

MIDWAY FIRE DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2025

**MIDWAY FIRE DISTRICT
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SEPTEMBER 30, 2025**

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INDEPENDENT AUDITORS' REPORT

To the Board of Fire Commissioners
Midway Fire District

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the general fund and the pension trust fund of Midway 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 Opinions

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

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions.

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

In performing an audit in accordance with 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 pension-related schedules, 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 our report dated June 23, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Audit Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Warren Averett, LLC". The signature is written in a cursive, flowing style.

Pensacola, Florida
June 23, 2026

**MIDWAY FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

As management of Midway 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 approximately \$7 million (net position). Of this amount, approximately \$3.5 million represents the investment in capital assets (e.g., land, building, fire trucks and equipment) net of related debt, approximately \$624 thousand is restricted for future obligations, and the unrestricted portion, which may be used to meet the District's ongoing obligations to citizens and creditors, has a balance of approximately \$3 million.
- The District's governmental fund reported ending fund balance of approximately \$4.7 million, an increase of approximately \$356 thousand. Of this amount, approximately \$624 thousand is restricted for future capital expenditures and improvements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Midway Fire 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 required supplementary information in addition to the basic financial statements. The District has elected to present the government-wide financial statements and fund financial statements in a combined presentation with a column containing the adjustments to reconcile the two financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with reported net position being the amount assets and deferred outflows of resources exceed liabilities and deferred inflows of resources. 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 flows in future fiscal periods.

The government-wide financial statements distinguish functions of the District that are principally supported by non-advalorem fire special assessment. The governmental activities of the District consist of public safety (fire suppression and emergency response).

**MIDWAY FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

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. Midway Fire District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary 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.

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.

Midway Fire 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.

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

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 proprietary funds.

**MIDWAY FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget and progress in funding its obligation to provide pension benefits to its employees.

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 \$7 million (net position) for the fiscal year.

By far the largest portion of the District's net position, approximately \$3.5 million (or 49%) reflects its investment in capital assets (e.g., land, buildings, fire trucks and equipment) less any related debt still outstanding that was used to acquire those assets.

The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District reports the investment in its capital assets net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Charges for services revenue increased by approximately \$568 thousand (or 8%) primarily due to the District's transition from ad valorem taxation to non-ad valorem fire special assessments, which reduced property tax revenue compared to the prior year.

**MIDWAY FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

	Governmental Activities	
	2025	2024
Current and other assets	\$ 4,447,614	\$ 4,094,721
Capital assets	4,662,481	4,900,279
Restricted cash and investments	623,951	549,255
Total assets	9,734,046	9,544,255
Deferred outflows of resources	2,007,408	1,719,541
Current and other liabilities	768,224	763,651
Long-term liabilities	1,507,068	1,694,061
Net pension liability	1,845,541	1,552,529
Total liabilities	4,120,833	4,010,241
Deferred inflows of resources	574,089	512,934
Net Position		
Net investment in capital assets	3,511,240	3,336,567
Restricted	623,951	549,255
Unrestricted	2,911,341	2,854,799
Net position	\$ 7,046,532	\$ 6,740,621

**MIDWAY FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

GOVERNMENTAL ACTIVITIES

Governmental activities change in net position is reported in the table below.

	Governmental Activities	
	2025	2024
REVENUES		
Program revenues		
Capital grants and contributions	\$ 67,703	\$ 45,560
Charges for services	6,761,368	7,184
General revenues		
Property taxes	-	7,323,553
Intergovernmental revenues	121,209	368,869
Other revenue	204,009	264,299
Total revenues	7,154,289	8,009,465
EXPENSES		
Public safety	6,723,992	6,406,297
Debt service interest	30,924	45,360
Total expenses	6,754,916	6,451,657
INCREASE IN NET POSITION	399,373	1,557,808
NET POSITION BEGINNING	6,740,621	5,182,813
CHANGE IN ACCOUNTING PRINCIPLE	(93,462)	-
NET POSITION BEGINNING, RESTATED	6,647,159	-
NET POSITION ENDING	<u>\$ 7,046,532</u>	<u>\$ 6,740,621</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

GOVERNMENTAL FUND

The focus of the District's general 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, 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.

As of the end of the current fiscal year, the District's general fund reported ending fund balance of \$4.7 million, an increase of \$356 thousand in comparison with the prior year. Charges for services revenue decreased by approximately \$569 thousand (or 8%) primarily due to the District's transition from ad valorem taxation to non-ad valorem fire special assessments.

**MIDWAY FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

Public safety personal service expenditures increased approximately \$303 thousand due to increases in wages of firefighters.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, total actual expenditures were under budgetary expectations by approximately \$356 thousand and total actual revenues were aligned with budgetary expectations.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

Investment in capital assets includes land, buildings, improvements, equipment and fire trucks and vehicles. Additional information on the capital assets of the District can be found in Note 3 of this report.

**CAPITAL ASSETS
(Net of Depreciation)**

	Governmental Activities	
	2025	2024
Land	\$ 807,721	\$ 807,721
Buildings	1,377,396	1,454,482
Improvements	203,375	152,669
Equipment	138,264	176,241
Fire trucks and vehicles	1,588,462	1,761,903
Construction in progress	547,263	547,263
Total	\$ 4,662,481	\$ 4,900,279

LONG-TERM DEBT

All of the District's debt, with the exception of compensated absences, represents bank loans secured solely by specified property and non-ad valorem revenues. The District has no general obligation or special assessment debt.

