



Holley-Navarre Fire District

FINANCIAL STATEMENTS

September 30, 2024



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INDEPENDENT AUDITOR’S REPORT

To the Board of Commissioners
Holley-Navarre Fire District

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Holley-Navarre Fire District (hereinafter referred to as “District”), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements 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 major fund, and the aggregate remaining fund information of the District as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 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.

Emphasis of Matter

As more fully described in Note 2 to the financial statements, the District corrected two errors. First, the District had not recorded certain liabilities that existed as of the opening balance sheet date. Second, the District had not previously recognized its other postemployment benefits (OPEB) liability as required by Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The District’s net position and fund balance of the general fund as of October 1, 2023 has been restated to reflect this change. Our opinion is not modified in respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 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 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 and required supplementary information other than management's discussion and analysis, 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 our report dated August 28, 2025 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts 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 the 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Niceville, Florida
August 28, 2025

Management's Discussion and Analysis

Holley-Navarre Fire District Management's Discussion and Analysis

This is Management's Discussion and Analysis (MD&A) of the financial activities of the Holley-Navarre Fire District (the District) for the fiscal year ending September 30, 2024. The reader is encouraged to consider this information with the financial statements and notes to the financial statements to understand the District's financial position.

The annual financial report was prepared in accordance with Generally Accepted Accounting Principles (GAAP) and all Governmental Accounting Standards Board (GASB) pronouncements that affect the District.

The primary purpose of the District is to provide fire suppression, fire inspection, rescue and emergency medical care for the following area in Santa Rosa County. Bordering upon the Okaloosa County line on the East and West end border is near St. Sylvester's Church near Holley by the Sea, encompassing all of Navarre. The District also covers the communities of Holley and Harper. The Northern boundary is the Yellow River Bridge. Although it is important to the long-term existence of the District to maintain its financial health, assets are accumulated only to the extent required to ensure that there are sufficient reserve funds for future operations and anticipated capital acquisitions.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by \$3,358,889 (net position), which represents an increase of \$557,846 (or 20%) over the prior year. Of this amount \$2,991,239 represents investments in capital assets (e.g. land, buildings, machinery and equipment), \$301,374 is for restricted purposes and \$66,276 is unrestricted.
- The net position of the District increased by \$557,846 primarily due to an increase in the non-ad valorem special assessments received during the fiscal year, the gain on the sale of one of its fire trucks and a capital grant from the State of Florida to assist in funding the construction of a new fire station.
- The District's governmental fund reported an ending fund balance of \$592,269, a decrease of \$177,380 (or 23%) from the prior fiscal year.
- At the end of the current fiscal year, unassigned fund deficit in the General Fund was (\$340,820) or (5.7%) of the total expenditures of the General Fund, which indicated the District utilized resources in excess of available fund balance to support operations.

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.

Holley-Navarre Fire District Management's Discussion and Analysis

The statement of net position presents information on all of the District's assets, deferred outflow of resources, liabilities and deferred inflow 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, increase or decrease 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 the statement for some items that will only result in cash flow in future fiscal periods.

The government-wide financial statements distinguish and demonstrate that, as a governmental activity, the District is principally supported by property taxes, intergovernmental revenues, and service revenues. The governmental activities of the District include public safety (fire) and debt service. The government-wide financial statements are found on pages 12 – 13 of this report.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the District can be divided into two categories: governmental funds and fiduciary funds.

FUNDS

Governmental Funds

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

Such information may be useful in evaluating a government's near-term financial requirements. The basic governmental fund financial statements are found on pages 14 – 18 of this report.

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

The District maintains three governmental funds: the general fund, special revenue fund and capital project 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 three funds. They are all considered major funds.

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.

Holley-Navarre Fire District Management's Discussion and Analysis

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The District has one fiduciary fund (Pension Trust Fund). Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for the government-wide financial statement presentation (private-sector business). The basic fiduciary fund financial statements are found on pages 19 – 20 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information, which is essential to the full understanding of the data provided in the government-wide and fund financial statements. Beginning on page 21 of this report are the notes to the financial statements.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding its obligations to provide pension and other post-employment benefits (OPEB) to its employees. This required supplementary is found immediately following the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3,358,889, (net position) as of September 30, 2024, as shown below.

The largest portion of the District's net position, \$2,991,239, 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 citizens; consequently, these assets are not available for future spending. Although the District reports investments in capital assets net any related debt, it should be noted that the resources needed to repay that debt must be provided from other sources, since capital assets themselves cannot be used to liquidate such liabilities. The District had \$1,136,389 of such debt as of September 30, 2024.

Holley-Navarre Fire District Management's Discussion and Analysis

The following table reflects the condensed statement of net position:

<i>As of September 30</i>	2024	As Restated 2023	Change
Assets			
Current and other assets	\$ 1,628,164	\$ 1,467,311	\$ 160,853
Capital assets, net	4,127,628	3,973,254	154,374
Total assets	5,755,792	5,440,565	315,227
Deferred outflows of resources	507,182	862,992	(355,810)
Total assets and deferred outflows of resources	\$ 6,262,974	\$ 6,303,557	\$ (40,583)
Liabilities			
Current liabilities	\$ 567,267	\$ 360,148	\$ 207,119
Long-term liabilities	1,591,081	3,104,918	(1,513,837)
Total liabilities	2,158,348	3,156,037	(997,689)
Deferred inflows of resources	745,738	346,477	399,261
Net position			
Net investment in capital assets	2,991,239	2,325,391	665,848
Restricted	301,374	398,490	(97,116)
Unrestricted	66,275	77,162	(10,887)
Total net position	3,358,888	2,801,043	557,845
Total liabilities, deferred inflows of resources, and net position	\$ 6,262,974	\$ 6,303,557	\$ (40,583)

Holley-Navarre Fire District Management's Discussion and Analysis

The following table compares the statement of activities for the current and prior year:

<i>For the years ended September 30,</i>	2024	As Restated 2023	Change
General revenue			
Taxes - assessments	\$ 3,398,895	\$ 3,191,415	\$ 207,480
Investment earnings	13,890	9,070	4,820
Miscellaneous	64,436	145,128	(80,692)
Gain on disposal of capital assets	522,506	-	522,506
Total general revenues	3,999,727	3,345,613	654,114
Program revenues			
Charges for services and fines	91,614	180,053	(88,439)
Capital grants and contributions	250,584	-	250,584
Total program revenues	342,198	180,053	162,145
Expenses			
Fire	3,784,080	4,030,414	(246,334)
Increase (decrease) in net position	\$ 557,845	\$ (504,748)	\$ 1,062,593

Overall, net position increased \$557,846 during the fiscal year 2024. Tax assessments increased \$207,480 during the fiscal year 2024 primarily due to increase in population in the District's area. Gain on disposal of capital assets increased \$522,506 due to the District selling a fire truck significantly in excess of the related debt. Capital grants and contributions increased \$250,584 due to the District receiving a grant from the State of Florida to assist with the construction of their new fire station.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Fund

The focus of the District's governmental fund is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, the 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.

Holley-Navarre Fire District Management's Discussion and Analysis

CAPITAL ASSETS, NET

The District's investment in capital assets for its governmental activities as of September 30, 2024, totaled \$4,127,628 (net of accumulated depreciation).

<i>September 30,</i>	2024	2023	Change
Land	\$ 137,931	\$ 137,931	\$ -
Construction in progress	460,537	-	460,537
Building	1,700,080	1,700,080	-
Building improvements	808,823	808,823	-
Fire trucks & equipment	2,978,820	3,242,467	(263,647)
Equipment & furniture	763,483	747,280	16,203
Total, prior to depreciation and amortization	6,849,674	6,636,581	213,093
Accumulated depreciation and amortization	(2,722,046)	(2,663,327)	(58,719)
Net capital assets	\$ 4,127,628	\$ 3,973,254	\$ 154,374

During 2024, the District began the construction of their new fire station, resulting in an increase of construction in progress of \$460,537. The project is expected to be completed in early fiscal year 2026. Fire trucks and equipment decreased by \$263,647 primarily due to the District selling a fire truck and purchasing a new fire truck that cost significantly less. Additional information on the capital assets of the District can be found in Note 3 of this report.

LONG-TERM LIABILITIES

At the end of the current fiscal year, the District had total long-term liabilities outstanding of \$1,633,631, which is comprised primarily of financed purchase liabilities.

