

NAVARRE BEACH FIRE RESCUE DISTRICT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

SEPTEMBER 30, 2025



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

**NAVARRE BEACH FIRE RESCUE DISTRICT
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INDEPENDENT AUDITORS' REPORT

To the Board of Fire Commissioners
Navarre Beach Fire Rescue 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 the Navarre Beach Fire Rescue 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information for the general fund, and the schedules related to the net pension 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 April 20, 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

Pensacola, Florida
April 20, 2026

**NAVARRE BEACH FIRE RESCUE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

As management of Navarre Beach Fire Rescue 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 liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources by \$128 (deficit in net position), primarily due to the recognition of long-term obligations that do not require current financial resources. Of this amount, \$820 thousand represents investments in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire these assets that is still outstanding; \$9 thousand is restricted for capital expansion; and an unrestricted deficit net position of \$830 thousand.
- The District's governmental fund reported an ending fund balance of \$237 thousand, a decrease of \$55 thousand (or 18.7%) from the prior fiscal year.
- At the end of the current fiscal year, unassigned and assigned fund balance in the General Fund was \$228 thousand, or 9.4% 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.

**NAVARRE BEACH FIRE RESCUE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

The government-wide financial statements distinguish and demonstrate that, as a governmental activity, The District is principally supported by service revenues. The governmental activities of the District include public safety (fire and beach safety services) and debt service.

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. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental Fund

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.

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

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

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

Fiduciary Fund

Fiduciary funds are used to account for resources held for 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.

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.

**NAVARRE BEACH FIRE RESCUE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

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, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$128 (deficit in net position) as of September 30, 2025, as reported in Table 1. This deficit primarily reflects the recognition of long-term liabilities, including pension obligations and financing contracts, which do not require the use of current financial resources and therefore do not affect the District's short-term liquidity or ability to fund operations.

The largest portion of the District's net position, \$820 thousand reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. 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
NAVARRE BEACH FIRE RESCUE DISTRICT
STATEMENTS OF NET POSITION
AS OF SEPTEMBER 30, 2025 AND 2024**

	Governmental Activities	
	2025	2024
Current, restricted, and other assets	\$ 252,009	\$ 360,293
Capital assets, net	1,051,668	1,288,103
Total assets	1,303,677	1,648,396
Deferred outflows of resources	41,248	-
Long-term liabilities outstanding	1,193,010	1,287,908
Current and other liabilities	131,813	184,452
Total liabilities	1,324,823	1,472,360
Deferred inflows of resources	20,230	8,104
Net investment in capital assets	820,088	944,758
Restricted - capital expansion	9,433	1,928
Unrestricted deficit	(829,649)	(778,754)
Total net position (deficit)	\$ (128)	\$ 167,932

**NAVARRE BEACH FIRE RESCUE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

Governmental activities decreased the District's net position by \$168 thousand, as reported in Table 2 below. This decrease in net position is primarily attributable to the recognition of long-term obligations that do not require the use of current financial resources.

	Governmental Activities	
	2025	2024
REVENUES		
Program revenues		
Charges for services	\$ 2,189,649	\$ 1,964,910
Operating grants and contributions	12,497	37,636
Capital grants and contributions	108,000	220,307
General revenues		
Interest income	19,769	19,866
Miscellaneous	37,971	23,442
Total revenues	<u>2,367,886</u>	<u>2,266,161</u>
EXPENSES		
Current		
Public safety	2,529,320	3,517,544
Debt service interest	6,626	8,994
Total expenses	<u>2,535,946</u>	<u>3,526,538</u>
DECREASE IN NET POSITION	(168,060)	(1,260,377)
NET POSITION AT BEGINNING OF YEAR	<u>167,932</u>	<u>1,428,309</u>
NET POSITION (DEFICIT) AT END OF YEAR	<u>\$ (128)</u>	<u>\$ 167,932</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 Funds