**OUTSTANDING DEBT
(Notes Payable and Compensated Absences)**

	Governmental Activities	
	2025	2024
Notes payable	\$ 1,151,241	\$ 1,563,712
Compensated absences	706,912	542,820
	\$ 1,858,153	\$ 2,106,532

**MIDWAY FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

Additional information on the District's notes payable can be found in Note 6 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District primarily relies upon non-ad valorem fire special assessments, impact fees and user fees to fund its activities. There are also 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 sources of revenue for the District are non-ad valorem fire special assessments levied on property owners within the District's boundaries which were implemented for fiscal year 2025.

Current trends and forecasts indicate the District will continue to see an increase in growth with higher demands for service. The non-ad valorem fire special assessments comprise approximately \$7 million (or approximately 91%) of total budgeted revenues for fiscal year 2026.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's financial condition. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Administrative Chief, Midway Fire District, 1322 College Parkway, Gulf Breeze, Florida 32563. Midway Fire District's website address is www.midwayfire.com. Inquiries may also be sent via email to the Administrative Chief at missy.scarborough@midwayfire.com.

BASIC FINANCIAL STATEMENTS

**MIDWAY FIRE DISTRICT
GOVERNMENTAL FUND BALANCE SHEET AND
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash and cash equivalents	\$ 903,522	\$ -	\$ 903,522
Investments	3,061,439	-	3,061,439
Accounts receivable	4,913	-	4,913
Due from other governments	477,740	-	477,740
Capital assets			
Non-depreciable	-	1,354,984	1,354,984
Depreciable, net	-	3,307,497	3,307,497
Restricted cash	109,856	-	109,856
Restricted investments	514,095	-	514,095
TOTAL ASSETS	<u>\$ 5,071,565</u>	<u>4,662,481</u>	<u>9,734,046</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items		<u>2,007,408</u>	<u>2,007,408</u>
LIABILITIES			
Accounts payable	\$ 267,126	-	267,126
Accrued liabilities	144,655	-	144,655
Accrued interest	-	5,358	5,358
Due within one year			
Compensated absences	-	141,382	141,382
Notes payable	-	209,703	209,703
Due in more than one year			
Compensated absences	-	565,530	565,530
Notes payable	-	941,538	941,538
Net pension liability	-	1,845,541	1,845,541
TOTAL LIABILITIES	<u>411,781</u>	<u>3,709,052</u>	<u>4,120,833</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items		<u>574,089</u>	<u>574,089</u>
FUND BALANCE			
Restricted for capital expenditures	623,951	(623,951)	
Assigned for use in 2026 budget	375,000	(375,000)	
Unassigned	3,660,833	(3,660,833)	
TOTAL FUND BALANCE	<u>4,659,784</u>	<u>(4,659,784)</u>	
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 5,071,565</u>		
NET POSITION			
Net investment in capital assets		3,511,240	3,511,240
Restricted – impact fees		623,951	623,951
Unrestricted		<u>2,911,341</u>	<u>2,911,341</u>
TOTAL NET POSITION		<u>\$ 7,046,532</u>	<u>\$ 7,046,532</u>

See notes to the financial statements.

**MIDWAY FIRE DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025**

Fund balance, governmental fund		\$ 4,659,784
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources; therefore, they are not reported in the general fund.

Governmental non-depreciable assets	1,354,984	
Governmental depreciable assets	7,337,835	
Less accumulated depreciation	<u>(4,030,338)</u>	
		4,662,481

Deferred outflows and deferred inflows of resources related to pensions are not available/receivable or due/payable, respectively, in the current period and therefore, are not reported in the general fund.

Deferred outflows of resources	2,007,408	
Deferred inflows of resources	<u>(574,089)</u>	
		1,433,319

Long-term liabilities are not due and payable in the current period and are not reported in the general fund.

Net pension liability	(1,845,541)	
Notes payable	(1,151,241)	
Accrued interest	(5,358)	
Compensated absences	<u>(706,912)</u>	
		<u>(3,709,052)</u>

Net position of governmental activities		<u><u>\$ 7,046,532</u></u>
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See notes to the financial statements.

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

	General Fund	Adjustments	Statement of Activities
REVENUES			
Intergovernmental	121,209	-	121,209
Impact fees	67,703	-	67,703
Permits, fees, and special assessments	6,761,368	-	6,761,368
Interest	190,285	-	190,285
Miscellaneous	13,724	-	13,724
Total revenues	7,154,289	-	7,154,289
EXPENDITURES / EXPENSES			
Current			
Public safety - fire protection			
Personal services	5,335,443	136,930	5,472,373
Operating	919,683	-	919,683
Depreciation and amortization	-	331,936	331,936
Capital outlay	94,138	(94,138)	-
Debt service			
Principal	412,471	(412,471)	-
Interest	36,309	(5,385)	30,924
Total expenditures / expenses	6,798,044	(43,128)	6,754,916
EXCESS OF REVENUES OVER EXPENDITURES	356,245		
INCREASE IN NET POSITION			399,373
NET POSITION, BEGINNING			6,740,621
CHANGE IN ACCOUNTING PRINCIPLE			(93,462)
FUND BALANCE/NET POSITION:			
BEGINNING OF YEAR, RESTATED	4,303,539		6,647,159
END OF YEAR	\$ 4,659,784		\$ 7,046,532

See notes to the financial statements.

MIDWAY FIRE DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND 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	\$	356,245
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Amounts reported for governmental activities in the statement of activities are different because:

The general fund reports capital outlays as expenditures; however, in the statement of activities, the cost of those assets is depreciated/amortized over the estimated useful lives of the assets.

Expenditures for capital assets	94,138		
Less current year depreciation	(331,936)		
			(237,798)

The issuance of long-term debt provides current financial resources to the general fund, while the repayment of the principal of long-term debt consumes the current financial resources of the general fund. Neither transaction, however, has any effect on net position. Also, the general fund reports the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal payments		412,471
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Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, they are not reported as expenditures in the general fund.

