

**FIRST COAST WORKFORCE
DEVELOPMENT CONSORTIUM**

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2024

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FINANCIAL SECTION



Powell and Jones CPA

1359 S.W. Main Blvd.
Lake City, FL 32025
Phone 386.755.4200

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
First Coast Workforce Development Consortium
Fleming Island, Florida

Opinions

We have audited the accompanying financial statements of the business-type activities of First Coast Workforce Development Consortium (the Consortium) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Consortium'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 business-type activities of the Consortium, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Adoption of New Accounting Pronouncement and Related Adjustments

As discussed in Note 1, effective October 1, 2023, the Consortium has adopted the provisions contained in the Statement of Governmental Accounting Standards (SGAS) No. 101, *Compensated Absences*. The implementation of SGAS No. 101 has resulted in a restatement of prior period balances, which is further detailed in Note 10. Our opinions are not modified with respect to this matter.

Basis for Opinions

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Consortium, 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 aggregate, that raise substantial doubt about the Consortium's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore it 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 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 Consortium'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 Consortium's ability to continue as a going concern for a reasonable period of time.

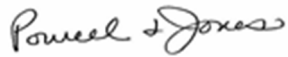
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the proportionate share of net pension liability, the schedule of contributions, and related notes to the required supplementary information 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 February 18, 2025, on our consideration of the Consortium's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Consortium's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Powell & Jones".

Powell & Jones CPA
Lake City, Florida
February 18, 2025

FIRST COAST WORKFORCE DEVELOPMENT CONSORTIUM
Management's Discussion and Analysis
September 30, 2024

The management of the First Coast Workforce Development Consortium (the Consortium) offers readers of our financial statements the following narrative overview and analysis of our financial activities for the year ended September 30, 2024.

Basic Financial Statements

Our basic financial statements are prepared using proprietary fund (enterprise fund) accounting principles that use the same basis of accounting as private-sector business enterprises. The Consortium is operated under one enterprise fund. Under this method of accounting, an economic resources measurement focus and the accrual basis of accounting is used.

Revenue is recorded when earned and expenses are recorded when incurred. The basic financial statements include a statement of net position, a statement of activities, and a statement of cash flows. These are followed by notes to the financial statements.

The statement of net position presents information on the Consortium's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Consortium is improving or deteriorating.

The statement of activities reports the operating revenues and expenses and nonoperating revenues and expenses of the Consortium for the fiscal year with the difference - the net income or loss - being combined with any capital grants to determine the net change in assets for the fiscal year. That change combined with the net position at the end of the previous year total to the net position at the end of the current fiscal year.

The statement of cash flows reports cash and cash equivalent activities for the fiscal year resulting from operating activities and investing activities. The net result of these activities added to the beginning of the year cash balance total to the cash and cash equivalent balance at the end of the current fiscal year.

Condensed Financial Information

Condensed financial information from the statements of net position at September 30, 2024 and 2023, and changes in net position for the years then ended, follows:

	Net Position	
	Year Ended September 30,	
	2024	2023 (Restated)
Assets:		
Current and other assets	\$ 656,259	\$ 636,449
Total Assets	<u>656,259</u>	<u>636,449</u>
Deferred outflows of resources:	<u>1,740,668</u>	<u>1,905,126</u>
Liabilities:		
Current liabilities	256,754	238,441
Long-term liabilities	<u>7,742,062</u>	<u>8,416,227</u>
Total liabilities	<u>7,998,816</u>	<u>8,654,668</u>
Deferred inflows of resources:	<u>1,095,616</u>	<u>515,002</u>
Net position:		
Unrestricted	(6,697,505)	(6,628,095)
Total net position	<u>\$ (6,697,505)</u>	<u>\$ (6,628,095)</u>

	Change in Net Position	
	Year Ended September 30,	
	2024	2023 (Restated)
Operating revenues:		
Employment contract revenues	\$ 9,232,240	\$ 9,326,838
Other income	<u>15,258</u>	<u>-</u>
Total operating revenues	<u>9,247,498</u>	<u>9,326,838</u>
Operating expenses:		
Personnel services	9,260,446	10,755,810
Professional fees	44,999	12,485
Other	<u>11,484</u>	<u>14,777</u>
Total operating expenses	<u>9,316,929</u>	<u>10,783,072</u>
Operating income (loss)	<u>(69,431)</u>	<u>(1,456,234)</u>
Other changes to net position		
Interest income	<u>21</u>	<u>827</u>
Total changes to net position	<u>(69,410)</u>	<u>(1,455,407)</u>
Net position - beginning of year	(6,628,095)	(5,172,688)
Net position - end of year	<u>\$ (6,697,505)</u>	<u>\$ (6,628,095)</u>

During the year ended September 30, 2024, net position decreased by \$69,410.