The focus of the District's governmental funds 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 unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**NAVARRE BEACH FIRE RESCUE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

GENERAL FUND BUDGETARY HIGHLIGHTS

For the year ended September 30, 2025, total actual expenditures were under budgetary expectations by approximately \$18 thousand, and total actual revenues were under budgetary expectations by approximately \$22 thousand. Operating and capital costs are the primary reason for expenditures exceeding budgeted appropriations in the General Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2025, the District's capital assets for its governmental activities totaled \$1 million (net of accumulated depreciation). Capital assets include buildings, improvements, machinery, equipment and vehicles. The depreciation expense for fiscal year 2025 was \$243,862. The District's capital asset activity for the current and prior fiscal year is summarized in Table 3 below. Additional information on the District's capital assets can be found in Note 4 of the financial statements.

	Governmental Activities	
	2025	2024
Buildings and improvements	407,392	428,540
Furniture, vehicles and equipment	644,276	859,563
Total	\$ 1,051,668	\$ 1,288,103

Long-Term Liabilities

At the end of fiscal year 2025, the District had total long-term liabilities outstanding of \$291 thousand, which was comprised of accrued compensated absences and financing contracts payable. The District's outstanding long-term liabilities are summarized in Table 4 below. Additional information on the District's financing contracts payable can be found in Note 6 of the financial statements.

	Governmental Activities	
	2025	2024
Compensated absences	\$ 59,256	\$ 25,866
Financing contracts payable	231,580	343,345
Total	\$ 290,836	\$ 369,211

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Local special-purpose governments, such as the District, primarily rely upon non-ad valorem tax assessments, charges for services and a limited array of permitted other sources (such as impact fees) for their governmental activities. There are a limited number of state shared revenues and recurring and nonrecurring grants from both the state and federal government, which provide funding for specific programs, projects or activities.

**NAVARRE BEACH FIRE RESCUE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025**

The primary sources of revenue for the District are non-ad valorem tax assessments levied on property owners within the District's boundaries which were implemented for fiscal year 2025 and charges for services for providing lifeguard and ancillary beach safety services to Santa Rosa County, Florida.

Current trends and forecasts indicate the District will continue to see an increase in growth with higher demands for service. The non-ad valorem tax assessments comprise \$1.1 million (or 42.6%) of total budgeted revenues for fiscal year 2026. The budget also includes revenues from contract service charges for providing lifeguard and ancillary beach safety services to Santa Rosa County, Florida. The District's budgeted revenues from beach safety services are \$1 million (or 38.7%) 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 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 Fire Chief, 1413 Utility Drive, Navarre, FL 32566. The District's website address is <https://navarrebeachfire.org>. Inquiries may also be sent via e-mail to recordrequests@navarrebeachfire.org.

**NAVARRE BEACH FIRE RESCUE DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 242,576
Restricted assets	
Cash and cash equivalents	9,433
Capital assets	
Depreciable, net	1,051,668
TOTAL ASSETS	1,303,677
DEFERRED OUTFLOWS OF RESOURCES	41,248
LIABILITIES	
Accounts payable	1,108
Accrued liabilities	13,060
Accrued interest	3,218
Non-current liabilities	
Due within one year	
Financing contracts payable	114,427
Due in more than one year	
Compensated absences	59,256
Financing contracts payable	117,153
Net pension liability	1,016,601
TOTAL LIABILITIES	1,324,823
DEFERRED INFLOWS OF RESOURCES	20,230
NET POSITION	
Net investment in capital assets	820,088
Restricted for capital expansion	9,433
Unrestricted deficit	(829,649)
TOTAL NET POSITION (DEFICIT)	\$ (128)

See notes to the financial statements.