Change in net pension liability and related deferrals	(66,300)		
Change in accrued interest on long-term debt	5,385		
Change in long-term compensated absences	(70,630)		
			(131,545)

Change in net position of governmental activities	\$	399,373
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See notes to the financial statements.

**MIDWAY FIRE DISTRICT
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2025**

	Pension Trust Fund
ASSETS	
Cash	\$ 122,842
Investments, at fair value	15,232,419
Due from state	<u>241,016</u>
TOTAL ASSETS	<u>15,596,277</u>
NET POSITION	
Restricted for pension benefits	<u><u>\$ 15,596,277</u></u>

See notes to the financial statements.

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

	Pension Trust Fund
ADDITIONS	
Contributions	
Plan members	\$ 289,294
Buy-back contributions	16,931
State of Florida	347,253
Employer	<u>544,947</u>
Total contributions	1,198,425
Investment income	1,174,829
Less investment expense	<u>(25,624)</u>
Net investment income	<u>1,149,205</u>
TOTAL ADDITIONS	2,347,630
DEDUCTIONS	
Benefits paid	242,640
Administrative expenses	<u>27,023</u>
TOTAL DEDUCTIONS	<u>269,663</u>
INCREASE IN NET POSITION	2,077,967
NET POSITION RESTRICTED FOR PENSION BENEFITS	
BEGINNING OF YEAR	<u>13,518,310</u>
END OF YEAR	<u>\$ 15,596,277</u>

See notes to the financial statements.

**MIDWAY FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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

Midway Fire District (the "District") is a body corporate and politic, created pursuant to Chapter 82-377, Laws of Florida in 1982, as amended in 1997 by House Bill 1741 of the Florida House of Representatives and in 2003 by Chapter 2003-364, Laws of Florida, House Bill 1225 of the Florida House of Representatives. The purpose of the District is to raise funds for the operations of the fire department. The District is served by a five-member Board of Fire Commissioners, elected at large by the residents of the District.

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. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

The following is a summary of the District's accounting policies applied in the preparation of the financial statements.

A. The Reporting Entity

As required by GAAP, these financial statements present Midway Fire District as the primary government. In evaluating the District as a reporting entity, management has concluded there are no component units which are required to be included in these financial statements.

B. Government-Wide and Fund Financial Statements

The basic financial statements include presentations of both government-wide and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. Since only one governmental fund is utilized, there is no interfund activity, which requires elimination. Governmental activities of the District are primarily supported by non-ad valorem fire special assessments and intergovernmental revenues. There are no business-type activities conducted by the District, which rely, to a significant extent, on fees and charges for support.

As permitted by GAAP, the District has elected to present the government-wide financial statements and fund financial statements in a combined presentation with a column containing the adjustments to reconcile the two financial statements.

Separate fund financial statements are provided for the general fund and the fiduciary fund, even though the fiduciary fund is excluded from the government-wide financial statements. 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.

**MIDWAY FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

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). The District has only one governmental fund, the general fund, which 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, the pension trust fund, which reports the resources required to be held in trust for the members and beneficiaries of the defined benefit pension plan administered by the Midway Fire District Firefighters' Pension Trust Fund Board of Trustees.

C. 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. Non-ad valorem fire special assessments 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 60 days of the end of the current fiscal period, except for certain grant revenues which are recognized as revenues in the same period the grant expenditures occurred, or, when received in advance, deferred until expenditures are made. Expenditures are generally 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.

Effective October 1, 2024, the District changed its method of funding fire protection services from ad valorem taxation to non-ad valorem fire special assessments, as authorized under Chapter 191, Florida Statutes. The non-ad valorem assessments are levied annually on benefited parcels within the District based on a methodology designed to allocate costs in proportion to the benefit received. The assessments are billed and collected by the county tax collector and are included on the annual property tax bill as non-ad valorem assessments.

Non-ad valorem fire special assessment revenues are recognized in accordance with governmental accounting standards. In the governmental fund financial statements, revenues are recognized when they are measurable and available, with availability defined as amounts collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. In the government-wide financial statements, non-ad valorem assessment revenues are recognized in the period for which the assessments are levied.

Fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The accrual basis of accounting recognizes revenues when earned and expenses

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when incurred. The pension trust fund is used to account for the assets held by the District in a trustee capacity for the pension plan's participants.

Plan contributions to the pension trust fund are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources, as they are needed.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance or Net Position

Cash and Cash Equivalents

The District's cash on hand, demand deposits and short-term investments with maturities of three months or less when purchased are considered cash and cash equivalents.

Investments

Section 218.415, Florida Statutes, prescribes certain allowable investments including the Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to state laws, Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency, interest-bearing time deposits or savings accounts in qualified public depositories or direct obligations of the U.S. Treasury.

The District's general fund investments are invested in the Florida PRIME, an external investment pool operated by Florida's State Board of Administration ("SBA"). The SBA is governed by Chapter 19-7 of the Florida Administrative Code ("FAC"). The FAC provides guidance and establishes the general operating procedures for the administration of the Florida PRIME. The Florida PRIME meets the criteria of GASB Statement 79 to measure its investments at amortized cost, which approximates fair value, and the reported investment balance is equal to the value of the pooled shares. The Florida Auditor General performs an operational audit of activities and investments of the SBA.

Florida PRIME manages credit risk by purchasing only high-quality securities and monitors the credit risks of its portfolio securities on an ongoing basis by reviewing periodic financial data, issuer news and developments and ratings of certain nationally recognized statistical rating organizations. Florida PRIME manages interest rate risk by purchasing only short-term fixed income securities.