<i>September 30,</i>	2024	As Restated 2023	Change
Finance leases	\$ 1,086,389	\$ 1,134,982	\$ (48,593)
Notes payable	50,000	-	50,000
Compensated absences	388,729	380,463	8,266
Net pension liability (asset)	(280,777)	666,735	(947,512)
Other postemployment benefit liability	389,290	309,029	80,261
Total long-term liabilities	\$ 1,633,631	\$ 2,491,209	\$ (857,578)

During 2024, the District paid off a financing lease related to the sale of one of their fire trucks and the District also entered into a new financing lease related to the purchase of a new fire truck. The District also entered into a construction loan during 2024 for the construction of their new fire station, however, only \$50,000 had been drawn on the loan as of September 30, 2024. The District's net pension balance went from a liability to an asset in the year primarily due to the performance of investments in excess of expectations. Additional information on the District's long-term liabilities can be found in Notes 3, 4 and 5 of this report.

Holley-Navarre Fire District Management's Discussion and Analysis

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Holley-Navarre Fire Protection District was created by Florida Special Act 80-603 which was later amended by 81-485. Local governments, such as the District, primarily rely on property, special assessment, and a limited array of permitted other taxes (such as impact fees and user fees) for their governmental activities. There are a limited number of state shared revenues and recurring and non-recurring grants from both the state and federal government which provide funding for specific programs, projects, or activities.

The first act (80-603) established the fire district as an Independent Special Fire Control District, set forth the boundaries and established a funding source through non ad-valorem assessments. The second act (81-485) merely clarified the district's boundaries.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, revenues and expenditures were compared to budgetary estimates. Overall, the General Fund has a favorable variance as compared to the budget in the amount of \$72,697. The most notable variances occurred in the following areas:

- Actual tax assessments revenue was more than the budgeted amount by \$84,211. Overall revenue was more than budgeted as a result of the proceeds from the sale of a fire truck.
- Public safety (fire) expenditures were more than the amounts budgeted by \$2,381,840 primarily as a result of the buildout of Station 44 and payoff of the loan from the sale of a fire truck in 2024.

REQUESTS FOR INFORMATION

This report was prepared by the District. Questions concerning this report or requests for additional information should be addressed to the Administrative Assistant, Holley-Navarre Fire District, 8618 Esplanade Street, Navarre, Florida, 32566. The District's website address is www.hnfd.org. Inquiries may also be sent via e-mail to chief@hnfd.org.

Holley-Navarre Fire District Management's Discussion and Analysis

BOARD OF FIRE COMMISSIONERS

Darin Culberson
Chairman

Chuck Cooper
Vice Chairman

Dennis Reilly
Secretary/Treasurer

Christopher Tingle
Commissioner

Cameron Cupples
Commissioner

MANAGEMENT

Kevin Lewis
Fire Chief

Dee May
Administrative Assistant

Financial Statements

Holley-Navarre Fire District
Statement of Net Position

September 30, 2024

Assets	
Cash and cash equivalents	\$ 883,803
Due from other governments	250,584
Deposits	42
Restricted cash and cash equivalents	212,958
Capital assets (net of accumulated depreciation)	
Non-depreciable	598,468
Depreciable, net	3,529,160
Net pension asset	280,777
<hr/>	
Total assets	5,755,792
Deferred outflows of resources	
Deferred outflows related to pensions	507,182
<hr/>	
Liabilities	
Accounts payable	211,130
Accrued liabilities	32,810
Non-current liabilities	
Due within one year	
Compensated absences	218,884
Financed purchases	104,443
Due in more than one year	
Compensated absences	169,845
Financed purchases	981,946
Note payable	50,000
OPEB liability	389,290
<hr/>	
Total liabilities	2,158,348
Deferred inflows of resources	
Deferred inflows related to pensions	745,738
<hr/>	
Net position	
Invested in capital assets, net of related debt	2,991,239
Restricted for	
Impact fees	279,139
Capital projects	22,235
Unrestricted	66,275
<hr/>	
Total net position	\$ 3,358,888

The accompanying notes are an integral part of these financial statements.

**Holley-Navarre Fire District
Statement of Activities**

<i>For the year ended September 30, 2024</i>	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
Function/Program	Expenses	Charges for Services and Fines	Capital Grants and Contributions	Governmental Activities
Primary government				
Governmental activities				
Public safety	3,784,080	\$ 91,614	\$ 250,584	\$ (3,441,882)
General revenues				
Taxes				
				3,398,895
				13,890
				64,436
				522,506
				3,999,727
				557,845
				3,213,214
				(412,171)
				2,801,043
				\$ 3,358,888

The accompanying notes are an integral part of these financial statements.

Holley-Navarre Fire District
Balance Sheet – Governmental Funds

<i>September 30, 2024</i>	General	Special Revenue	Capital Projects	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 883,803	\$ 212,958	\$ -	\$ 1,096,761
Due from other governments	-	-	250,584	250,584
Due from other funds	253,349	66,181	25,000	344,530
Deposits	42	-	-	42
Total assets	\$ 1,137,194	\$ 279,139	\$ 275,584	\$ 1,691,917
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 211,130	\$ -	\$ -	\$ 211,130
Due to other funds	91,181	-	253,349	344,530
Accrued expenses	23,730	-	-	23,730
Accrued compensated absences	218,884	-	-	218,884
Total liabilities	544,925	-	253,349	798,274
Fund balances				
Restricted fund balance	-	279,139	22,235	301,374
Assigned balance	933,089	-	-	933,089
Unassigned fund balance	(340,820)	-	-	(340,820)
Total fund balances	592,269	279,139	22,235	893,643
Total liabilities and fund balances	\$ 1,137,194	\$ 279,139	\$ 275,584	\$ 1,691,917

The accompanying notes are an integral part of these financial statements.

Holley-Navarre Fire District
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position

September 30, 2024

Total fund balances - governmental funds	\$	893,643
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 capital assets	6,849,674	
Less accumulated depreciation and amortization	<u>(2,722,046)</u>	4,127,628
Deferred outflow of resources related to pensions are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		
		507,182
Deferred inflow of resources related to pensions are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		
		(745,738)
Long-term liabilities, including total OPEB liability, net pension liability and compensated absences, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Accrued interest	(9,080)	
Finance leases	(1,086,389)	
Notes payable	(50,000)	
Compensated absences	(169,845)	
Net pension asset	280,777	
Other postemployment benefits liability	(389,290)	(1,423,827)
Net position of governmental activities	\$	3,358,888

The accompanying notes are an integral part of these financial statements.

Holley-Navarre Fire District
Statement of Revenues, Expenditures, and Changes
in Fund Balances – Governmental Funds

<i>For the year ended September 30, 2024</i>	General	Special Revenue	Capital Projects	Total Governmental Funds
Revenues				
Taxes				
Assessments	\$ 3,398,895	\$ -	\$ -	\$ 3,398,895
Impact fees	-	91,614	-	91,614
Intergovernmental	-	-	250,584	250,584
Interest and other	13,890	-	-	13,890
Miscellaneous revenue	64,436	-	-	64,436
Total revenues	3,477,221	91,614	250,584	3,819,419
Expenditures				
Public safety				
Personnel Services				
Salaries	2,033,879	-	-	2,033,879
Payroll taxes & employee benefits	839,551	-	-	839,551
Operating expenses				
Professional services	96,217	762	-	96,979
Utility services	31,901	-	-	31,901
Insurance	202,493	-	-	202,493
Repair & maintenance services	164,373	-	-	164,373
Training	19,820	-	-	19,820
Office supplies	85,038	-	-	85,038
Operating supplies	92,434	250	-	92,684
Subscriptions & memberships	8,601	-	-	8,601
Capital outlay	1,028,536	-	460,537	1,489,073
Debt service				
Principal	1,256,475	-	-	1,256,475
Interest	90,283	-	27,765	118,048
Total expenditures	5,949,601	1,012	488,302	6,438,915
Excess (deficiency) of revenues over (under) expenditures	(2,472,380)	90,602	(237,718)	(2,619,496)

(Continued)

The accompanying notes are an integral part of these financial statements.

Holley-Navarre Fire District
Statement of Revenues, Expenditures, and Changes
in Fund Balances – Governmental Funds (Continued)

<i>For the year ended September 30, 2024</i>	General	Special Revenue	Capital Projects	Total Governmental Funds
Other financing sources (uses)				
Proceeds from sale of capital assets	\$ 1,600,000	\$ -	\$ -	\$ 1,600,000
Proceeds from issuance of debt	695,000	-	50,000	745,000
Transfers in	-	-	209,953	209,953
Transfers out	-	(209,953)	-	(209,953)
Net other financing sources (uses)	2,295,000	(209,953)	259,953	2,345,000
Net change in fund balances	(177,380)	(119,351)	22,235	(274,496)
Fund balances, beginning of year, as previously reported	872,791	398,490	-	1,271,281
Prior period adjustments (see Note 2)	(103,142)	-	-	(103,142)
Fund balances, beginning of year, as restated	769,649	398,490	-	1,168,139
Fund balances, end of year	\$ 592,269	\$ 279,139	\$ 22,235	\$ 893,643

The accompanying notes are an integral part of these financial statements.