**NAVARRE BEACH FIRE RESCUE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Function/Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Public safety	\$ 2,529,320	2,189,649	\$ 12,497	\$ 108,000	\$ (219,174)
Debt service interest	6,626	-	-	-	(6,626)
Totals	<u>\$ 2,535,946</u>	<u>\$ 2,189,649</u>	<u>\$ 12,497</u>	<u>\$ 108,000</u>	(225,800)
General Revenues					
Interest earnings					19,769
Miscellaneous					<u>37,971</u>
Total general revenues					<u>57,740</u>
CHANGE IN NET POSITION					(168,060)
NET POSITION AT BEGINNING OF YEAR					<u>167,932</u>
NET POSITION (DEFICIT) AT END OF YEAR					<u>\$ (128)</u>

See notes to the financial statements.

**NAVARRE BEACH FIRE RESCUE DISTRICT
GOVERNMENTAL FUND
BALANCE SHEET
SEPTEMBER 30, 2025**

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 242,576
Restricted assets	
Cash and cash equivalents	<u>9,433</u>
TOTAL ASSETS	<u><u>\$ 252,009</u></u>
LIABILITIES	
Accounts payable	\$ 1,108
Accrued liabilities	<u>13,060</u>
Total liabilities	<u>14,168</u>
FUND BALANCE	
Restricted for capital expansion	9,433
Assigned for FY26 appropriations	18,935
Unassigned	<u>209,473</u>
Total fund balance	<u>237,841</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 252,009</u></u>

See notes to the financial statements.

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

Fund balance – total governmental fund		\$ 237,841
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 depreciable capital assets	2,522,167	
Less accumulated depreciation	<u>(1,470,499)</u>	
		1,051,668
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		41,248
Deferred inflows of resources		(20,230)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund		
Net pension liability	(1,016,601)	
Accrued interest	(3,218)	
Financing contracts payable	(231,580)	
Compensated absences	<u>(59,256)</u>	
		<u>(1,310,655)</u>
Net position (deficit) of governmental activities		<u><u>\$ (128)</u></u>

See notes to the financial statements.

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

	<u>General Fund</u>
REVENUES	
Charges for services	1,040,000
Intergovernmental	100,000
Permits, fees, and special assessments	1,157,649
Miscellaneous	<u>70,237</u>
Total revenues	<u>2,367,886</u>
EXPENDITURES	
Current	
Public safety	
Personnel	1,797,457
Operating	481,943
Capital outlay	23,078
Debt service	
Principal	111,765
Interest	<u>8,179</u>
Total expenditures	<u>2,422,422</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(54,536)
FUND BALANCE AT BEGINNING OF YEAR	<u>292,377</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ 237,841</u></u>

See notes to the financial statements.

**NAVARRE BEACH FIRE RESCUE 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 \$ (54,536)

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	\$ 23,078	
Less current year depreciation	<u>(243,862)</u>	
		(220,784)

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

Disposals of capital assets	(46,263)	
Accumulated depreciation associated with disposals	<u>30,613</u>	
		(15,650)

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	111,765
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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	42,983	
Change in accrued interest	1,553	
Change in compensated absences	<u>(33,391)</u>	
		<u>11,145</u>

Change in net position of governmental activities	<u><u>\$ (168,060)</u></u>
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See notes to the financial statements.

**NAVARRE BEACH FIRE RESCUE DISTRICT
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2025**

	Pension Trust Fund
ASSETS	
Cash and cash equivalents	\$ 54,704
Investments, at fair value	708,281
Accounts receivable	101
TOTAL ASSETS	763,086
LIABILITIES	
Accounts payable	3,950
NET POSITION RESTRICTED FOR PENSIONS	\$ 759,136

See notes to the financial statements.

