,870	174,041	(8,117)	(31,095)
Total OPEB liability – beginning	2,620,079	2,399,358	2,783,754	2,004,695	1,580,825	1,406,784	1,414,901	1,445,996
Total OPEB liability – ending	$ 3,129,722	$ 2,620,079	$ 2,399,358	$ 2,783,754	$ 2,004,695	$ 1,580,825	$ 1,406,784	$ 1,414,901
Covered employee payroll	$ 13,283,620	$ 12,367,210	$ 9,797,653	$ 9,190,182	$ 9,141,660	$ 8,617,704	$ 8,292,772	$ 7,792,770
Sponsor's Total OPEB Liability as a percentage of covered employee payroll	23.56%	21.19%	24.49%	30.29%	21.93%	18.34%	16.96%	18.16%
Discount rate used to calculate Total OPEB Liability	4.06%	4.87%	4.77%	2.43%	2.14%	3.58%	4.18%	3.64%

Notes to the Schedule

Differences between expected and actual experience reflect the impact of changes to the census data from the prior valuation to the valuation as of September 30, 2019.

Changes in the discount rate, updated health care costs and premiums, updated health care cost trend rates, updated termination and disability rates (90% assumed in line of duty) and updated mortality rates are reflected in changes of assumptions.

The plan sponsor did not provide actual net benefits paid by the plan for the fiscal year ended September 30, 2025. Expected net benefit payments produced by the valuation model for the same period are shown in the table above.

* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

COMPLIANCE SECTION

Warren Averett
CPAs AND ADVISORS

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

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

To the Board of Fire Commissioners
South Walton Fire District

We have examined South Walton Fire District's (the District's) compliance with Section 218.415, Florida Statutes, with regards to investments for the year ended September 30, 2025.

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 aforementioned requirements for the year ended September 30, 2025.

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.

Warren Averett, LLC

Destin, Florida
May 11, 2026

Warren Averett
CPAs AND ADVISORS

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

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

To the Board of Fire Commissioners
South Walton Fire 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, the general fund, and the pension trust fund of the South Walton Fire District (the District), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 11, 2026.

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.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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 matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Warren Averett, LLC

Destin, Florida
May 11, 2026

Warren Averett
CPAs AND ADVISORS

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

MANAGEMENT LETTER

To the Board of Fire Commissioners
South Walton Fire District

Report on the Financial Statements
We have audited the financial statements of the South Walton Fire District, as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated May 11, 2026.

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 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 Auditor General*. Disclosures in those reports are dated May 11, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings
Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no such findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority
Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. 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 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 Auditor General*, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Property Assessed Clean Energy (PACE) Programs
As required by Section 10.554(1)(i)6.a., *Rules of the Auditor General*, the District did not 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 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 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 226.

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 $19,835,143.

d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $8,822.

e. There were no construction projects with a total cost of at least $65,000 approved by the District that is 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 fiscal year being reported.

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

a. The millage rate or rates imposed by the District as 1.0000.

b. The total amount of ad valorem taxes collected by or on behalf of the District as $36,906,147.

c. The District does not have any outstanding bonds.

The specific information reported in the previous paragraphs 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 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.

Warren Averett, LLC

Destin, Florida
May 11, 2026

IMPACT FEE AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Carole E. Martin, who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer of the South Walton Fire District which is a local governmental entity of the State of Florida.

2. The governing body of the South Walton Fire District adopted Resolution No. 97-1 implementing impact fees.

3. The South Walton Fire District has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

Carole E. Martin

Carole E. Martin, 05/08/2026

STATE OF FLORIDA
COUNTY OF WALTON

SWORN TO AND SUBSCRIBED before me this _8th_ day of ____May_____, 2026.

Ashley ONeill

NOTARY PUBLIC

Print Name Ashley ONeill

Personally known ✓ or produced identification ___

Type of identification produced: _____

My Commission Expires:

3/4/2029

ASHLEY O'NEILL
Notary Public
State of Florida
Comm# HH647252
Expires 3/4/2029