Holley-Navarre Fire District

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities**

<i>For the year ended September 30,</i>	<i>2024</i>
Net change in fund balances - total governmental funds	\$ (274,496)
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 allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.	1,231,868
In the statement of activities, the gain or loss on the disposal of capital assets is reported, whereas in the governmental funds, disposals are not reported. Thus, the change in net position differs from the change in fund balance by the net book value of the disposed capital assets.	(1,077,494)
Issuance of long-term debt is an other financing source in the governmental funds, but increases long-term liabilities in the statement of net position.	(745,000)
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	1,256,475
Compensated absences are reported in the statement of activities when earned. As they do not require the use of current financial resources, they are not reported as expenditures on governmental funds until they have matured. This is the amount of compensated absences reported in the statement of activities in the prior year that has matured in the current year.	16,811
Changes to the OPEB liability and the related deferred outflows of resources and deferred inflows of resources are reported as expenses in the statement of activities, but does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds.	(80,261)
Changes to the pension liability and the related deferred outflows of resources and deferred inflows of resources are reported as expenses in the statement of activities does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds.	192,441
Changes to accrued interest are reported as expenses in the statement of activities, but does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds.	37,501
Change in net position of governmental activities	\$ 557,845

The accompanying notes are an integral part of these financial statements.

Holley-Navarre Fire District
Statement of Fiduciary Net Position – Fiduciary Fund

<i>September 30, 2024</i>	Pension Trust Fund
<hr/>	
Assets	
Cash and cash equivalents	\$ 234,855
Investments, at fair value	
Equity securities	4,898,198
Debt securities	2,841,566
Real estate investment trusts	66,788
<hr/>	
Total investments	7,806,552
Receivables	
Contributions receivable - State	147,083
<hr/>	
Total receivables	147,083
Total assets	\$ 8,188,490
<hr/>	
Liabilities	
Accounts payable	\$ 6,428
Refund payable	15,650
<hr/>	
Total liabilities	22,078
<hr/>	
Net position	
Restricted for	
Held in trust for pension benefits	\$ 8,166,412
<hr/>	

The accompanying notes are an integral part of these financial statements.

Holley-Navarre Fire District
Statement of Changes in Fiduciary Net Position – Fiduciary Fund

<i>For the year ended September 30, 2024</i>	Pension Trust Fund
<hr/>	
Additions	
Investment income	
Net appreciation in fair value of investments	\$ 878,998
Realized gain on investments	344,023
Interest and dividends	172,032
	1,395,053
Less investment expenses	(40,448)
	1,354,605
Contributions	
State	405,093
Employer	329,092
Employees	195,252
	929,437
Total net investment income	929,437
Total additions	2,284,042
 Deductions	
Participants refunds	135,316
Benefits paid to participants	104,715
Administrative expenses	71,083
	311,114
Total deductions	311,114
Net increase in fiduciary net position	1,972,928
Net position, beginning of year	6,193,484
Net position, end of year	\$ 8,166,412

The accompanying notes are an integral part of these financial statements.

Holley-Navarre Fire District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Holley-Navarre Fire District is a special independent district created in Santa Rosa County, Florida, in 1980. The District is an independent fire control district operating pursuant to the provisions of Chapter 191, Florida Statutes, the Independent Fire Control District Act. The current code, as adopted in 2004, authorizes the District to provide fire suppression, fire inspection, rescue, and emergency medical services.

Reporting Entity

The District operates under an elected Board of Fire Commissioners (Board) form of government. Criteria for determining if other entities are potential component units which should be reported within the District's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the Board is financially accountable and other organizations for which the nature and significance of their relationships with the District are such that exclusion would cause the District's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are required to be reported.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility and timing requirements imposed by the provided have been met.

Holley-Navarre Fire District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in government funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.

The pension trust fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. Government-wide financial statements, including the statement of net position and statement of activities, present information about the District as a whole. These statements include the non-fiduciary financial activity of the primary government.

Government-wide financial statement net position is divided into three components – invested in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Invested in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt related to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of amounts that do not meet the definition of “restricted” or “invested in capital assets”.

Holley-Navarre Fire District Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary fund. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and fiduciary funds, each presented in a separate column. The fiduciary fund is used to report assets held in a trustee or custodial capacity for others that cannot be used to support the government's own programs. Custodial funds are purely custodial and do not involve measurement of results of operations.

The District reports the following governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *Special Revenue Fund* is the District's fund used to account for the collection and disbursement of earmarked monies. It is used exclusively to acquire purchase, or construct new facilities or portions thereof needed to provide fire protection and emergency services to new construction.

The *Capital Projects Fund* is the District's fund used to account for the construction of the new fire station, Station 44.

Additionally, the District reports the following fiduciary fund:

The *Pension Trust Fund* accounts for the activities of the Holley-Navarre Fire District Pension Trust Fund, which accumulates resources for pension benefit payments to qualified public safety employees.

Budgetary Information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. The appropriated budget is prepared by function and department. Transfers of appropriations between departments require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

A budget is legally adopted for the general fund. Any revision to the budget must be approved by the Board of Commissioners. The budget is compared to actual expenditures. In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the "final" column of the financial statements represent final authorization amounts.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. Prior to September 1, the Fire Chief and a committee appointed by the Board of Commissioners submit to the Board a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.

Holley-Navarre Fire District Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)

Budgetary basis of accounting (Continued)

- B. The budget is submitted in summary form, but a more detailed line-item budget is included for administrative control. The level of control for the detailed budget is at the department head level.
- C. Upon tentative approval by the Board of Commissioners, public hearings are conducted to obtain taxpayer comment.
- D. Prior to September 30, the budget is legally enacted through approval by the Board.
- E. Formal budgetary integration is employed as a management control device during the year for the general fund.
- F. Appropriations lapse at the end of each fiscal year.
- G. The Board of Commissioners may authorize supplemental appropriations during the year.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

Deposits and Investments

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

The Pension Trust Fund may invest in 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, 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.

Holley-Navarre Fire District Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Interfund Activities and Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" within the fund financial statements. Long-term borrowings between funds are classified as "advances to other funds" or "advances from other funds" in the fund financial statements. These amounts are eliminated in the governmental activities column of the statement of net position.

Interfund transactions are reflected as services provided, reimbursements, or transfers. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when a fund incurs a cost, charges the appropriate benefitting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items on the Statement of Net Position and Balance Sheet – Governmental Fund. These items will be expensed over the applicable usage period.

Restricted Assets

Certain assets of the District are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements but are not recorded in the governmental fund financial statements. Capital assets are defined by the District as assets with an initial/individual cost of more than \$1,000 and a useful life of more than one year. Such assets are recorded at historical cost and estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property and equipment sold, destroyed or obsolete, is removed from the accounts periodically. Interest cost is not capitalized on self-constructed fixed assets.

Holley-Navarre Fire District Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Capital Assets (Continued)

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

- Buildings and improvements – 40 years
- Fire trucks & equipment – 5 to 15 years
- Equipment & furniture – 5 to 10 years.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes include 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) until then.

The District has one (1) item that qualifies for reporting as deferred outflows of resources, the *deferred outflows related to pensions*, reported in the government-wide statements of net position. The deferred amount related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification (GASBC) Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years.

In addition to liabilities, the Statement of Net Position will sometimes include a separate action for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition as an inflow of resources (revenue) until then.

The District has one (1) item for reporting as deferred inflows of resources. The *deferred inflows related to pensions* are aggregated of items relate to pensions as calculated in accordance with GASBS Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts that Meet Specified Criteria*. The deferred inflows related to pensions will be recognized as a reduction to pension in future reporting years.

Compensated Absences

The District's compensated absence policy allows employees to accumulate earned but unused paid time off (PTO) benefits. Employees are entitled to Paid Time Off in accordance with the District's policy. PTO is based on the length of service. This entitlement ranges from 312 hours per year for zero to one year, 364 hours per year for two to four years of service; 442 hours per year for five to nine years of service; and 572 hours for ten plus years of service. Members shall be allowed to accrue a maximum of 3,600 hours of PTO. Members shall not be allowed to accrue more than 3,600 hours for any reason.

All PTO is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the government fund (General Fund) only if they are matured, for example, as a result of employee resignation or retirement.

Holley-Navarre Fire District Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities. In accordance with GASBC Section I30: *Interest Cost – Imputation*, debt issuance costs are expensed in the period incurred except for prepaid issuance costs.