The Consortium has implemented GASB 68 "Accounting and Financial Reporting for Pensions" This pronouncement requires the Consortium to report its pro rata share of the Net Pension Liability relating to its participation in the Florida Retirement System on the Consortium's financial statements. This liability, totaling \$7,225,422 for the year ending September 30, 2024, resulted in an additional expense of \$32,092 and caused the Net Position to be decreased to \$(6,697,505) at year-end. Due to the fact that management does not anticipate being required to directly fund any portion of this deficit, this condition is not considered to be detrimental. Management anticipates that the Florida Retirement System will periodically adjust current contribution rates to fund the net pension liability.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The availability of funding resources for the Consortium is entirely dependent upon the budgetary resources available through the primary funding source, First Coast Workforce Development, Inc. The fiscal year 2024-25 budget for First Coast Workforce Development, Inc. indicates stability in revenue attributable to government appropriations and/or increased grant activity. These indicators were taken into account when adopting the Consortium 2024-25 budget.

CONTACTING THE CONSORTIUM'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Consortium's finances to all those with an interest in the Consortium's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to First Coast Workforce Development Consortium, 1845 Town Center Boulevard, Suite 250, Fleming Island, Florida 32003.

BASIC FINANCIAL STATEMENTS

FIRST COAST WORKFORCE DEVELOPMENT CONSORTIUM
STATEMENT OF NET POSITION
September 30, 2024

	Business - type Activities
ASSETS	
Current assets	
Cash	\$ 475,206
Prepaid expense	46,028
Accounts receivable	135,025
Total current assets	656,259
Total assets	656,259
 DEFERRED OUTFLOWS OF RESOURCES	 1,740,668
 LIABILITIES	
Current liabilities	
Accrued liabilities	135,567
Compensated absences	121,187
Total current liabilities	256,754
 Noncurrent liabilities	
Compensated absences	516,640
Net pension liability	7,225,422
Total long-term liabilities	7,742,062
Total liabilities	7,998,816
 DEFERRED INFLOWS OF RESOURCES	 1,095,616
 NET POSITION	
Unrestricted	(6,697,505)
Total net position	\$ (6,697,505)

See notes to financial statements.

FIRST COAST WORKFORCE DEVELOPMENT CONSORTIUM
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2024

	Business - type Activities
Operating revenues:	
Employment contract revenues	\$ 9,232,240
Other income	15,258
Total operating income	<u>9,247,498</u>
Operating Expenses:	
Salaries and wages	6,677,839
Fringe benefits	2,582,607
Audit fees	12,485
Software maintenance	6,775
Bank fees	37
Registration fees	4,672
Payroll processing fees	32,514
Total operating expenses	<u>9,316,929</u>
Operating loss	(69,431)
Other changes in net position	
Interest income	<u>21</u>
Change in net position	(69,410)
Net position at beginning of year, restated	<u>(6,628,095)</u>
Net position at end of year	<u><u>\$ (6,697,505)</u></u>

See notes to financial statements.

FIRST COAST WORKFORCE DEVELOPMENT CONSORTIUM
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended September 30, 2024

Cash flows from operating activities	
Cash received from customers and users	\$ 9,236,203
Cash paid to suppliers	(60,153)
Cash paid for employee services	(9,171,226)
Net cash provided by operating activities	<u>4,824</u>
Cash flows from investing activities	
Interest income	<u>21</u>
Net cash provided by investing activities	<u>21</u>
Net increase in cash	4,845
Cash at beginning of year	470,361
Cash at end of year	<u><u>\$ 475,206</u></u>
Reconciliation of operating loss to cash flows provided by operating activities:	
Operating loss	<u>\$ (69,431)</u>
Adjustments to reconcile change in net position to net cash provided by operating activities:	
Decrease (increase) in assets:	
Accounts receivable	(11,295)
Prepaid expenses	(3,670)
Deferred outflows of resources	164,458
Increase (decrease) in liabilities:	
Accrued expenses	9,209
Compensated absences	47,919
Net pension liability	(712,980)
Deferred inflows of resources	580,614
Total adjustments	<u>74,255</u>
Net cash provided by operating activities	<u><u>\$ 4,824</u></u>

See notes to financial statements.