**NAVARRE BEACH FIRE RESCUE DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
SEPTEMBER 30, 2025**

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions	
Employer	\$ 155,059
Plan members	81,087
State of Florida	45,042
Total contributions	<u>281,188</u>
Investment income	72,209
Less investment expense	<u>(14,333)</u>
Net investment income	<u>57,876</u>
Total additions	339,064
DEDUCTIONS	
Administrative expenses	24,055
Distributions to terminated employees	<u>2,747</u>
Total deductions	<u>26,802</u>
CHANGE IN FIDUCIARY NET POSITION	312,262
NET POSITION RESTRICTED FOR PENSIONS	
Beginning of year	<u>446,874</u>
End of year	<u><u>\$ 759,136</u></u>

See notes to the financial statements.

**NAVARRE BEACH FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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

Description of the District

The Navarre Beach Fire Rescue District (the District) was established as an independent special district by the Florida Legislature in 2022 under Chapter 2022-235, *Laws of Florida*; for the purpose of providing fire suppression and related activities within the territorial jurisdiction of the District. The District's charter was enacted in June 2022. The District's boundaries generally include all land south of the Gulf Intracoastal Waterway (also known as Santa Rosa Sound), excluding any federal land, in Santa Rosa County, Florida. The District is governed by a five-member Board of Fire Commissioners (the Board), which was established, elected and organized in accordance with Chapter 191, *Florida Statutes*.

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

The Reporting Entity

In evaluating the District as a reporting entity, management has considered all potential component units for which the District may or may not be financially accountable and, as such, be included within the District's financial statements. Management utilized criteria set forth in GASB pronouncements for determining financial accountability of potential component units in evaluating all potential component units. As of September 30, 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 activities of the primary government.

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

Separate fund financial statements are provided for the governmental fund 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. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**NAVARRE BEACH FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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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. 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.

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 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.

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.

**NAVARRE BEACH FIRE RESCUE DISTRICT
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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.

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

Governmental

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

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

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 Net Position or Fund Balance

Cash and Cash Equivalents

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

Deposits and Investments

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

**NAVARRE BEACH FIRE RESCUE DISTRICT
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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.

Capital Assets

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

Capital assets are defined by the District as assets with an initial cost more than \$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.

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

Assets	Years
Buildings	30-40 years
Improvements other than buildings	30-40 years
Vehicles	5-7 years
Equipment and furnishings	5-7 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 so will not be recognized as an outflow of resources (expense/expenditure) until then. The District's deferred outflows of resources are comprised of pension benefit-related items.

**NAVARRE BEACH FIRE RESCUE DISTRICT
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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. See Note 5 for additional information on the District's deferred inflows of resources.

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.

The District has a collectively bargained contract with IAFF Local 4494 (Navarre Beach Professional Fire Fighters' Association), which established the policy for accruing paid time off for full-time firefighters. Firefighters begin to accrue paid time off on their first day of employment but are not eligible to use that leave until they have completed 180 calendar days of service time with the District.

The District's employees accrue paid leave in accordance with the following schedule:

Position	Accrual Rate	Annual Accrual
Union personnel - firefighters	12.00 hours per pay period	312.00 hours
Fire Chief	N/A	160.00 hours
Non-union personnel	N/A	120.00 hours

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the government-wide statement of net position.

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. See Note 5 for more information.

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:

**NAVARRE BEACH FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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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: 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 an official to which the Board of Fire Commissioners has delegated the authority to assign amounts to be used for specific purposes (the Fire Chief).

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

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

Encumbrances

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

Net Position

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

**NAVARRE BEACH FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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.

Subsequent Events

Management has evaluated subsequent events and transactions that occurred between September 30, 2025 through April 20, 2026, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

2. DEPOSITS AND INVESTMENTS

Deposits

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

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

**NAVARRE BEACH FIRE RESCUE DISTRICT
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As of September 30, 2025, the value of the District's deposits with financial institutions was \$256,987. These deposits were fully insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by pooled collateral held by the State Treasurer and, therefore, have no custodial credit risk.

Pension Investments

The types of allowable investments are restricted by retirement fund plan documents. A description of the requirements and the types of investments allowed is in Note 1.