Investments of the Firefighters' Pension Trust Fund are invested with the Florida Municipal Investment Trust (FMIvT), which is managed by the Florida Municipal Pension Trust Fund (FMPTF). The FMIvT is a Local Government Investment Pool (LGIP) and, therefore, considered an external investment pool. The Firefighters' Pension Trust Fund has a beneficial interest in the shares of the FMIvT portfolio, not in the individual securities held within the portfolio. The District has adopted the investment policy of the FMPTF as the investment policy for the Firefighters' Pension Trust Fund. Under this policy, a wide array of investments is allowable.

Capital Assets

The District capitalizes assets that have an estimated useful life in excess of one year and an initial cost greater than \$1,500. Such assets are recorded at historical cost or estimated historical cost if

**MIDWAY FIRE DISTRICT
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purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend useful lives are not capitalized.

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

Assets	Years
Buildings	5 - 40 years
Improvements	5 - 15 years
Equipment and apparatuses	2 - 10 years
Fire trucks and vehicles	5 - 15 years

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net 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 will not be recognized as an outflow of resources (expense/expenditure) until then. The District's deferred outflows of resources are comprised of pension-related items.

In addition to liabilities, the statement of net 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 will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows of resources are comprised of pension-related items.

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.

Net Pension Liability

The government-wide financial statements present a net pension liability equal to the difference between the actuarial present value of projected benefits to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service and the amount of the pension plan's fiduciary net position. Additionally, pension expense and deferred outflows of resources and deferred inflows of resources are annually recognized from changes in the components of the net pension liability.

Fund Balances

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:

**MIDWAY FIRE DISTRICT
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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

The government-wide financial statements utilize a net position presentation. The net investment in capital assets reflects the portion of net position, which is associated with capital assets less outstanding capital asset related liabilities. Unrestricted net position represents the portion of net position that is neither restricted nor invested in capital assets (net of related debt).

E. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements. Such reclassifications have no effect on net position previously reported.

2. CASH AND INVESTMENTS

Cash

The District's deposits at year end were held at a financial institution designated as a "Qualified Public Depository" as defined by the State Treasurer. All deposits were fully insured through a combination of federal depository insurance and participation of the financial institution in the multiple financial institution collateral pool as specified in Chapter 280, Florida Statutes. Accordingly, risk of loss due to bank failure is not significant.

**MIDWAY FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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Investments

The types of allowable investments 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-D.

General Fund

At September 30, 2025, the District had investments of \$3,575,534 with the Florida PRIME. The fair value of the District's position in Florida PRIME is the same as the value of the pool shares. In accordance with GASB Statement 79, Florida PRIME qualifies for measuring its investments at amortized cost, and management of the pool believes that the pool is exempt from the GASB 72 fair value hierarchy disclosures.

As of September 30, 2025, there were no redemption fees or maximum transaction amounts or any other requirements that serve to limit a participant's daily access to 100% of their account value.

Credit Quality

The Florida PRIME is rated by Standard and Poor's and carries an AAAm rating.

Interest Rate Risk

As of September 30, 2025, the Florida PRIME portfolio's weighted average days to maturity (WAM) was 47 days. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the Florida PRIME to interest rate changes.

Pension Trust Fund

The District is a participating employer of the Florida Municipal Pension Trust Fund (FMPTF), which provides the District's pension plan with administrative and investment services. All employee pension plan assets are included in the trust's Master Trust Fund and are invested by the FMPTF through the Florida Municipal Investment Trust (FMIvT) for the benefit of the District, employees and beneficiaries. The District's investment in FMIvT is an investment in the individual investment funds offered, not the underlying securities that comprise the pool; therefore, no disclosure for individual securities is required. The District may make redemptions of its investments in the FMIvT twice a month with five business days of notice.

The District measures and records the investment in the pool using fair value measurement guidelines established by GAAP. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1 inputs – directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation or by other means.

Level 3 inputs – unobservable inputs used only when relevant Level 1 and Level 2 inputs are unavailable.

**MIDWAY FIRE DISTRICT
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Fair Value of Investments:

	Fair Value at 9/30/2025	Fair Value Hierarchy Level
Investment Funds		
Fixed Income Funds		
FMIvT Broad Market High Quality Bond	\$ 2,456,842	2
FMIvT Core Plus Fixed Income	2,272,579	3
Equity Portfolios		
FMIvT Diversified Large Cap Equity	3,900,236	2
FMIvT Diversified Small to Mid Cap Equity	2,011,539	2
FMIvT International Equity	3,347,447	2
FMIvT Core Real Estate	1,243,776	3
Totals	<u>\$ 15,232,419</u>	

Credit Risk and Interest Rate Risk Information:

	Asset Allocation	Credit Risk (Fitch Rating)	Interest Rate Risk (Years) Modified Duration	Interest Rate Risk (Years) - WAM
Investment Funds				
Fixed Income Fund				
FMIvT Broad Market High Quality Bond	16.00%	A	5.56	7.10
FMIvT Core Plus Fixed Income	14.80%	Not rated	5.52	5.76
Equity Portfolios				
FMIvT Diversified Large Cap Equity	25.40%	Not rated		
FMIvT Diversified Small to Mid Cap Equity	13.10%	Not rated		
FMIvT International Equity	21.80%	Not rated		
FMIvT Core Real Estate Portfolio	8.10%	Not rated		
Cash and money market	0.80%	Not rated		
Totals	<u>100.00%</u>			

Credit risk exists when there is a possibility that the issuer or other counterparty to an investment may be unable to meet its obligations. The District is required to disclose the credit quality ratings for fixed income investments in external investment pools.