FIRST COAST WORKFORCE DEVELOPMENT CONSORTIUM
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Summary of significant accounting policies

The accounting and reporting policies of First Coast Workforce Development Consortium (the Consortium) conform in all material respects to generally accepted accounting principles (GAAP) applicable to local governments. The following is a summary of the more significant policies.

A. Basis of Presentation – The accompanying financial statements of First Coast Workforce Development Consortium have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles for units of local government.

B. Financial Reporting Entity – First Coast Workforce Development Consortium was organized on January 1, 1999, pursuant to Chapter 189, Florida Statutes as an independent special district and specifically created by an interlocal agreement pursuant to Chapter 163, Florida Statutes, in order to provide the Boards of County Commissioners of Baker, Clay, Duval, Nassau, Putnam and Saint John's Counties with a means of carrying out their individual responsibilities as required by the Workforce Florida Act of 1996 as amended.

In accordance with GAAP, the Consortium has determined that there are no potential component units that it must include within its financial statements.

2. 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 the activities of the Consortium. The Consortium has only business-type activity and does not engage in any governmental activities. Direct expenses are those that are clearly identifiable with a specific function or segment. Operating revenues include charges for staffing services provided to its affiliate. Fund financial statements are not presented.

3. Measurement focus, basis of accounting and financial statement presentation

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.

4. New Accounting Pronouncement

In June 2022, the Governmental Accounting Standards Board issued SGAS No. 101, Compensated Absences. Under SGAS No. 101, compensated absences must be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. Unused leave includes leave for services already rendered, leave that accumulates, and leave that more likely than not will be used for time off or paid to the employee at some point in the future. Additionally, governments are now able to report year-over-year increases and

decreases in compensated absences net of each other and disclose them in one lump sum in the notes to the financial statements. The Consortium adopted the provisions of SGAS No. 101 as of October 1, 2023. As a result of the implementation of this standard, the Consortium's net assets have been restated for the period ending September 30, 2023. The full impact of this change has been further discussed in the Prior Period Adjustment paragraph that is in Note 10.

5. Budgets and budgetary accounting

Budgets are prepared and original budgets are adopted annually and periodically amended in accordance with procedures and time intervals prescribed by Section 189.418, Florida Statutes. During the fiscal year ended September 30, 2024, the Board adopted the annual budget for its operations in compliance with this section of law. The Consortium submits the budget to all regulatory agencies via posting on the official website as part of the approval process.

Appropriations are controlled at the object level (salaries, payroll taxes, and fringe benefits) within each activity (e.g. personnel services and administration) and may be amended at any Board meeting within sixty days of the end of the fiscal year. Budgets are prepared using the same accrual basis as is used to account for actual transactions.

6. Cash and cash equivalents

For purposes of the financial statement of cash flows, the Consortium considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

7. Relationship with Affiliate

The Consortium, pursuant to Section 163.01(7), Florida Statutes, provides all of the personnel and acts as the employer of record for the FRS eligible employees of its affiliate, First Coast Workforce Development, Inc., a Florida nonprofit corporation and Internal Revenue Code Section 501(c)(3) organization. These employment contract transactions comprise all of the Consortium's financial activities for the year ended September 30, 2024. First Coast Workforce Development, Inc., whose fiscal year ends June 30, 2024, operates and implements workforce and welfare programs as well as related programs in a six-county workforce development area of Florida (RWB Region 8).

First Coast Workforce Development, Inc. has been designated by the Consortium as the grant recipient and administrative entity for all WIOA (Workforce Innovation and Opportunity Act), Wagner-Peyser, and TANF (Temporary Assistance for Needy Families) grants and other job training related grants for RWB Region 8.

8. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not

be recognized as an expense until then. The Consortium has only one type of item that qualifies for reporting in this category. This is the deferred charge on pensions in the statement of net position. Deferred outflows on pensions are recorded when actual earnings on pension plan investments are less than projected earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred outflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the Consortium's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan. Contributions to pension plans made subsequent to the measurement date are also deferred and reduce net pension liability in the subsequent year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as revenue until that time. The Consortium has only one type of item, which is related to pensions. Deferred inflows on pensions are recorded when actual earnings on pension plan investments exceed projected earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred inflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the Consortium's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan.