In the governmental fund financial statements, bond issuance costs are expensed during the current period. The face amount of debt issued, and repayments, are reported as other financing sources and uses.

Pension

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB) Liability

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

Categories and Classification of Net Position and Fund Balance

Net position flow assumption – Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions – Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Holley-Navarre Fire District Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Categories and Classification of Net Position and Fund Balance (Continued)

Fund balance policies – Fund balance of governmental funds is reported in various classifications based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASBC Section 1800, *Classification and Terminology*, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. The District had \$301,374 of restricted fund balance as of September 30, 2024.

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. The District did not have any committed fund balance as of September 30, 2024.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The governing council (the Board) has by resolution authorized management to assign fund balance. The Board may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignment generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. The District did have assigned fund balance of \$933,089 as of September 30, 2024.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

Revenues and Expenditures/Expenses

Program revenues – Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by the District and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes and assessments, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues.

Holley-Navarre Fire District Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Expenditures/Expenses (Continued)

Non-ad valorem assessment - The Santa Rosa County Tax Collector performs the billing and collection functions for the District's non-ad valorem assessment (special assessment). The special assessments are included in the Santa Rosa County tax rolls and levied on January 1. All special assessments become due and payable on November 1. The collection period is from November 1 through March 31, with discounts allowed of 4, 3, 2, and 1 percent for early payment in November through February, respectively. All special assessments become delinquent on April 1 in the following year, and tax certificates are sold on all real property with unpaid taxes as of June 1. Therefore, revenue recognition of special assessments takes place during the fiscal year of assessment. The balance of delinquent assessments was not available and consequently, was not accrued.

Expenditures/Expenses

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as other financial sources.

Amounts paid to reduce long-term indebtedness of the reporting government are reported as reductions of the related liabilities, rather than as expenditures.

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the District's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to the net pension asset and OPEB liability.

Holley-Navarre Fire District Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, August 28, 2025 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

Recently Issued and Implemented Accounting Pronouncements

GASB Statement No. 100, Accounting Changes and Error Corrections, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. There were no significant impacts of implementing this Statement.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 101, Compensated Absences, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The District is evaluating the requirements of the above statements and the impact on reporting.

Holley-Navarre Fire District Notes to Financial Statements

Note 2: ERROR CORRECTION

During fiscal year 2024, the District determined that it has not previously recognized its liability for other postemployment benefits (OPEB) as required by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which became effective for the District in fiscal year 2018. The omission of the OPEB liability and related OPEB expense constituted an error in previously issued financial statements. Accordingly, the September 30, 2023 net position of governmental activities has been restated to reflect the cumulative effect of recognizing the District's OPEB liability as of October 1, 2023.

During fiscal year 2024, the District identified errors in previously issued financial statements related to unrecorded liabilities. These errors resulted in the understatement of liabilities and the overstatement of fund balance and net position in prior years. The District corrected these errors by restating beginning balances as of October 1, 2023.

The following table summarizes the changes to the District's fund balance and net position as a result of these error corrections:

		General
09/30/23 fund balance as previously reported	\$	872,791
Error correction for unrecorded liabilities		(103,142)
09/30/23 fund balance as restated	\$	769,649
		Governmental Activities
09/30/23 fund balance as previously reported	\$	3,213,214
Error correction for unrecorded liabilities		(103,142)
Error correction for implementation of GASB 75		(309,029)
09/30/23 fund balance as restated	\$	2,801,043

Note 3: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of September 30, 2024, \$250,000 of the District's bank balance is covered by federal depository insurance (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the District pursuant to Chapter 280, Florida Statutes.

Holley-Navarre Fire District Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificates of deposits are defined as public deposits. The financial institutions in which the District places its deposits are certified as “qualified public depositories,” as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counter party, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of September 30, 2024, the value of the District’s deposits was \$1,099,711, all of which were entirely covered by pooled collateral held by the State Treasurer and, therefore, have no custodial credit risk over its deposits.

Interest rate risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the Plan diversifies its investments by security type and limits holdings in any one type of investment with any one issuer. Th Plan’s investment policy does not limit the maximum length of investments.

Credit risk – GASBC Section 150: *Investments* of the GASBC requires that government provide information about credit risk associate with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. The Plan’s investment policy does not specifically address credit risk for investments, except for restriction allowing no investment activity in private placement, direct commodities, repurchase agreements, venture capital or any investments prohibited by state or federal law. As of September 30, 2024, none of the Plan’s investments were in individual bond issues; however, the Plan is invested in \$2,481,567 of exchange-traded funds of bonds, which bear credit rating between A – BBB. .

Concentration risk – GASBC Section 150: *Investments* of the GASBC requires disclosures of investment in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed U.S. government, investments in mutual funds, external investment pools and other pooled investments. The Plan’s investment policy restricts the percentage that may be held in the stock of any one company and the bonds issued by any one issuer.

Fair Value – GASBC Section 3100: *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under the codification are described as follows:

Level 1 (L1): Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Holley-Navarre Fire District Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

Level 2 (L2): Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 (L3): inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the Pension Trust Fund's assets at fair value as of September 30, 2024:

	Maturities		Level
	Fair Value	Less than 1 year	
Fiduciary fund			
Common stocks - domestic	\$ 2,101,272	\$ 2,102,272	L1
Common stocks - international	1,206,705	1,206,705	L1
Fixed income mutual funds	1,590,220	1,590,220	L1
Mutual funds - stock	2,841,567	2,841,567	L1
Real estate investment trusts	66,788	66,788	L1
<hr/>			
Total investments measured by fair value level	\$ 7,806,552	\$ 7,807,552	

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2024.

Mutual Funds: Valued using quoted market prices for those investments.

Common stock: Valued at the closing price reported on the active market on which the individual securities are traded.

Real estate investment trusts: Valued at the closing price reported on the active market which the individual securities are traded.

Holley-Navarre Fire District Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

The following is a summary of changes in capital assets for the year ended September 30, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 137,931	\$ -	\$ -	\$ 137,931
Construction in progress	-	460,537	-	460,537
Capital assets not being depreciated	137,931	460,537	-	598,468
Capital assets, being depreciated				
Buildings	1,700,080	-	-	1,700,080
Improvements other than buildings	808,823	-	-	808,823
Fire trucks & equipment	3,242,467	1,012,333	(1,275,980)	2,978,820
Equipment & furniture	747,280	16,203	-	763,483
Capital assets being depreciated	6,498,650	1,028,536	(1,275,980)	6,251,206
Less accumulated depreciation	(2,663,327)	(257,205)	198,486	(2,722,046)
Total capital assets being depreciated, net	3,835,323	771,331	(1,077,494)	3,529,160
Capital assets, net	\$ 3,973,254	\$ 1,231,868	\$(1,077,494)	\$ 4,127,628

Depreciation expense of \$257,205 was charged to governmental function of *public safety* in the statement of activities.

Holley-Navarre Fire District Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities

Financing Leases

In July 2017, the District entered into a financing lease agreement with PNC Bank for a vehicle. Under terms of the lease, the District is required to make annual payments in the amount of \$88,721 through July 2027. The lease bears a fixed interest rate of 3.56%. There is a balloon payment of \$216,245 due in August 2027.

In July 2017, the District entered into a financing lease agreement with US Bancorp for a vehicle. Under terms of the lease, the District is required to make annual payments in the amount of \$105,492 through August 2036. The lease bears a fixed interest rate of 2.82%. The District sold the vehicle in March 2024 and paid off the remaining balance on the lease.

In March 2024, the District entered into a financing lease agreement with US Bancorp for a vehicle. Under terms of the lease, the District is required to make annual payments in the amount of \$67,669 through August 2038. The lease bears a fixed interest rate of 5.62%.

Notes Payable – Construction Loan

In July 2024, the District entered into a construction loan agreement with Regions to finance the construction of a new fire station. The loan bears interest at a variable rate of 79% of 1-month SOFR (Secured Overnight Financing Rate) plus 0.87%, payable monthly, with principal payments to commence upon project completion or conversion to term financing. As of September 30, 2024, the outstanding balance was \$50,000.