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

**MIDWAY FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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3. CHANGES IN CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Beginning Balance	Increases	Deletions/ Transfers	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 807,721	\$ -	\$ -	\$ 807,721
Construction in progress	547,263	-	-	547,263
Total	1,354,984	-	-	1,354,984
Capital assets being depreciated				
Buildings	3,026,396	-	-	3,026,396
Improvements	377,936	76,982	-	454,918
Equipment	767,890	17,156	-	785,046
Fire trucks and vehicles	3,071,475	-	-	3,071,475
Total capital assets being depreciated	7,243,697	94,138	-	7,337,835
Less accumulated depreciation				
Buildings	(1,571,914)	(77,086)	-	(1,649,000)
Improvements	(225,267)	(26,276)	-	(251,543)
Equipment	(591,649)	(55,133)	-	(646,782)
Fire trucks and vehicles	(1,309,572)	(173,441)	-	(1,483,013)
Total accumulated depreciation	(3,698,402)	(331,936)	-	(4,030,338)
Total capital assets being depreciated, net	3,545,295	(237,798)	-	3,307,497
Governmental activities, net	\$ 4,900,279	\$ (237,798)	\$ -	\$ 4,662,481

Depreciation expense reported in the statement of activities was \$331,936.

4. RISK MANAGEMENT

The District is exposed to various risks of loss related to tort; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases insurance through commercial carriers to cover these risks. There have been no significant reductions in insurance coverage during the current year. Settlements have not exceeded insurance coverage in each of the past three years.

The District's workers' compensation is insured under a retrospectively rated policy in which the initial premium is adjusted based on actual experience during the period of coverage. Premiums are paid on the basis of the carrier's estimated cost of providing insurance to similar groups.

**MIDWAY FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

5. LINE OF CREDIT

The District had a line of credit up to \$600,000 collateralized by the general fund's deposits and investments with an interest rate of the 30-day Prime rate plus 2.00%. The line of credit expires in October 2026. There were no draws during the year, and there was no balance outstanding as of September 30, 2025.

6. NOTES PAYABLE

The following table summarizes changes in notes payable of the District for the year ended September 30, 2025:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Notes payable	\$ 1,563,712	\$ -	\$ (412,471)	\$ 1,151,241	\$ 209,703
Compensated absences ¹	<u>636,282</u>	<u>70,630</u>		<u>706,912</u>	<u>141,382</u>
Total governmental activities	<u>\$ 2,199,994</u>	<u>\$ 70,630</u>	<u>\$ (412,471)</u>	<u>\$ 1,858,153</u>	<u>\$ 209,703</u>

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

Annual Requirements to Amortize Debt Outstanding

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

<u>Year Ending September 30,</u>	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 209,703	\$ 36,214
2027	214,632	25,539
2028	220,113	20,608
2029	441,354	15,557
2030	32,406	10,380
Thereafter	33,033	10,519

**MIDWAY FIRE DISTRICT
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Description of Notes Payable

	<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
Notes Payable			
\$500,000 note payable to Truist Bank; due in annual payments of \$59,305, including interest at 3.23%. Payments began in April 2019, and the note will mature in April 2028. This note is secured by fire engine 35.	53,911	113,530	167,441
\$300,000 refunding note payable to Truist Bank; due in annual payments of \$33,907 through June 2031, including interest at 2.29%. Secured by non-ad valorem revenues.	29,600	158,481	188,081
\$1,276,456 note payable to Truist bank; due in annual payments of \$142,029, including interest at 1.99%. Payments began in August 2022, and note will mature in August 2031. This note is secured by the ladder truck.	126,192	669,527	795,719
Total Notes Payable	<u>\$ 209,703</u>	<u>\$ 941,538</u>	<u>\$ 1,151,241</u>

7. DEFINED BENEFIT PENSION PLAN

Plan Description

Plan Administration

Midway Fire District Firefighters' Pension Trust Fund (Plan) is a single-employer defined benefit pension plan for the sole benefit of the firefighters of the District. The Plan was established in 1998 and is administered by a Board of Trustees. The Board consists of five Trustees, two of whom are appointed by the Fire District Commission; two of whom are full-time firefighters (members of the Plan) elected by a majority vote of the members of the Plan; and a fifth Trustee chosen by a majority of the first four Trustees. Participation is mandatory for all firefighters. Through September 30, 2017, the Plan operated under the provisions of Chapter 175, Florida Statutes, as a "Chapter Plan" with administrative oversight provided by the Florida League of Cities. Chapter 175 establishes minimum benefits and minimum standards for the operation and funding of the Plan. Per Midway Fire District Resolution 17-03, the Plan was amended to provide benefit enhancements which impacted the actuarially determined cost of the Plan. Significant changes noted are the increase in the benefit accrual rate from 3% to 4% for all years of credited service on or after October 1, 2017, and the member contribution rate was increased from 5% of fixed compensation to 10% of fixed compensation.

The financial activity of the Plan is reported as a pension trust fund in the District's fiduciary fund financial statements. The Plan's assets may be used only for the payment of benefits to members. The Plan does not issue a stand-alone audited financial report.

**MIDWAY FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

Measurement Date for Pension Reporting

The pension related amounts reported in the financial statements as of and for the year ended September 30, 2025 (employer reporting period) are based upon the net pension liability and the pension expense determined as of and for the year ended September 30, 2025 (the measurement date).

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

Retirement Age:

Normal: The date the member attains age 55 or older with ten or more years of credited service, or the date the member reaches 25 or more years of credited service regardless of age.

Early: Date the member attains age 50 with ten or more years of credited service.

Retirement Benefits:

Normal: Tiered calculation of 3.00% of average final compensation (AFC) for each year of credited service earned prior to October 1, 2017, plus 4.00% of AFC for each year of credited service earned on and after October 1, 2017, subject to a maximum of 100% of AFC.

Early: Tiered calculation same as normal benefits except reduction equal to 3.00% per year of retirement before age 55.