NOTE 2. CASH ON DEPOSIT

Monies placed on deposit with a financial institution in the form of a demand deposit account are defined as public deposits. All of the Consortium's public deposits are held in a qualified public depository pursuant to the State of Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act" (the Act) and covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the Act. At September 30, 2024, the Consortium's cash on deposit in its bank account was \$524,550, all of which was insured by federal depository insurance or pledged collateral as required by State Law.

NOTE 3. LONG-TERM LIABILITIES

Changes in Long-term Liabilities: Long-term liability activity for the year ended September 30, 2024, was as follows:

	Balance <u>9/30/2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>9/30/2024</u>	Due Within <u>One Year</u>
Compensated absences, restated	\$ 589,909	\$ 47,918	\$ -	\$ 637,827	\$ 121,187
Net pension liability	7,938,402	(712,980)	-	7,225,422	-
	<u>\$ 8,528,311</u>	<u>\$ (665,062)</u>	<u>\$ -</u>	<u>\$ 7,863,249</u>	<u>\$ 121,187</u>

The compensated absences liability and net pension liability will be liquidated through normal operations.

NOTE 4. COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS – FLORIDA RETIREMENT SYSTEM PLAN AND THE RETIREE HEALTH INSURANCE SUBSIDY PROGRAM

Florida Retirement System:

General Information - All of the Consortium's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, *Florida Statutes*, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, which include the FRS Pension Plan (Pension Plan) and the Retiree Health Insurance Subsidy (HIS Plan). Under Section 121.4501, *Florida Statutes*, the FRS also provides a defined contribution plan (Investment Plan) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (SBA). As a general rule, membership in the FRS is compulsory for all employees who work in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, *Florida Statutes*, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site: https://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports.

Pension Plan

Pension Plan Description – The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. This amount increases with every year of additional service up to a maximum of 1.68% of the final average compensation of their five highest years for each year of credited service at age 65 with 33 or more years of service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service (age 52 if credited service includes at least four years of wartime military service) or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, beginning at 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service and increasing to a maximum of 1.68% for of with each year up to age 58 (55 with wartime service) and 28 years of special risk service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 (age 52 with wartime experience) with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a

retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. The final average compensation for all these members is also based on the eight highest years of salary.

As provided in Section 121.101, *Florida Statutes*, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before August 1, 2011, the annual cost-of-living adjustment is three percent per year. The cost-of-living adjustment for participants with a retirement date or DROP participation date after August 1, 2011 is determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement and multiplying by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

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

Contributions – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The FRS and HIS contribution rates were as follows:

Class	October 1, 2023 - June 30, 2024	July 1, 2024 - September 30, 2024
Regular Class	13.57%	13.63%
Special Risk Class	32.67%	32.79%
Special Risk Administrative Support	39.82%	39.82%
County Elected Officers Class	58.68%	58.68%
Senior Management Class	34.52%	34.52%
Deferred Retirement Option Program (DROP)	21.13%	21.13%

The Consortium's contributions, including employee contributions, to the Pension Plan totaled \$1,066,453 for the fiscal year ended September 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2024, the Consortium reported a liability of \$4,933,091 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024. The Consortium's

proportionate share of the net pension liability was based on the Consortium's 2023-24 fiscal year contributions relative to the 2022-23 fiscal year contributions of all participating members. At June 30, 2024, the Consortium's proportionate share was .012752044 percent, which was an decrease of 6.16% from its proportionate share measured as of June 30, 2023.

For the fiscal year ended September 30, 2024, the Consortium recognized pension expense of \$948,764. In addition, the Consortium reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 498,375	\$ -
Changes in assumptions	676,125	-
Net difference between projected and actual earnings on Pension Plan investments	-	327,879
Changes in proportion and differences between Consortium Pension Plan contributions and proportionate share of contributions	116,106	332,644
Consortium Pension Plan contributions subsequent to the measurement date	185,734	-
Total	<u>\$ 1,476,340</u>	<u>\$ 660,523</u>

The deferred outflows of resources related to the Pension Plan, totaling \$185,734 resulting from Consortium contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent reporting period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2024	\$ (55,813)
2025	606,321
2026	44,200
2027	2,091
2028	33,284
Thereafter	-
	<u>\$ 630,083</u>

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

Inflation	3.50%
Salary increases	3.50%
Investment rate of return	6.70%
Discount rate	6.70%

Mortality rates were based on Pub-2010 base table generational mortality using the gender specific MP-2018 mortality improvement projection scale.