The following is a summary of governmental activities financing leases and notes payable for the year ended September 30, 2024:

For the years ending September 30,	Governmental Activities			
	Financing Lease - US Bancorp		Financing Lease - PNC	
	Principal	Interest	Principal	Interest
2025	\$ 31,462	\$ 36,176	\$ 72,981	\$ 15,732
2026	33,263	34,406	75,584	13,137
2027	35,132	32,537	293,885	11,100
2028	37,023	30,646	-	-
2029	39,187	28,482	-	-
2030 - 2034	231,488	106,857	-	-
2035 - 2039	236,384	34,070	-	-
Total	643,939	303,174	442,450	39,969
Current portion	(31,462)	(36,176)	(72,981)	(15,732)
Payable after one year	\$ 612,477	\$ 266,998	\$ 369,469	\$ 24,237

**Holley-Navarre Fire District
Notes to Financial Statements**

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (Continued)

For the years ending September 30,	Governmental Activities			
	Note Payable - Construction		Total	
	Principal	Interest	Principal	Interest
2025	\$ -	\$ -	\$ 104,443	\$ 51,908
2026	50,000	-	158,847	47,543
2027	-	-	329,017	43,637
2028	-	-	37,023	30,646
2029	-	-	39,187	28,482
2030 - 2034	-	-	231,488	106,857
2035 - 2039	-	-	236,384	34,070
Total	50,000	-	1,136,389	343,143
Current portion	-	-	(104,443)	(51,908)
Payable after one year	\$ 50,000	\$ -	\$ 1,031,946	\$ 291,235

Long-term liability activity for the year ended September 30, 2024, was as follows for governmental activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Finance leases					
US Bancorp 1	\$ 1,134,982	\$ -	\$(1,134,982)	\$ -	\$ -
US Bancorp 2	-	695,000	(51,061)	643,939	31,462
PNC	512,882	-	(70,432)	442,450	72,981
Note payable - construction	-	50,000	-	50,000	-
Total notes from direct borrowings	1,647,864	745,000	(1,256,475)	1,136,389	104,443
Compensated absences	380,463	25,077	16,811	388,729	218,884
	2,028,327	770,077	(1,239,664)	1,525,118	323,327
Governmental activities long-term liabilities	\$ 3,676,191	\$ 1,515,077	\$(2,496,139)	\$ 2,661,507	\$ 427,770

Compensated absences will be liquidated in future periods primarily by the General Fund for governmental activities.

Holley-Navarre Fire District
Notes to Financial Statements

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Interfund Receivables, Payables and Transfers

	Due from:			Total
	General Fund	Special Revenue Fund	Capital Projects Fund	
Due to:				
General Fund	\$ -	\$ -	\$ 253,349	\$ 253,349
Special revenue fund	66,181	-	-	66,181
Capital projects fund	25,000	-	-	25,000
Total	\$ 91,181	\$ -	\$ 253,349	\$ 344,530

Amounts due to the general fund from the capital projects fund represent reimbursement for construction costs initially paid by the general fund. Amounts due from the general fund to the special revenue fund represent costs incurred by the general government that were paid by the special revenue fund. Amounts due from the general fund to the capital projects fund represent the remaining portion of unspent construction loan funds that were deposited into the general fund.

	Transfer from:			Total
	General Fund	Special Revenue Fund	Capital Projects Fund	
Transfer to:				
General Fund	\$ -	\$ -	\$ -	-
Special revenue fund	-	-	-	-
Capital projects fund	-	209,953	-	209,953
Total	\$ -	\$ 209,953	\$ -	\$ 209,953

The transfer from the special revenue fund to the capital projects fund was project costs paid by the special revenue fund for which the capital projects fund will not repay.

Net Investment in Capital Assets

The elements of this calculation are as follows:

	Governmental Activities
Capital assets (net)	\$ 4,127,628
Outstanding debt related to capital assets	(1,136,389)
Net investment in capital assets	\$ 2,991,239

Holley-Navarre Fire District Notes to Financial Statements

Note 4: DEFINED BENEFIT PENSION PLAN

Description of Plan

The Holley-Navarre Fire District Pension Trust Fund (the Plan) is a defined benefit pension plan sponsored by the District. The Plan is subject to the provisions of the plan of Florida Statutes Chapters 175 and 185. The Board of Trustees is responsible for oversight of the plan.

Plan assets are held by Salem Trust Company, the custodian, and Raymond James, the investment banking company, which invests contributions and Plan earnings, making investment transactions as directed by the Board of Trustees and provides certain recordkeeping services. Soundside Wealth Advisors acts as the third-party administrator for the Plan, which performs certain plan administration. Forster & Foster is the actuary for the Plan and perform certain plan administration.

Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principals generally accepted in the United States of America (U.S. GAAP). They are in accordance with GASB Statement No. 68, *Financial Reporting for Pension Plans* and the Codification of Governmental Accounting and Financial Reporting Standards, which covers the reporting requirements for defined benefit pensions established by the governmental employer.

Method used to Value Investments

Investments are reported at fair value. Short-term investments are reported at amortized cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

Presentation of Financial Statements

The Plan issues stand-alone financial statements.

Funding Requirements

The District uses the entry age normal actuarial costs method to determine required contributions. This method provides a stable pattern of minimum required contributions at a level dollar amount and allows a more transparent analysis of the changes experienced from one year to the next.

Florida Statutes, Chapters 175 and 185, require members to contribute not less than .5% of their annual salary. The plan members are required to contribute 11.2% of their annual covered salary to the Plan. The District is required to contribute at an actuarially determined rate. The actual contribution rate for the District and State contribution equaled 43% of the employees' salaries for the covered annual payroll.

The District contributed \$329,092 to the Plan for the year ended September 30, 2024.

Holley-Navarre Fire District Notes to Financial Statements

Note 4: DEFINED BENEFIT PENSION PLAN (Continued)

Funding Requirements (Continued)

Special districts that have established pension plans complying with the provisions of Chapter 175 and 185, Florida Statutes, and that have enacted appropriate taxing legislation are eligible to receive revenues generated from excise taxes on gross receipts of certain insurance premiums from policyholders covering property within the District's limits.

These state premium tax proceeds are the Firefighters' Pension Fund Excise Tax, which is imposed on the gross receipts of property insurance policy premiums. These revenues, when taken as a whole, amounted to \$405,093 for the year ended September 30, 2024.

Plan Membership and Benefits

The makeup of plan participants as of the October 1, 2023, valuation as follows:

Inactive plan members or beneficiaries currently receiving benefits	1
Inactive plan members entitled to but not currently receiving benefits	15
Active participants	27
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Total	43

The Plan provides retirement benefits and reduced early retirement benefits, as well as death and disability benefits. All benefits vest after 10 years of credited service. Employees who retire at or after age 55 with 10 years of credited service or age 52 with 25 years of credited service are eligible for normal retirement and are entitled to an annual retirement benefit. For members hired prior to January 1, 2013, the normal retirement benefit is calculated as 3.75% multiplied by years of credited service times the average final compensation, which is 1/12 of the average salary of the three best years of the last ten years of credited service prior to termination, retirement or death or the career average as a full-time Firefighter, whichever is greater. For members hired on or after January 1, 2023, the normal retirement benefit is calculated as 4.00% multiplied years of credited service times the average final compensation. A year is defined as 12 consecutive months.

Early retirement is available upon the attainment of age 50 and 10 years of credited service. The monthly benefit is reduced by three percent (3%) for each year by which the commencement of benefits precedes the date which would have been the Members' normal retirement date determined based upon his actual years of credited service. All members are eligible for service connected to disability benefits. Ten years of credited service is required for nonservice connected to disability benefits. Upon the death of a member with at least ten years of credited service before the early or normal retirement date, the beneficiary will receive a monthly income, payable in the form of a ten year certain and life annuity in an amount equal to the accrued normal retirement benefit.

Pension Plan Investments

The Plan's investment policy was adopted by the Plan's Board of Trustees, which has the authority for establishing and amending investment policy decision for the Plan. The policy outlines suitable, authorized investments along with asset allocations.

Holley-Navarre Fire District Notes to Financial Statements

Note 4: DEFINED BENEFIT PENSION PLAN (Continued)

Pension Plan Investments (Continued)

The Plan's investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. Independent investment managers and an independent custodian handle all pension investments and disbursements.

The ordinance establishing the Plan sets forth the investment guidelines to be followed by the Trustees. According to the investment guidelines, all investments made or held in the Plan shall be limited to:

1. Time, savings and money market deposit accounts of a national bank, a state bank or savings and loan institution, insured by the Federal Deposit Insurance Corporation, provided the amount deposited does not exceed the insured limit.
2. Obligations issued by the United States Government or obligations guaranteed as to principal and interest by the United States Government or by an agency of the United States Government.
3. Stocks, commingled funds administered by national or state banks, mutual funds and bonds or other evidence of indebtedness, issues or guarantees by a corporation organized under the laws of the United States, any state or organized territory of the United States or the District of Columbia, provided:
 - a. The securities meeting the ranking criteria:

Fixed Income: Standard & Poor's Investment Grade or Moody's Investment Grade except that 20% of the fund assets may be invested in securities not meeting these requirements,

Equities have no restrictions, and

Money Market: Standard & Poor's A1 or Moody's P1.
 - b. Not more than 5% of the fund's assets shall be invested in the common stock or capital stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company, and
 - c. The value of bonds issued by any single corporation shall not exceed 10% of the total fund.
4. Commingled stock, bond or money market funds whose investments are restricted to securities meeting the above criteria.