Plan Membership as of October 1, 2024:

Inactive Plan members or beneficiaries currently receiving benefits	5
Inactive Non-vested Plan members entitled to but not yet receiving benefits	6
Active Plan Members	<u>36</u>
	<u>47</u>

Contributions

The State legislature establishes, and may amend, minimum contribution rates for Plan members. Employer contribution rates are actuarially determined by the Plan's actuary. Effective October 1, 2017, Resolution 17-03 increased Plan member contributions to 10.00% of the member's base salary. This increase is 5% above the Chapter 175 minimum contribution. The State of Florida contributes a discretionary portion of the 1.85% excise tax imposed on insurance premiums on property within the District into the Plan. The actuarially determined combined contribution rate for 2025 for both the State of Florida and the District was 27.2%, resulting in a total contribution rate of 37.2% of covered payroll.

Concentrations

The Plan did not hold investments in any one issuer that represent 5% or more of the Plan's fiduciary net position.

Rate of Return

For the year ended September 30, 2025, the annual money-weighted rate of return on Plan investments, net of Plan investment expense, was 8.36%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**MIDWAY FIRE DISTRICT
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SEPTEMBER 30, 2025**

Net Pension Liability

The components of the net pension liability of the District for the year ended September 30, 2025, measurement date, were as follows:

Total pension liability	\$ 17,441,818
Plan fiduciary net position	<u>(15,596,277)</u>
District's Net Pension Liability	<u><u>\$ 1,845,541</u></u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2024, updated to September 30, 2025, using the following actuarial assumptions:

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

Mortality rates utilized are as follows:

Mortality Rate Healthy Active Lives:

Female: PubS-2010 for employees.

Male: PubS-2010 for employees, set forward one year.

Mortality Rate Healthy Retiree Lives:

Female: PubS-2010 for healthy retirees.

Male: PubS-2010 for healthy retirees, set forward one year.

Mortality Rate Beneficiary Lives:

Female: PubG.H-2010 for healthy retirees

Male: PubG.H-2010 for employees, set back one year.

Mortality Rate Disabled Lives:

Female: PubG.H-2010 for disabled retirees, set forward 1 year.

Male: PubG.H-2010 for disabled retirees.

The date of the most recent experience study for which significant assumptions are based upon is not available. The long-term expected rate of return on 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 Plan investment expenses and inflation) are developed for each major asset class. For 2025, the inflation rate assumption of the investment advisor was 2.80%. 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.

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

Asset Class	Target Allocation
Core Bonds	15.00%
Core Plus	15.00%
US Large Cap Equity	25.00%
US Small Cap Equity	14.00%
Non-US Equity	21.00%
Core Real Estate	10.00%

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 sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) – (b)
Beginning Balances	\$ 15,070,839	\$ 13,518,310	\$ 1,552,529
Changes:			
Service cost	633,385	-	633,385
Interest	1,090,804	-	1,090,804
Differences between expected and actual experience	437,583	-	437,583
Change of Assumptions	434,916	-	434,916
Contributions – employer	-	544,947	(544,947)
Contributions – state	-	347,253	(347,253)
Contributions – employee	-	289,293	(289,293)
Contributions – buy back	16,931	16,931	-
Net investment income	-	1,149,205	(1,149,205)
Benefit payments, including refunds of employee contributions	(242,640)	(242,640)	-
Administrative expenses	-	(27,022)	27,022
Net changes	2,370,979	2,077,967	293,012
Balances at September 30, 2025	\$ 17,441,818	\$ 15,596,277	\$ 1,845,541

**MIDWAY FIRE DISTRICT
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SEPTEMBER 30, 2025**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

	1% Decrease 6.00%	Current Discount Rate	1% Increase 8.00%
District's Net Pension Liability (Asset)	\$ 4,415,640	\$ 1,845,541	\$ (270,538)

Pension Expense and Deferred Outflows / Inflows of Resources Related to Pensions

For the year ended September 30, 2025, the District recognized pension expense of \$958,500. 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
Differences between expected and actual experience	\$ 1,634,622	\$ 7,783
Changes of assumptions	372,786	11,810
Net difference between projected and actual earnings on Plan investments	-	554,496
Total	<u>\$ 2,007,408</u>	<u>\$ 574,089</u>

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended
September 30,**

2026	\$ 568,802
2027	153,872
2028	76,977
2029	287,026
2030	221,999
Thereafter	<u>124,643</u>
	<u>\$ 1,433,319</u>

**MIDWAY FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

8. COMMITMENTS AND CONTINGENCIES

Fire Engines Purchase Commitment

In November 2022, the District entered into a purchase agreement whereby the District committed to purchase two engines for a total of \$1,594,331 payable upon delivery. The engines are expected to be delivered in 2026. The District has not yet secured financing for the purchase.

Litigation

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

9. CHANGE IN ACCOUNTING PRINCIPLE

Effective October 1, 2024, the District adopted the provisions of GASB Statement No. 101, Compensated Absences (GASB 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. GASB 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. GASB 101 was retroactively implemented, which resulted in a restatement of the District's beginning net position.