The actuarial assumptions used in the July 1, 2024 valuations were based on the results of an actuarial experience study, completed in 2024, for the period July 1, 2018 through June 30, 2023.

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.3%	3.3%	1.1%
Fixed income	29.0%	5.7%	5.6%	3.9%
Global equity	45.0%	8.6%	7.0%	18.2%
Real estate	12.0%	8.1%	6.8%	16.6%
Private equity	11.0%	12.4%	8.8%	28.4%
Strategic investments	2.0%	6.6%	6.2%	8.7%
Total	100.0%			
Assumed inflation - mean			2.4%	1.5%

(1) As outlined in the Pension Plan's investment policy

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

Sensitivity of the Consortium's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Consortium's proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the Consortium's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.70% or one percentage point higher 7.70% than the current rate:

	1 % Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
Consortium's proportionate share of the net pension liability	\$ 8,677,134	\$ 4,933,091	\$ 1,796,661

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

Payables to the Pension Plan - At September 30, 2024, the Consortium did not have any payables

to report for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2024.

HIS Plan

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

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

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2024, the HIS contribution for the period October 01, 2023 through June 30, 2024 and from July 1, 2024 through September 30, 2024 was 2.00 % and 2.00%, respectively. The Consortium contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled. The Consortium's contributions, including employee contributions to the HIS Plan, totaled \$191,071 for the fiscal year ended September 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2024, the Consortium reported a liability of \$2,292,331 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Consortium's proportionate share of the net pension liability was based on the Consortium's 2023-24 fiscal year contributions relative to the 2022-23 fiscal year contributions of all participating members. At June 30, 2024, the Consortium's proportionate share was 0.015281215 percent, which was a decrease of 3.84 percent from its proportionate share measured as of June 30, 2023.

For the fiscal year ended September 30, 2024, the Consortium recognized pension expense of \$155,437. In addition, the Consortium reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 22,134	\$ 4,402
Changes in assumptions	40,569	271,383
Net difference between projected and actual earnings on HIS Plan investments	-	829
Changes in proportion and differences between Consortium HIS Plan contributions and proportionate share of contributions	168,038	158,479
Consortium HIS Plan contributions subsequent to the measurement date	33,587	-
Total	<u>\$ 264,328</u>	<u>\$ 435,093</u>

The deferred outflows of resources related to the HIS Plan, totaling \$33,587 resulting from Consortium contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent reporting period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
<u>September 30</u>	
2023	\$ (25,919)
2024	(31,978)
2025	(46,583)
2026	(32,570)
2027	(17,746)
Thereafter	(49,556)
	<u>\$ (204,352)</u>

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

Inflation	3.50%
Salary increases	3.50%
Municipal bond rate	3.93%

Mortality rates were based on the PUB-2010 base table, generational mortality using the gender specific MP 2018 mortality improvement projection scale.

The actuarial valuations were prepared as of July 1, 2024 valuation was based on the results of an actuarial experience study, completed in 2024, for the period July 1, 2018 through June 30, 2023.

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

Sensitivity of the Consortium's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Consortium's proportionate share of the net pension liability calculated using the discount rate of 3.93% as well as what the Consortium's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower 2.93% or one percentage point higher 4.93% than the current rate:

	1 % Decrease 2.93%	Current Discount Rate 3.93%	1% Increase 4.93%
Consortium's proportionate share of the net pension liability	\$ 2,609,524	\$ 2,292,331	\$ 2,029,009

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

Payables to the Pension Plan - At September 30, 2024, the Consortium did not have any payables to report for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2024.

Defined Contribution Plan - Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan (FRS Investment Plan), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on the class membership. Required employer contributions made to the plan during the year ended September 30, 2024 were \$352,126.

NOTE 5. LEAVE POLICIES

All full-time employees accrue leave monthly based on their years of employment. The annual accrual rate is:

Years 1 - 5	- 10 days per year
Years 6 - 10	- 15 days per year
After 10 years	- 20 days per year

At the end of each fiscal year a maximum of 400 hours of unused leave may be carried over to the next fiscal year by an employee. Upon termination of employment from the Consortium, an employee is paid for all unused leave, the balance of which is reflected on the statement of net position as a liability.