Additional limitations: Investments in corporate common stock and convertible bonds shall not exceed 75% of the plan assets at market value nor shall foreign securities exceed 25% of Plan's market value.

For the year ended September 30, 2024, the annual money-weighted rate of return on the plan's investments, net of pension investment expense, was 21.38%.

Holley-Navarre Fire District Notes to Financial Statements

Note 4: DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Asset, Significant Assumptions and Discount Rate

The components of the net pension asset of the District as of September 30, 2024 was as follows:

Total Pension Liability	\$	7,885,635
Plan net assets available for benefits		(8,166,412)
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District's net pension liability (asset)	\$	(280,777)
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Plan fiduciary net position as a percentage of the total pension liability		103.56%
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The total pension liability, measured at September 30, 2024, was determined by an actuarial valuation as of October 1, 2023, using individual entry-age normal actuarial valuation actuarial cost method and the following significant actuarial assumptions:

Inflation		2.50%
Salary increases (including inflation)		Service based
Investment rate of return (net of investment expense, including inflation)		6.00%
Discount rate		6.00%
Mortality rates		
Healthy		PubS.H-2010
Beneficiary		PubG.H-2010
Disabled		80% PubG.H-2010 / 20% PubS.H-2010

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 2024, the inflation rate was assumption of the investment advisor was 2.5%. 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.

Holley-Navarre Fire District Notes to Financial Statements

Note 4: DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability, Significant Assumptions and Discount Rate (Continued)

Best estimates of geometric real rates of return for each major asset class include in the Plan's target asset allocation are summarized in the following table as of September 30, 2024:

Asset Class	Target Allocation	Long-term Expected Rate of Return
US Large Cap Equity	30.48%	6.83%
US Small/Mid Cap Equity (Smid)	16.78%	7.18%
Non US Developed All Cap Equity	9.19%	6.28%
Emerging Markets Equity	4.19%	6.22%
US Aggregate Fixed Income	34.58%	3.59%
US Cash	3.39%	2.50%
US Real Estate - REITS	1.39%	6.81%
	<u>100.00%</u>	

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.

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

For the year ended September 30, 2024, the District recognized a pension expense of \$541,708. On September 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 452,235	\$ 200,689
Change of assumptions	54,947	58,314
Net difference between projected and actual earnings on pension plan investments	-	486,735
Total	\$ 507,182	\$ 745,738

**Holley-Navarre Fire District
Notes to Financial Statements**

Note 4: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

For the years ending September 30,

2025	\$ 11,406
2026	61,309
2027	(192,908)
2028	(187,402)
2029	40,181
Thereafter	28,858
Total	\$ (238,556)

Changes in Net Pension Liability (Asset) and Sensitivity to Changes in Discount Rate

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at September 30, 2023	\$ 6,860,219	\$ 6,193,484	\$ 666,735
Changes for the year			
Service cost	621,726		621,726
Interest	441,716		441,716
Differences between expected and actual experience	202,004		202,004
Contributions - employer		329,056	(329,056)
Contributions - state		405,094	(405,094)
Contributions - employee		195,288	(195,288)
Net investment income		1,354,656	(1,354,656)
Benefit payments, including refunds of employee contributions	(240,030)	(240,030)	-
Administrative expenses		(71,136)	71,136
Net changes	1,025,416	1,972,928	(947,512)
Balances at September 30, 2024	\$ 7,885,635	\$ 8,166,412	\$ (280,777)

**Holley-Navarre Fire District
Notes to Financial Statements**

Note 4: DEFINED BENEFIT PENSION PLAN (Continued)

Changes in Net Pension Liability (Asset) and Sensitivity to Changes in Discount Rate (Continued)

The following presents the net pension liability of the District calculated using the discount rate of 6.00% as well as what the District's net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower (5.00%) or 1 percentage point higher (7.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	5.00%	6.00%	7.00%
Total Net Pension Liability (Asset)	\$ 1,224,100	\$ (280,777)	\$ (1,477,979)

Note 5: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The Holley-Navarre Fire District's Retiree Health Care Plan (the OPEB Plan) is a single-employer defined benefit post-employment health care plan that covers eligible retired employees of the District. The OPEB Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements under the applicable retirement plan to continue medical insurance coverage as a participant in the District's plan. For purposes of applying paragraph 4 under GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions*, the OPEB Plan does not meet the requirements for an OPEB plan administered through a trust.

Funding Policy

The District is funding the OPEB Plan benefits on a pay-as-you-go basis. Contribution rates for the OPEB Plan are established by the District's Board of Directors annually during the budget process. The District does not pay for health insurance premiums for retirees. Blended premium rates for active and retired employees combined provide an implicit subsidy for retirees because on an actual basis, their current and future claims are expected to result in higher costs to the OPEB Plan than those of active employees. The current year contributions are determined as annualized claims incurred based on the retiree age at the beginning of the fiscal year and the claims table used for liability determination offset by the annual premium paid by the retiree for such coverage. District contributions are assumed to be equal to benefits paid.

**Holley-Navarre Fire District
Notes to Financial Statements**

Note 5: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Plan Membership

At the valuation date September 30, 2023, OPEB membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	-
Inactive plan members entitled to but not currently receiving benefits	-
Active participants	28
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Total	28

Actuarial Assumptions and Other Inputs

At the September 30, 2024 measurement date, the actuarial assumptions and other inputs, applied include the following:

Inflation	2.50%
Salary increases	5.50%
Discount rate	4.06%
Initial trend rate	7.00%
Ultimate trend rate	4.00%
Years to Ultimate	51

For all lives, mortality rates were PubG-2010 Mortality Tables projected to the valuation date using Projection Scale MP-2019.

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

The actuarial assumptions used in the September 30, 2024, valuation were not based on the results of an actuarial experience study.

**Holley-Navarre Fire District
Notes to Financial Statements**

Note 5: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Change in OPEB Liability

At September 30, 2024, the District reported a total OPEB liability of \$389,290. The information below has been provided as of the September 30, 2024 measurement date:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at September 30, 2023	\$ 309,029	\$ -	\$ 309,029
Changes for the year			
Service cost	25,175	-	25,175
Interest	16,089	-	16,089
Changes of assumptions	46,787	-	46,787
employee contributions	(7,790)	-	(7,790)
Net changes	80,261	-	80,261
Balances at September 30, 2024	\$ 389,290	\$ -	\$ 389,290

Changes of assumption s reflect a change in the discount rate from 4.87% for the fiscal year ending September 30, 2023 to 4.06% for the fiscal year ending September 30, 2024.

Sensitivity to Changes in Discount Rate

The following table represents the District’s total and net OPEB liability calculated using the discount rate of 4.06%, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.06%) or one percentage point higher (5.06%) than the current rate:

	1% Decrease 3.06%	Current Discount Rate 4.06%	1% Increase 5.06%
	Total OPEB Liability (Asset)	\$ 459,433	\$ 389,290

**Holley-Navarre Fire District
Notes to Financial Statements**

Note 5: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Sensitivity to Changes in Discount Rate (Continued)

The following table represents the District’s total and net OPEB liability calculated using the health care cost trend rates of 4.00% - 7.00%, as well as what the District’s net OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower (3.00% - 6.00%) or one percentage point higher (5.00% - 8.00%) than the current rate:

		Health Care Cost Trend Rates		1% Increase
	1% Decrease	4.00%-7.00%	5.00%-8.00%	
Total OPEB Liability (Asset)	\$ 325,868	\$ 389,290	\$ 468,214	

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended September 30, 2024, the District recognized an OPEB expense of \$92,251. The District qualifies for the Alternative Measurement Method in Accordance with GASB 75; therefore, changes in the total OPEB Liability are not permitted to be included in deferred outflows of resources or deferred inflows of resources related to OPEB. These changes will be immediately recognized through OPEB Expense.

Note 6: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Note 7: COMMITMENTS AND CONTINGENCIES

During the ordinary course of its operation, the District is party to various claims, legal actions, and complaints. In the opinion of management, there are no claims, either asserted or unasserted, which may rise from such actions that would not result in losses which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the District or results of activities.

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of expenditures from current or prior years which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts not recorded, if any, to be immaterial.

Holley-Navarre Fire District Notes to Financial Statements

Note 7: COMMITMENTS AND CONTINGENCIES (Continued)

The District has an active construction project as of September 30, 2024. At year-end, the District's commitment with the contractor is \$3,514,864.