Interest Rate Risk

The Pension Trust Fund's investment policy encourages 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 investments of \$708,281 in mutual funds that were not subject to interest rate risk.

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.

Custodial Credit Risk

Investments are diversified to the extent practicable to control the risk of loss resulting from overconcentration 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.

3. FAIR VALUE OF PENSION INVESTMENTS

The District measures and records its pension 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.

**NAVARRE BEACH FIRE RESCUE DISTRICT
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FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities				
Mutual and exchange-traded funds	\$ 708,281	\$ -	\$ 708,281	\$ -
Total investments measured at fair value	<u>\$ 708,281</u>	<u>\$ -</u>	<u>\$ 708,281</u>	<u>\$ -</u>

4. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Deletions/ Adjustments</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets being depreciated				
Building and improvements	659,477	-	-	659,477
Furniture, vehicles and equipment	1,885,876	23,077	(46,263)	1,862,690
Total capital assets being depreciated	<u>2,545,353</u>	<u>23,077</u>	<u>(46,263)</u>	<u>2,522,167</u>
Less accumulated depreciation				
Building and improvements	(230,937)	(21,148)	-	(252,085)
Furniture, vehicles and equipment	(1,026,313)	(222,714)	30,613	(1,218,414)
Total accumulated depreciation	<u>(1,257,250)</u>	<u>(243,862)</u>	<u>30,613</u>	<u>(1,470,499)</u>
Total capital assets being depreciated, net	<u>1,288,103</u>	<u>(220,785)</u>	<u>(15,650)</u>	<u>1,051,668</u>
Governmental Activities, Net	<u>\$1,288,103</u>	<u>\$(220,785)</u>	<u>\$ (15,650)</u>	<u>\$1,051,668</u>

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

Governmental Activities

Public safety	<u>\$ 243,862</u>
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**NAVARRE BEACH FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

5. DEFINED BENEFIT PENSION PLAN

Plan Description

Plan Administration

The Navarre Beach Fire Rescue District Firefighters' Pension Plan (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 Fire Department 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. The Plan was established effective on November 1, 2023.

Plan Membership as of October 1, 2024:

Inactive Plan members entitled to but not yet receiving benefits	2
Active Plan members	11
	13

Benefits Provided

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

Normal Retirement:

Eligibility: Earlier of: 1) age 55 and 5 years of Credited Service or 2) age 52 and 25 years of credited service. Years of service for retirement eligibility are based on the later of the hire date and effective date.

Benefit Amount: 2.75% of Average Final Compensation for each year of Credited Service. Credited service for accrued benefit purposes is based on the hire date.

Early Retirement:

Eligibility: Age 50 and 5 years of credited service. Years of service for retirement eligibility are based on the later of the hire date and Effective Date.

Benefit Amount: Accrued benefit, reduced by 3% per year prior to normal retirement date, based on actual years of credited service.

Disability:

Eligibility: a) Covered from date of employment for service incurred b) Five years of credited service. Years of service for disability retirement eligibility are based on the later of the hire date and effective date for non-service incurred.

Benefit Amount: Benefit accrued to date of disability but not less than 42% of average final compensation (service-incurred), or 25% of average final compensation (non-service incurred).

**NAVARRE BEACH FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Death:

Pre-Retirement: Refund of accumulated contributions without interest (non-vested/not eligible for normal or early retirement), monthly accrued benefit payable to designated beneficiary for ten years (vested or eligible for retirement)

Post-Retirement: Benefits payable to beneficiary in accordance with option selected at retirement.

Vesting (Termination):

Schedule: 100% after five years of credited service. Years of service for vesting eligibility are based on the later of the hire date and effective date.

Benefit Amount: Member will receive the vested portion of his (her) accrued benefit payable at the early retirement date (reduced as for early retirement), or the normal retirement date, both determined using actual years of credited service.

Funding Policy and Contributions

Employee: 10.0% of Salary.