As a result, the District restated its September 30, 2024 net position to implement the change in accounting principle. The financial statement line items affected by the change in accounting principle in the District's financial statements as of and for the year ended September 30, 2025, were as follows:

Statement of Activities	Govt Act
Net Position as previously reported	\$ 6,740,621
Implementation of GASB 101	(93,462)
Net Position restated	<u>\$ 6,647,159</u>

REQUIRED SUPPLEMENTARY INFORMATION

**MIDWAY FIRE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Intergovernmental	118,000	121,209	121,209	-
Impact fees	50,000	67,703	67,703	-
Permits, fees, and special assessments	6,807,500	6,761,368	6,761,368	-
Interest	125,000	190,285	190,285	-
Miscellaneous	-	13,724	13,724	-
Total revenues	7,100,500	7,154,289	7,154,289	-
EXPENDITURES				
Current				
Public safety				
Personal services	4,942,584	5,335,443	5,335,443	-
Operating	1,805,886	1,248,128	919,683	328,445
Capital outlay	100,000	121,854	94,138	27,716
Debt service				
Principal and interest	452,030	448,864	448,780	84
Total expenditures	7,300,500	7,154,289	6,798,044	356,245
EXCESS OF REVENUES OVER EXPENDITURES	(200,000)	-	356,245	356,245
NET CHANGE IN FUND BALANCE	(200,000)	-	356,245	356,245
FUND BALANCE – BEGINNING OF YEAR	200,000	-	3,133,189	3,133,189
FUND BALANCE – END OF YEAR	\$ -	\$ -	\$ 3,489,434	\$ 3,489,434

See notes to the budgetary comparison schedule.

**MIDWAY FIRE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE BUDGETARY COMPARISON SCHEDULE (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Revenues and expenditures are controlled by a formal budget adopted by the Board of Commissioners of the District. The budget is prepared on a basis consistent with GAAP.

The legal level of control for appropriations is exercised at the total expenditure level (fund level), including a 10% contingency. Budget workshops are held by the District to plan, review and discuss the proposed budget prior to its advertisement in a newspaper of general circulation. Public hearings are conducted for the purpose of hearing requests and complaints from the public. The final budget is adopted by District resolution. Any subsequent amendments must be enacted in the same manner as the original budget, except for individual line-item transfers, which are approved by the Board of Commissioners.

**MIDWAY FIRE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (UNAUDITED)
FIREFIGHTERS' PENSION PLAN**

Measurement Period Ending	9/30/2025	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
Total Pension Liability										
Service cost	\$ 633,385	\$ 666,812	\$ 616,693	\$ 542,837	\$ 462,959	\$ 368,177	\$ 339,987	\$ 317,536	\$ 279,487	\$ 217,690
Interest	1,090,804	940,179	793,398	679,266	559,889	487,164	431,520	356,943	319,753	195,649
Change in benefit terms		-	-	-	-	-	(1,230)	-	590,445	-
Differences between expected and actual experience	437,583	681,492	693,773	378,607	643,595	211,294	-	114,265	(77,830)	657,537
Changes of assumptions		-	-	-	-	(82,672)	-	-	-	72,738
Contributions - buy back	434,916	57,835	12,096	10,454	4,915	1,650	31,850	284,781	-	-
Benefit payments, including refunds of employee contributions	(225,709)	(79,583)	(58,844)	(50,282)	(41,423)	(41,501)	(31,770)	(26,944)	(29,403)	(16,483)
Net Change in Total Pension Liability	2,370,979	2,266,735	2,057,116	1,560,882	1,629,935	944,112	770,357	1,046,581	1,082,452	1,127,131
Total Pension Liability – Beginning	15,070,839	12,804,104	10,746,988	9,186,106	7,556,171	6,612,059	5,841,702	4,795,121	3,712,669	\$ 2,585,538
Total Pension Liability – Ending (a)	\$ 17,441,818	\$ 15,070,839	\$ 12,804,104	\$ 10,746,988	\$ 9,186,106	\$ 7,556,171	\$ 6,612,059	\$ 5,841,702	\$ 4,795,121	\$ 3,712,669
Plan Fiduciary Net Position										
Contributions – employer	\$ 544,947	\$ 523,192	\$ 304,386	\$ 320,199	\$ 230,000	\$ 197,864	\$ 139,050	\$ 125,148	\$ 50,000	\$ 20,946
Contributions – state	347,253	331,399	305,765	173,475	153,220	127,730	124,987	123,752	116,395	140,062
Contributions – employee	289,293	278,485	264,792	238,490	208,825	172,584	146,939	135,470	65,070	59,138
Contributions – buy back	16,931	57,835	12,096	10,454	4,915	1,650	31,850	284,781	-	-
Net investment income	1,149,205	2,082,994	720,554	(1,334,881)	1,446,976	445,100	332,427	370,773	556,257	291,707
Benefit payments, including refunds of employee contributions	(242,640)	(79,583)	(58,844)	(50,282)	(41,423)	(41,501)	(31,770)	(26,944)	(29,403)	(16,483)
Administrative expenses	(27,022)	(21,075)	(16,843)	(19,393)	(21,646)	(32,896)	(21,708)	(10,046)	(9,545)	(6,122)
Net Change in Plan Fiduciary Net Position	2,077,967	3,173,247	1,531,906	(661,938)	1,980,867	870,531	721,775	1,002,934	748,774	489,248
Plan Fiduciary Net Position – Beginning	13,518,310	10,345,063	8,813,157	9,475,095	7,494,228	6,623,697	5,901,922	4,898,988	4,150,214	3,660,966
Plan Fiduciary Net Position – Ending (b)	\$ 15,596,277	\$ 13,518,310	\$ 10,345,063	\$ 8,813,157	\$ 9,475,095	\$ 7,494,228	\$ 6,623,697	\$ 5,901,922	\$ 4,898,988	\$ 4,150,214
Net Pension Liability (Asset) – Ending (a) – (b)	\$ 1,845,541	\$ 1,552,529	\$ 2,459,041	\$ 1,933,831	\$ (288,989)	\$ 61,943	\$ (11,638)	\$ (60,220)	\$ (103,867)	\$ (437,545)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.42%	89.70%	80.79%	82.01%	103.15%	99.18%	100.18%	101.03%	102.17%	111.79%
Covered Employee Payroll*	\$ 2,892,937	\$ 2,784,848	\$ 2,647,920	\$ 2,384,899	\$ 2,088,249	\$ 1,725,837	\$ 1,469,395	\$ 1,354,698	\$ 1,301,400	\$ 1,182,767

*The covered payroll amounts are in compliance with GASB 82.