**Required Supplementary Information
(Other than MD&A)**

Holley-Navarre Fire District
Budgetary Comparison Schedule – General Fund

<i>For the year ended September 30, 2024</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes				
Assessments	\$ 3,314,684	\$ 3,314,684	\$ 3,398,895	\$ 84,211
Interest and other	-	-	13,890	13,890
Miscellaneous Revenue	3,000	3,000	64,436	61,436
Other Financing Sources	-	-	2,295,000	2,295,000
Prior Year Balance	250,077	250,077	250,077	-
Total revenues	3,567,761	3,567,761	6,022,298	2,454,537
Expenditures				
Public Safety - Fire Control				
Personnel Services				
Salaries and benefits	1,974,173	1,974,173	2,033,879	(59,706)
Payroll taxes & Employee Benefits	749,898	749,898	839,551	(89,653)
Operating Expenses				
Professional Services	63,250	63,250	96,217	(32,967)
Utility Service	40,500	40,500	31,901	8,599
Insurance	180,483	180,483	202,493	(22,010)
Repair & Maintenance Services	96,500	96,500	164,373	(67,873)
Training	22,500	22,500	19,820	2,680
Office Supplies	14,400	14,400	85,038	(70,638)
Operating Supplies	87,500	87,500	92,434	(4,934)
Subscriptions & Memberships	10,000	10,000	8,601	1,399
Capital Outlay				
Building	109,836	109,836	1,028,536	(918,700)
Machinery and Equipment	30,000	30,000	-	30,000
Debt Service				
Principal	88,721	88,721	1,256,475	(1,167,754)
Interest			90,283	(90,283)
Reserved	50,000	50,000	-	50,000
Contingency	50,000	50,000	-	50,000
Total expenditures	3,567,761	3,567,761	5,949,601	(2,381,840)
Excess of revenue over expenditures	-	-	72,697	72,697
Fund balances, beginning of year	-	-	1,571,320	1,571,320
Fund balances, end of year	\$ -	\$ -	\$ 1,644,017	\$ 1,644,017

Holley-Navarre Fire District
Schedule of Changes in Net Pension Liability and Related Ratios
Last Nine Years*

<i>As of and for the year ended September 30, 2024,</i>	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability									
Service cost	\$ 621,726	\$ 646,190	\$ 621,213	\$ 451,637	\$ 473,450	\$ 287,864	\$ 268,401	\$ 173,790	\$ 87,576
Interest	441,716	392,748	328,153	291,113	229,969	149,574	129,399	103,449	44,040
Change in Excess State Money								-	
Change in Funding Standard Account								-	
Share Plan Allocation								-	
Changes of benefit terms	-	-	-	-	721,611	(1,738)	-	638,189	-
Experience gains (losses)	202,004	(50,059)	147,795	(277,466)	497,909	-	(209,619)	-	-
Changes of assumptions	-	-	-	-	(155,503)	-	439,579	-	-
Contributions - buy back	-	-	-	-	-	-	-	-	25,256
Benefit payments, including refunds of employee contributions	(240,030)	(56,546)	(34,569)	(470)	(9,438)	-	(2,275)	-	(14,635)
Net change in total pension liability	1,025,416	932,333	1,062,592	464,814	1,757,998	435,700	625,485	915,428	142,237
Total pension liability - beginning	6,860,219	5,927,886	4,865,294	4,400,480	2,642,482	2,206,782	1,581,297	665,869	523,632
Total pension liability - ending	7,885,635	6,860,219	5,927,886	4,865,294	4,400,480	2,642,482	2,206,782	1,581,297	665,869
Plan net assets available for benefits									
Contributions - employer	329,092	290,120	244,341	287,787	146,848	54,659	40,855	33,829	34,100
Contributions - State	405,093	393,261	210,717	184,759	159,158	147,464	149,740	139,639	173,775
Contributions - employees	195,252	185,920	181,522	166,733	103,437	54,659	40,855	33,829	34,099
Contributions - buy back	-	-	-	-	-	-	-	-	25,256
Insurance reimbursement	-	-	-	-	-	-	-	55,868	-
Net investment income	1,354,605	562,332	(938,519)	651,518	310,542	142,510	160,026	231,581	120,508
Benefit payments, including refunds of employee contributions	(240,031)	(56,546)	(34,569)	(470)	(9,438)	-	(2,275)	-	(14,635)
Administrative expense	(71,083)	(69,812)	(34,091)	(33,557)	(54,199)	(45,653)	(44,321)	(57,770)	(9,609)
Net change in plan assets available for benefits	1,972,928	1,305,275	(370,599)	1,256,770	656,348	353,639	344,880	436,976	363,494

(Continued)

Holley-Navarre Fire District
Schedule of Changes in Net Pension Liability and Related Ratios
Last Nine Years*

<i>As of and for the year ended September 30, 2024,</i>	2024	2023	2022	2021	2020	2019	2018	2017	2016
Plan net assets available for benefits - beginning	\$ 6,193,484	\$ 4,888,209	\$ 5,258,808	\$ 4,002,038	\$ 3,345,690	\$ 2,992,051	\$ 2,647,171	\$ 2,210,195	\$ 1,846,701
Plan net assets available for benefits - ending	8,166,412	6,193,484	4,888,209	5,258,808	4,002,038	3,345,690	2,992,051	2,647,171	2,210,195
Net pension liability (asset) - ending	\$ (280,777)	\$ 666,735	\$ 1,039,677	\$ (393,514)	\$ 398,442	\$ (703,208)	\$ (785,269)	\$ (1,065,874)	\$ (1,544,326)
Plan net assets available for benefits as a percentage of the total net pension liability (asset)	103.56%	90.28%	82.46%	108.09%	90.95%	126.61%	135.58%	167.41%	331.93%
Covered payroll	\$ 1,743,646	\$ 1,660,003	\$ 1,620,737	\$ 1,488,689	\$ 1,204,338	\$ 1,093,210	\$ 817,093	\$ 676,576	\$ 682,134
Net pension liability (asset) as a percentage of covered payroll	(16.10%)	40.16%	64.15%	(26.43%)	33.08%	(64.33%)	(96.11%)	(157.54%)	(226.40%)

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**Holley-Navarre Fire District
Schedule of Pension Contributions
Last Nine Years***

<i>As of and fro the year ended September 30, 2024,</i>	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 567,913	\$ 541,027	\$ 420,074	\$ 467,337	\$ 224,189	\$ 172,723	\$ 114,417	\$ 8,119	\$ 6,053
Contributions in relation to the actuarially determined contributions	734,185	683,381	455,058	472,546	306,658	202,123	190,595	173,468	207,875
Contribution deficiency/(excess)	\$ (166,272)	\$ (142,354)	\$ (34,984)	\$ (5,209)	\$ (82,469)	\$ (29,400)	\$ (76,178)	\$ (165,349)	\$ (201,822)
Covered payroll	\$ 1,743,646	\$ 1,660,003	\$ 1,620,737	\$ 1,488,689	\$ 1,204,338	\$ 1,093,210	\$ 817,093	\$ 676,576	\$ 682,134
Contributions as a percentage of covered payroll	42.11%	41.17%	28.08%	31.74%	25.46%	18.49%	23.33%	25.64%	30.47%

*Schedule is intended to show information for 10 years. Additional years will be added as they become available.

Holley-Navarre Fire District Required OPEB Supplementary Information

Note 1: PLAN CHANGES IN BENEFIT TERMS

There have been no changes in benefits since the prior valuation of the pension plan.

Note 2: CHANGES IN ASSUMPTIONS

Total pension liability as of September 30, 2024 measurement date reflects no assumption changes.

Note 3: METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Actuarial cost method – Entry age normal.

Amortization method – Level percentage of pay.

Asset valuation method – Assets are valued at market value with an adjustment to uniformly spread investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

Inflation – 2.5%

Payroll increases – N/A – Aggregate Actuarial Cost Method.

Salary increases – Below are assumed rates of salary increases:

<u>Credited Service</u>	<u>Rate</u>
0	10.0%
1	8.0%
2 – 4	7.0%
5+	5.5%

Interest rate - 6.00% 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 rate of return by asset class.

Retirement age – Commencing at eligibility for Normal Retirement, members are assumed to retire at the rate of 10% per year, with 100% at Age 52 and 25 years of credited service. Members who are eligible to retire on the valuation date are assumed to work one additional year. This is based on the results of an actuarial study issued December 1, 2013.

Early retirement age – Commencing at eligibility for early retirement, members are assumed to retire with an immediate benefit at the rate of 10% per year. This is based on the results of an actuarial study issued December 1, 2013.