District: Remaining amount required in order to pay current costs and amortize any unfunded past service cost as provided in Part VII of Chapter 112, F.S.

Net Pension Liability

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

The District's net pension liability was measured as of September 30, 2025. 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, 2024, using the following actuarial assumptions:

Inflation	2.5%
Salary increases	5% per year
Discount rate	7%
Investment rate of return	7%

Mortality Rate Healthy Active Lives:

Female: PubS.H-2010 for Employees, set forward one year.

Male: PubS.H-2010 (Below Median) for Employees, set forward one year.

Mortality Rate Healthy Retiree Lives:

Female: PubS.H-2010 for Healthy Retirees, set forward one year.

Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.

**NAVARRE BEACH FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Mortality Rate Beneficiary Lives:

Female: PubG.H-2010 (Below 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.

All healthy rates are projected generationally with Mortality Improvement Scale MP-2018.

The above described mortality assumption rates were mandated by Chapter 2015-157, *Laws of Florida*. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2024 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

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	52.50%	7.50%
International equity	15.00%	8.50%
Fixed income (non-core)	20.00%	2.50%
Domestic fixed income	12.50%	2.50%
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.

**NAVARRE BEACH FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) – (b)
Balances at September 30, 2024	\$ 1,477,336	\$ 446,874	\$ 1,030,462
Changes:			
Service cost	136,702	-	136,702
Interest	112,887	-	112,887
Change in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Change in assumptions	51,559	-	51,559
Contributions – employer	-	155,059	(155,059)
Contributions – state	-	45,042	(45,042)
Contributions – employee	-	81,087	(81,087)
Net investment income	-	57,876	(57,876)
Benefit payments, including refunds of employee contributions	(2,747)	(2,747)	-
Administrative expenses	-	(24,055)	24,055
Net changes	298,401	312,262	(13,861)
Balances at September 30, 2025 (Measurement date of 09/30/2025)	<u>\$ 1,775,737</u>	<u>\$ 759,136</u>	<u>\$ 1,016,601</u>

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	Current	1% Increase
	6.00%	Discount Rate	8.00%
		7.00%	
District's net pension liability	\$ 1,255,551	\$ 1,016,601	\$ 815,736

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.

**NAVARRE BEACH FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended September 30, 2025, the District recognized pension expense of \$157,118. 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
Changes of assumptions	\$ 41,248	\$ -
Net difference between projected and actual earnings on pension plan investments	-	20,230
Total	<u>\$ 41,248</u>	<u>\$ 20,230</u>

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

Year ended September 30:

2026	\$ 4,748
2027	4,748
2028	4,748
2029	6,774
	<u>\$ 21,018</u>

6. FINANCING CONTRACTS PAYABLE

Changes in Financing Contracts Payable

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

	Beginning Balance	Additions	Reductions	Ending Balance	Current
Governmental Activities					
<i>Direct placements</i>					
Financing contracts payable	\$ 343,345	\$ -	\$ (111,765)	\$ 231,580	\$ 114,427
Total Governmental Activities	<u>\$ 343,345</u>	<u>\$ -</u>	<u>\$ (111,765)</u>	<u>\$ 231,580</u>	<u>\$ 114,427</u>

In 2021, the District entered into a \$555,750 financing contract with financing company for a pumper fire truck. The contract requires annual payments of \$119,944 through February 2027, including interest at a rate of 2.38% per annum. The contract is secured by the fire truck. The financing contract does not contain any subjective acceleration clauses.

**NAVARRE BEACH FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Additionally, the Board of County Commissioners of Santa Rosa County, Florida (the County), has formally committed annual appropriations of \$100,000 to the District to defray the annual debt service costs related to the fire truck financing contract. The source of the funding from the County is local option sales taxes, and the total funding to be provided over the life of the financing contract is \$500,000.