See notes to the schedule of changes in net pension liability and related ratios.

**MIDWAY FIRE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE SCHEDULE OF CHANGES IN
NET PENSION LIABILITY AND RELATED RATIOS (UNAUDITED)
FIREFIGHTERS' PENSION PLAN**

Changes of benefit terms:

No benefit changes have been reflected since the prior year.

Changes of assumptions:

For measurement date September 30, 2025, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2014, FRS valuation report for special-risk employees, with appropriate adjustments made based on Plan demographics.

Development of the discount rate:

The projection of cash flows used to determine the Discount Rate assumed that current Plan Member contributions will be made at the current contribution rate and that Sponsor 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 (7.00 percent) was applied to all periods of projected benefit payments to determine the Total Pension Liability.

No projected benefit payments were discounted using a high-quality municipal bond rate of 4.50 percent. The high-quality municipal bond rate was based on the daily rate closest to, but not later than the measurement date of the S&P Municipal Bond 20-Year High Grade Rate Index. The single equivalent Discount Rate was 7.00 percent.

**MIDWAY FIRE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS (UNAUDITED)
FIREFIGHTERS' PENSION PLAN**

Fiscal Year Ended	9/30/2025	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
Actuarially determined contribution	\$ 786,879	\$ 668,364	\$ 561,359	\$ 493,674	\$ 365,443	\$ 270,956	\$ 213,062	\$ 196,431	\$ 101,509	\$ 90,874
Contributions in relation to the actuarially determined contributions	892,200	854,591	610,151	493,674	383,220	325,595	264,037	248,900	166,395	161,008
Contribution Excess	<u>\$ (105,321)</u>	<u>\$ (186,227)</u>	<u>\$ (48,792)</u>	<u>\$ -</u>	<u>\$ (17,777)</u>	<u>\$ (54,639)</u>	<u>\$ (50,975)</u>	<u>\$ (52,469)</u>	<u>\$ (64,886)</u>	<u>\$ (70,134)</u>
Covered Employee Payroll	\$ 2,892,937	\$ 2,784,848	\$ 2,647,920	\$ 2,384,899	\$ 2,088,249	\$ 1,725,837	\$ 1,469,395	\$ 1,354,698	\$ 1,301,400	\$ 1,182,767
Contributions as a Percentage of Covered Employee Payroll	30.84%	30.69%	23.04%	20.70%	18.35%	18.87%	17.97%	18.37%	12.79%	13.61%

*The covered payroll amounts are in compliance with GASB 82.

See notes to the schedule of contributions.

**MIDWAY FIRE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE SCHEDULE OF CONTRIBUTIONS (UNAUDITED)
FIREFIGHTERS' PENSION PLAN**

The following assumptions were used to determine the Actuarially Determined Contribution for the plan year ended September 30, 2025:

Calculation Timing

The Actuarially Determined Contribution was calculated using an actuarial valuation performed as of October 1, 2023.

Interest Rate

7.00%

Assumptions

All other assumptions and methods used for determining the Actuarially Determined Contribution can be found in the October 1, 2023 Actuarial Valuation Report for the Midway Fire Protection District Firefighters' Pension Fund prepared by Foster & Foster Actuaries and Consultants.

**MIDWAY FIRE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS (UNAUDITED)
FIREFIGHTERS' PENSION PLAN**

Fiscal Year Ended	<u>9/30/2025</u>	<u>9/30/2024</u>	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>
Annual money-weighted rate of return:										
Net of investment expense	8.63%	19.62%	8.03%	-13.69%	19.01%	6.59%	5.50%	7.10%	13.24%	8.00%

**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 Commissioners
Midway Fire District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the 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 Midway 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 June 23, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, 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 opinion 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 over financial reporting was, for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, where applicable, 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

Pensacola, Florida
June 23, 2026

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

To the Board of Commissioners
Midway Fire District

We have examined Midway Fire District's (hereinafter referred to as "the District") compliance with Florida Statute 218.415, in regard 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 that 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.



Pensacola, Florida
June 23, 2026

MANAGEMENT LETTER

To the Board of Commissioners
Midway Fire District

Report on the Financial Statements

We have audited the financial statements of Midway Fire District (the "District"), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated June 23, 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 Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an Examination of Compliance Requirements in Accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, if any, which are dated June 23, 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 corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit. No recommendations were made in the preceding 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 the management letter, unless disclosed in the notes to the financial statements. The legal authority for the District is disclosed in Note 1 to the financial statements. There are no component units related to the District.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in 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. 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 in the management letter 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)7, *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 41.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year as one.
- c. All compensation earned by or awarded to employees, whether paid or accrued regardless of contingency as \$3,746,713.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency, as \$17,800.
- e. The District has no construction projects with a total cost of \$65,000 approved by the District that are scheduled to begin on or after October 1st of the fiscal year being reported.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year, being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as \$156,245.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)9, *Rules of the Auditor General*, the District reported:

- a. The rates imposed for non-ad valorem special assessments are \$300 per residential dwelling unit up to 1,600 square feet with an additional \$0.1544 per square foot in excess of 1,600 square feet, \$30.96 for vacant land, \$500 for commercial up to 950 square feet with an additional \$0.1544 per square foot in excess of 950 square feet and \$30.96 for unimproved acreage up to 3 acres, with an additional \$10.32 per acre in excess of 3 acres.

- b. The total amount of special assessments collected by or on behalf of the District as \$6,755,445.
- 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 that we 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 have any such findings.

Purpose of this Letter

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

Warren Averett, LLC

Pensacola, Florida
June 23, 2026