In the fiscal year ending September 30, 2024, the Consortium implemented SGAS 101, *Compensated Absences*, which resulted in the Consortium including additional hours for accrued sick leave in the compensated absence liability estimation. The total liability for unused sick and vacation leave at September 30, 2024, is \$637,827.

NOTE 6. OTHER POST-EMPLOYMENT BENEFITS PLAN (OPEB)

The Consortium is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees, whether the premiums are paid by the Consortium or the retiree. Participating retirees are considered to receive a secondary benefit known as an “implicit rate subsidy.” This benefit relates to the assumption that the retirees are receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the Consortium’s younger and statistically healthier active employees. GASB Statement 45 requires governments to report this cost and related liability in its financial statements.

Due to the fact that there were no retirees participating in the plan during the year and it is anticipated that this situation will continue in the future due to the fact that most employees work until they are eligible for Medicare benefits, management had determined that the Consortium’s OPEB obligation at year end would be of a de minimis amount. Management will monitor this situation in the future and take appropriate steps to properly comply with this GASB Statement.

NOTE 7. RELATED PARTY TRANSACTIONS

During the year ended September 30, 2024 the Consortium earned \$9,232,240 in revenues from its affiliate, First Coast Workforce Development, Inc.

At September 30, 2024, the total amount due from the First Coast Workforce Development, Inc. was \$135,025.

NOTE 8. ECONOMIC DEPENDENCY

The Consortium’s only source of revenue is from employment contract activities with its affiliate, First Coast Workforce Development, Inc.

NOTE 9. LEGAL MATTERS

From time to time, the Consortium may be involved in various types of legal actions relating to its operations. In the opinion of management, such activities will not have a significant effect on the financial position or results of operations of the Consortium.

NOTE 10. PRIOR PERIOD ADJUSTMENT

The Consortium's implementation of SGAS No. 101 required restatement of certain final amounts on the statements of net position and activities as of September 30, 2023. The impact of the implementation of this standard on the prior-year financial statements is as follows:

	2023	Prior period Adjustment	2023 (restated)
Statement of Net Position			
Compensated absences, current	\$ 93,322	\$ 18,761	\$ 112,083
Compensated absences, noncurrent	397,844	79,981	477,825
Net position, unrestricted	<u>\$ (6,529,353)</u>	<u>\$ (98,742)</u>	<u>\$ (6,628,095)</u>
Statement of Activities			
Operating Expenses			
Salaries and wages	\$ 6,788,835	\$ 98,742	\$ 6,887,577
Change in net position	<u>\$ (1,356,665)</u>	<u>\$ (98,742)</u>	<u>\$ (1,455,407)</u>

REQUIRED SUPPLEMENTARY INFORMATION

**FIRST COAST WORKFORCE DEVELOPMENT CONSORTIUM
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
LAST 10 FISCAL YEARS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Consortium's proportion of the FRS net pension liability (asset)	0.012752044%	0.013588493%	0.013331145%	0.014265389%	0.014174904%	0.013159605%	0.004485714%	0.004789156%	0.004770012%	0.005339440%
Consortium's proportionate share of the FRS net pension liability (asset)	\$ 4,933,091	\$ 5,414,584	\$ 4,960,257	\$ 1,077,588	6,143,612	4,531,985	1,351,120	1,416,600	1,204,432	689,660
Consortium's proportion of the HIS net pension liability (asset)	0.015281215%	0.015891723%	0.015320559%	0.016338937%	0.016525843%	0.014150715%	0.005604617%	0.005934001%	0.005796838%	0.005914848%
Consortium's proportionate share of the HIS net pension liability (asset)	2,292,331	2,523,818	1,622,692	2,004,216	2,017,779	1,583,323	593,199	634,491	675,597	603,221
Consortium's proportionate share of the total net pension liability (asset)	<u>\$ 7,225,422</u>	<u>\$ 7,938,402</u>	<u>\$ 6,582,949</u>	<u>\$ 3,081,804</u>	<u>\$ 8,161,391</u>	<u>\$ 6,115,308</u>	<u>\$ 1,944,319</u>	<u>\$ 2,051,091</u>	<u>\$ 1,880,029</u>	<u>\$ 1,292,881</u>
Consortium's covered-employee payroll	\$ 6,399,204	\$ 6,429,754	\$ 5,931,513	\$ 5,800,266	\$ 5,712,966	\$ 5,267,653	\$ 1,935,700	\$ 1,875,622	\$ 1,901,125	\$ 1,741,507
Consortium's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	112.91%	123.46%	110.98%	53.13%	142.86%	116.09%	100.45%	109.36%	98.89%	74.24%
Plan fiduciary net position as a percentage of the total pension liability	78.79%	77.04%	79.09%	96.40%	78.85%	82.62%	84.26%	83.89%	84.88%	92.00%

Note 1) The amounts presented for each year were determined as of the June 30 year end of
the Florida Retirement System

See notes to required supplementary information.