Annual Requirements to Amortize Debt Outstanding

The annual requirements to amortize all debt outstanding except accrued annual leave as of September 30, 2025, was as follows:

Year Ending September 30,	Financing Contracts		
	Principal	Interest	Total
2026	\$ 114,427	\$ 5,517	\$ 119,944
2027	117,153	2,791	119,944
	<u>\$ 231,580</u>	<u>\$ 8,308</u>	<u>\$ 239,888</u>

7. RISK MANAGEMENT

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

8. COMMITMENTS AND CONTINGENCIES

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal or state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

**NAVARRE BEACH FIRE RESCUE 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			Variance with Final Budget – Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for services	1,040,000	1,073,946	1,040,000	(33,946)
Intergovernmental	100,000	100,000	100,000	-
Permits, fees, and special assessments	1,131,535	1,134,697	1,157,649	22,952
Miscellaneous	74,520	81,333	70,237	(11,096)
Total revenues	2,346,055	2,389,976	2,367,886	(22,090)
EXPENDITURES				
Current				
Public safety				
Personnel	1,870,161	1,843,656	1,797,457	46,199
Operating	389,950	453,278	481,943	(28,665)
Capital outlay	-	23,078	23,078	-
Debt service	119,944	119,944	119,944	-
Total expenditures	2,380,055	2,439,956	2,422,422	17,534
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(34,000)	(49,980)	(54,536)	(4,556)
FUND BALANCE AT BEGINNING OF YEAR	349,000	360,293	292,377	(67,916)
FUND BALANCE AT END OF YEAR	<u>\$ 315,000</u>	<u>\$ 310,313</u>	<u>\$ 237,841</u>	<u>\$ (72,472)</u>

See notes to the budgetary comparison schedule.

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

The District adopts an annual budget for the General Fund by resolution each fiscal year in accordance with Section 189.016(3), Florida Statutes. Budgetary data reflected in the accompanying budgetary comparison schedule is established by the following procedures:

Prior to September 1st of each year, proposed budgets are received by the Board of Fire Commissioners (the Board) from the Fire Chief. The proposed expenditures, along with all estimated receipts, taxes to be levied and balances expected to be carried forward are considered by the Board. The Board proposes revisions as deemed necessary, sets proposed non-ad valorem assessments and establishes dates for the public budget hearing as prescribed by Florida Statutes.

Tentative proposed budgets are advertised in a newspaper of general circulation in the District and are posted to the District's website. A public budget hearing is conducted for the purposes of receiving input, responding to complaints and providing reasons and explanations for intended actions to all residents in attendance.

Prior to October 1st of each year, the budget for the General Fund is legally enacted through passage of a resolution. Budget amendments are periodically passed via resolution by the Board throughout the fiscal year. Budgeted beginning fund balance in the accompanying financial statements reflects planned utilization of prior year unassigned fund balance to the level required to accomplish current year objectives. The level of budgetary control (that is the level at which expenditures cannot legally exceed appropriations) has been established at the fund level.

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

Measurement period ending September 30,	2025	2024
Total Pension Liability		
Service cost	\$ 136,702	\$ -
Interest	112,887	-
Change in benefit terms	-	1,477,336
Changes of assumptions	51,559	-
Benefit payments, including refunds of employee contributions	(2,747)	-
Net change in total pension liability	298,401	1,477,336
Total pension liability – beginning	1,477,336	-
Total pension liability – ending (a)	<u>\$ 1,775,737</u>	<u>\$ 1,477,336</u>
Plan Fiduciary Net Position		
Contributions – employer	\$ 155,059	\$ 193,471
Contributions – state	45,042	2,962
Contributions – sep balance rollover	-	220,603
Contributions – employee	81,087	53,650
Net investment income	57,876	10,132
Benefit payments, including refunds	(2,747)	-
Administrative expenses	(24,055)	(33,944)
Net change in plan fiduciary net position	312,262	446,874
Plan fiduciary net position – beginning	446,874	-
Plan fiduciary net position – ending (b)	<u>759,136</u>	<u>446,874</u>
Net pension liability – ending (a) – (b)	<u>\$ 1,016,601</u>	<u>\$ 1,030,462</u>
Plan fiduciary net position as a percentage of the total pension liability	42.75%	30.25%
Covered payroll *	\$ 782,952	\$ 667,822
Net pension liability as a percentage of covered payroll	129.84%	154.30%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

*The covered employee payroll numbers shown are in compliance with GASB 82.