**FIRST COAST WORKFORCE DEVELOPMENT CONSORTIUM
SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
LAST 10 FISCAL YEARS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required FRS contribution	\$ 1,066,453	\$ 1,004,836	\$ 853,870	\$ 632,312	\$ 440,919	\$ 381,235	\$ 314,811	\$ 362,509	\$ 366,724	\$ 399,605
Contractually required HIS contribution	191,071	160,694	139,147	111,779	89,155	70,613	111,726	74,978	63,962	70,519
Total Contractually Required Contributions	<u>1,257,524</u>	<u>1,165,530</u>	<u>993,017</u>	<u>744,091</u>	<u>530,074</u>	<u>451,848</u>	<u>426,537</u>	<u>437,487</u>	<u>430,686</u>	<u>470,124</u>
Contributions in relation to the contractually required contribution	<u>(1,257,524)</u>	<u>(1,165,530)</u>	<u>(993,017)</u>	<u>(744,091)</u>	<u>(530,074)</u>	<u>(451,848)</u>	<u>(426,537)</u>	<u>(437,487)</u>	<u>(430,686)</u>	<u>(470,124)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Consortiums's covered-employee payroll	\$ 6,399,204	\$ 6,429,754	\$ 5,931,513	\$ 5,800,266	\$ 5,712,966	\$ 5,267,653	\$ 3,639,935	\$ 3,909,824	\$ 4,077,816	\$ 4,361,620
Contributions as a percentage of covered-employee payroll	19.65%	18.13%	16.74%	12.83%	9.28%	8.58%	11.72%	11.19%	10.56%	10.78%

See notes to the required supplementary information.

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND
SCHEDULE OF CONTRIBUTIONS
For the Fiscal Year End September 30, 2024**

Net Pension Liability

The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of September 30, 2024, are shown below (in thousands):

	FRS	HIS
Total pension liability	\$ 237,370,289,000	\$ 15,757,751,902
Plan fiduciary net position	\$ (198,685,586,034)	(756,775,056)
	<u>\$ 38,684,702,966</u>	<u>\$ 15,000,976,846</u>
 Plan fiduciary net position as a percentage of the total pension liability	 83.70%	 4.80%

The total pension liability for each plan was determined by the plan's actuary and reported in the plan's valuation report as of June 30, 2024. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

The HIS actuarial valuation was prepared as of June 30, 2024. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

Basis for Allocation

The employer's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the system's current and several prior measurement dates. For fiscal years June 30, 2015, through June 30, 2024, in addition to contributions from employers, the required accrued contributions for the division (paid on behalf of the division's employees who administer the plans) were allocated to each employer on a proportional basis. The division administers the plans, and therefore, cannot allocate a portion of the liability to itself. Although GASB 68 encourages the use of the employers' projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system's ACFR for that fiscal year.

The proportion calculated based on contributions for each of the fiscal years presented in the pension allocation schedules was applied to the net pension liability and other pension amounts applicable to that fiscal year to determine each employer's proportionate share of the liability, deferred outflows of resources, deferred inflows of resources and associated pension expense.

For the purposes of the pension allocation schedules, pension amounts are allocated to reporting employers. The pension amounts of participating employers whose payrolls are reported and contributions are remitted by another entity are included in the reporting employer's amounts and will be allocated to the participating employer by the reporting employer.

Actuarial Methods and Assumptions

The Florida Retirement System (FRS) Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of the defined benefit pension plan pursuant to section 216.136(10), Florida Statutes. The division determines the assumptions in the valuations for GASB 67 reporting purposes. The FRS Pension Plan's GASB 67 valuation is performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2024 for the period July 1, 2018, through June 30, 2023. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.70%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.93% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both the FRS Pension Plan and the HIS Program were based on the Pub-2010 base table.

The following changes in actuarial assumptions occurred in 2024:

- All demographic assumptions and methods were reviewed as part of the 2024 Experience Study. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during the meetings in October 2024
- The coverage election assumptions were updated to reflect recent and anticipated future experience of HIS program participants. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its October 2024 meeting.
- The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability of the participating employers if the discount rate was 1.00% higher or 1.00% lower than the current discount rate at June 30, 2024.

	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
FRS Net Pension Liability	<u>68,045,037,966</u>	<u>38,684,702,966</u>	<u>14,089,194,966</u>

	1% Decrease 2.93%	Current Discount Rate 3.93%	1% Increase 4.93%
HIS Net Pension Liability	<u>17,076,684,221</u>	<u>15,000,976,846</u>	<u>13,277,804,250</u>

PENSION EXPENSE AND DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

In accordance with GASB 68, paragraphs 54 and 71, changes in the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current reporting period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Changes of assumptions or other inputs – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Changes in proportion and differences between contributions and proportionate share of contributions - amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Differences between expected and actual earnings on pension plan investments – amortized over five years

Employer contributions to the pension plans from employers are not included in collective pension expense; however, employee contributions are used to reduce pension expense.

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2024, was 5.3 years for FRS and 6.3 years for HIS.

COMPLIANCE SECTION



Powell and Jones CPA

1359 S.W. Main Blvd.
Lake City, FL 32025
Phone 386.755.4200

INDEPENDENT AUDITOR'S 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
First Coast Workforce Development Consortium
Fleming Island, Florida

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 business-type activities of First Coast Workforce Development Consortium (the Consortium), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise FCWDC's basic financial statements, and have issued our report thereon dated February 18, 2025.

Internal Control Over Financial Reporting

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

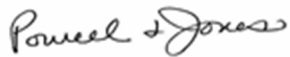
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Consortium'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 determination of financial statement amounts. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Powell & Jones".

Powell & Jones CPA
Lake City, Florida
February 18, 2025



Powell and Jones CPA

1359 S.W. Main Blvd.
Lake City, FL 32025
Phone 386.755.4200

MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

To the Board of Commissioners
First Coast Workforce Development Consortium
Fleming Island, Florida

Report on the Financial Statements

We have audited the basic financial statements of the First Coast Workforce Development Consortium (the Consortium) as of and for the year ended September 30, 2024, and have issued our report thereon dated February 18, 2025.

Auditor's 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 Auditor's 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. Disclosures in the reports and schedule, which is dated February 18, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The information is disclosed in Note 1 to the financial statements.

Financial Condition and Management

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

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

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

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.

Special District Specific Information

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

- a. The total number of Consortium employees compensated in the last pay period of the District's fiscal year: 115
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year: None
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$6,677,839
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: Zero
- e. Each construction project with a total cost of at least \$65,000 approved by the Consortium that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such projects as: None

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 Consortium amends a final adopted budget under Section 189.016(6), Florida Statutes, as follows: The Consortium's original budget totaled \$10,080,395 and was not amended. Expenditures of \$9,316,929 were within the budget in the current year.

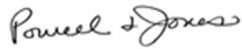
Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but 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 and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Powell & Jones CPA

A handwritten signature in cursive script, appearing to read "Powell & Jones", is positioned above the typed name.

Lake City, Florida
February 18, 2025



Powell and Jones CPA

1359 S.W. Main Blvd.
Lake City, FL 32025
Phone 386.755.4200

INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Commissioners
First Coast Workforce Development Consortium Fleming Island, Florida

We have examined the First Coast Workforce Development Consortium's (the Consortium) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2024. Management is responsible for the Consortium's compliance with those requirements. Our responsibility is to express an opinion on the Consortium's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Consortium's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Consortium's compliance with specified requirements.

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

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

Powell & Jones CPA
Lake City, Florida
February 18, 2025



Powell and Jones CPA

1359 S.W. Main Blvd.
Lake City, FL 32025
Phone 386.755.4200

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Board of Commissioners
First Coast Workforce Development Consortium

We have audited the financial statements of First Coast Workforce Development Consortium (the Consortium) for the year ended September 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Consortium are described in Note 1 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus.

All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting FCWDC's financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements identified during our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 18, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

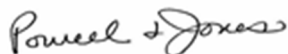
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the schedule of proportionate share of net pension liability, schedule of contributions, and their related notes, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

This information is intended solely for the use of the Board of Commissioners and management of First Coast Workforce Development Consortium and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Powell & Jones CPA
Lake City, Florida
February 18, 2025