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

Measurement Period Ended	9/30/2025	9/30/2024
Actuarially determined contribution	\$ 200,101	\$ 195,405
Contributions in relation to the actuarially determined contributions**	200,101	417,036
Contribution excess	\$ -	\$ (221,631)
Covered payroll*	\$ 782,952	\$ 667,822
Contributions as a percentage of covered payroll	25.56%	62.45%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

*The Covered Payroll numbers shown are in compliance with GASB 82.

**Including Rollover balance of Simplified Employee Pension (SEP) balances.

See notes to the schedule of contributions.

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

Valuation Date: October 1, 2024

Actuarially determined contribution is calculated using a October 1, 2024 valuation date.

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 rates are those outlined in the July 1, 2024 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 5 years of service or age 52 and the completion of 25 years of service.

Early Retirement

Commencing with the earliest Early Retirement Age (50) and 5 years of service. Benefit is reduced 3% for each year prior to normal retirement.

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 the next page.

Payroll Growth

None for amortization of unfunded actuarial accrued liability

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.

The above rates were determined based on recent experience studies for five Chapter 175 pension plans nearby to Navarre Beach.

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

Measurement Period Ended	<u>9/30/2025</u>	<u>9/30/2024</u>
Annual Money-Weighted Rate of Return		
Net of Investment Expense	10.62%	5.86%

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

COMPLIANCE SECTION

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

To the Board of Fire Commissioners
Navarre Beach Fire Rescue District

We have examined Navarre Beach Fire Rescue 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 specified 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
April 20, 2026

**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
Navarre Beach Fire Rescue 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 pension trust fund of the Navarre Beach Fire Rescue 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 April 20, 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 were not identified.

Report on Compliance and Other Matters

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

The District's Response to Findings

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

Purpose of This Report

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

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

Pensacola, Florida
April 20, 2026

MANAGEMENT LETTER

To the Board of Fire Commissioners
Navarre Beach Fire Rescue District

Report on the Financial Statements

We have audited the financial statements of the Navarre Beach Fire Rescue District (the District), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated April 20, 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 Florida Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Florida Auditor General*. Disclosures in those reports are dated April 20, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Florida Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken on Finding 2024-001 in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Florida Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information can be found in Note 1 to the financial statements. There are no component units related to the District.

Financial Condition and Management

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

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

Section 10.554(1)(i)2., *Rules of the Florida Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations other than those shown in the accompanying schedule of findings and responses.

Property Assessed Clean Energy (PACE) Programs

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

Special District Component Units

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

Specific Information

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

- a. The total number of district employees compensated in the last pay period of the District's fiscal year as 45.
- 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 \$1,504,023.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$12,157.
- 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 \$19,926.

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 imposed are \$537.40 for residential properties, \$67.71 for vacant land and \$0.44/per square foot for commercial properties.
- b. The total amount of special assessments collected by or on behalf of the District as \$1,062,743.
- c. The District does not have any outstanding bonds.

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

Additional Matters

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

Purpose of This Letter

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

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



Pensacola, Florida
April 20, 2026

**NAVARRE BEACH FIRE RESCUE DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS**

Finding 2024-001: Expenditures exceeded budgeted appropriations.

Expenditures should not exceed budgeted appropriations, as adopted by the governing body. During FY24, actual expenditures in the General Fund exceeded the approved budget by approximately \$245 thousand.

Status:

The finding has been remediated.