Holley-Navarre Fire District Required OPEB Supplementary Information

Note 3: METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES (Continued)

Mortality – All healthy rates are projected generationally with Mortality Improvement Scale MP-2018. This assumption sufficiently accommodates future mortality improvements. The assumption rates described below 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, 2021 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

Healthy Active Lives – PubS.H-2010 (Below Median) for Employees, set forward one year.

Healthy Retiree Lives (Female) – PubS.H-2010 for Healthy Retirees, set forward one year.

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

Beneficiary Lives (Female) – PubG.H-20210 (Below Median) for Healthy Retirees.

Beneficiary Lives (Male) – PubG.H-20210 (Below Median) for Healthy Retirees, set back one year.

Disabled Lives – 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

Note 4: MONEY-WEIGHTED RATE OF RETURN

This schedule is intended to provide information about the actual performance of the pension plan’s investment portfolio because it takes into account the effects of transactions that increase the amount of pension plan investments (such as contributions from employers, non-employer contributing entities, and plan members) and those that decrease the amount of pension plan investments (such as benefit payments).

Annual money-weighted rate of return net of investment expense for the years ended September 30:

2024	2023	2022	2021	2020	2019	2018	2017	2016
21.38%	11.00%	-17.20%	15.62%	8.93%	4.53%	5.84%	12.80%	6.47%

This schedule is intended to show information for 10 years; additional years will be added as they become available.

Holley-Navarre Fire District Required OPEB Supplementary Information

<i>As of and for the year ended September 30,</i>	2024
Total OPEB Liability	
Service Cost	\$ 25,175
Interest	16,089
Changes of Assumptions	46,787
Refunds of Employee Contributions	<u>(7,790)</u>
Net Change in Total OPEB Liability	80,261
Total OPEB Liability - Beginning	<u>309,029</u>
Total OPEB Liability - End	<u><u>\$ 389,290</u></u>
 Plan Fiduciary Net Position	
as a Percentage of the Total OPEB Liability	0%
 Covered Payroll	 \$ 1,780,481
Total OPEB Liability as a Percentage of Covered Payroll	21.86%

* Schedule is intended to show information for 10 years. Additional years will be added as they become available.



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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
Holley-Navarre Fire District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Holley-Navarre Fire District, (“the District”) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated August 28, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2024-001, 2024-002, and 2024-003 that we consider to be material weaknesses.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2024-003.

Holley-Navarre Fire District's Response to Findings

Governmental Auditing Standards require the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The District's response was not subject 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 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Niceville, Florida
August 28 2025



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MANAGEMENT LETTER

To the Board of Commissioners
Holley-Navarre Fire District

Report on the Financial Statements

We have audited the financial statements of the Holley-Navarre Fire District (“District”) as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated August 28, 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 Florida 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*; and Independent Accountant’s Report(s) on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated August 28, 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 annual financial audit report. There were no recommendations made in the preceding annual audit report issued by other auditors.

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 required is disclosed in the notes 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 District 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 the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Specific Information

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

- a. The total number of district employees compensated in the last pay period of the District's fiscal year as 33.
- 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 \$2,033,879.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$0.
- e. Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project is estimated at \$3,514,864.
- 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. The District has a favorable budget variance of \$6,962 when general fund results are compared to the original budget.

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 rate of non-ad valorem special assessments imposed by the District as:

Use Category	Rate Per Square Foot	Minimum Charge
Residential	\$0.0656	\$150.79
Commercial	\$0.2181	\$501.58
Vacant Lot	\$35.3717 (per lot)	\$35.37
Unimproved Acres (min. 3 acres)	\$11.7906 (per acre)	\$35.37

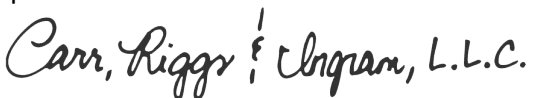
- b. The total amount of special assessments collected by or on behalf of the District as \$3,398,895.
c. The total amount of outstanding bonds issued by the District as \$0.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address 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 Supervisors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



CARR, RIGGS & INGRAM, LLC

Niceville, Florida
August 28, 2025



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INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, LOCAL GOVERNMENT INVESTMENT POLICIES

To the Board of Commissioners
Holley-Navarre Fire District

We have examined Holley-Navarre Fire District’s compliance with the requirements of Section 218.415, Florida Statutes, Local Government Investment Policies, during the year ended September 30, 2024. Management of the District is responsible for the District’s compliance with the specified requirements. Our responsibility is to express an opinion on the District’s compliance with the specified requirements 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 other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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

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

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Niceville, Florida
August 28, 2025

Holley-Navarre Fire District
Schedule of Findings and Responses
For the Year Ended September 30, 2024

Finding 2024-001 – Financial Reporting
Material Weakness

Condition: During the audit of the District’s financial statements for the fiscal year ended September 30, 2024, we identified numerous errors in the District’s books and records that required correction. In total, auditors proposed over 30 material journal entries to properly state account balances at year-end. These entries affected multiple areas of the financial statements, including assets, liabilities, revenues, and expenditures/expenses. The nature and frequency of these proposed entries indicate that the District’s system of internal control did not identify or prevent material misstatements in a timely manner.

Criteria: *Government Auditing Standards* require auditors to consider whether the District has established and maintained effective internal controls over financial reporting to ensure that transactions are properly recorded, processed, summarized, and reported in accordance with generally accepted accounting principles (GAAP). An effective system of internal control should provide reasonable assurance that financial statements are free from material misstatement.

Cause: The District’s internal control procedures over financial reporting were not sufficiently designed and/or implemented to ensure that transactions were recorded accurately and in accordance with GAAP. In some cases, staff lacked the technical expertise to identify and correct errors without auditor assistance.

Effect: Without the auditor’s proposed adjustments, the District’s financial statements would have been materially misstated. The volume of adjustments indicates that management’s monitoring and review controls were not effective in ensuring accurate financial reporting. This deficiency constitutes a material weakness in internal control over financial reporting.

Recommendation: We recommend the District strengthen its financial reporting process by (a) providing additional training to personnel responsible for accounting functions; (b) implementing a more robust year-end closing and review process to identify and correct misstatement before the audit; and (c) consider the engagement of outside accounting assistance to supplement internal staff.

Management Response: The District acknowledges the finding. Management will work with staff, outside consultants and the auditors, as necessary, to strengthen internal controls and procedures over year-end closing and financial reporting.

Holley-Navarre Fire District
Schedule of Findings and Responses
For the Year Ended September 30, 2024

Finding 2024-002 – Accounting for OPEB Liability
Material Weakness

Condition: During the audit of the District’s financial statements for the fiscal year ended September 30, 2024, we identified that the District had not recorded any OPEB liability, deferred inflows/outflows of resources, or related OPEB expense in prior years, despite the requirement to do so since GASB 75 became effective. The omission was not identified or corrected by the District’s internal control processes. As a result, opening balances and prior financial statements were materially misstated until corrected during the current year audit process.

Criteria: *Government Auditing Standards* require auditors to evaluate whether the District has established and maintained effective internal controls over financial reporting. Generally accepted accounting principles (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB), require governments to recognize the total Other Postemployment Benefits (OPEB) liability and related deferred outflows/inflows of resources in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB 75 was effective for fiscal years beginning after June 15, 2017, and thus required implementation by the District in its fiscal year ended September 30, 2018.

Cause: The District’s internal controls over financial reporting did not ensure the timely implementation of new accounting standards. Management did not establish adequate procedures to monitor and evaluate changes in authoritative accounting guidance or to obtain the necessary actuarial valuation and supporting information required for proper reporting under GASB 75.

Effect: Because the District failed to implement GASB 75 in prior years, the financial statements did not report a material liability and related disclosures as required by GAAP. This omission could have resulted in users of the District’s financial statements being misinformed about the District’s long-term obligations. The condition represents a material weakness in internal control over financial reporting.

Recommendation: We recommend the District strengthen its financial reporting process by (a) establishing procedures to monitor and implement new GASB pronouncements on a timely basis; (b) ensuring that required actuarial valuations for OEPB are obtained and evaluated as part of the annual financial reporting process; and (c) providing staff with ongoing training in governmental accounting and reporting requirements.

Management Response: The District concurs with the finding. The District engaged a qualified actuary to prepare the required OPEB valuation and will continue to engage one to obtain this valuation for future reporting periods.

Holley-Navarre Fire District
Schedule of Findings and Responses
For the Year Ended September 30, 2024

Finding 2024-003 – Use of Restricted Impact Fee Funds for Unallowable Purposes

Material Weakness

Material Instance of Noncompliance

Condition: During our audit of the fiscal year ended September 30, 2024, we identified that the District transferred funds from its Impact Fee Special Revenue Fund to the General Fund in order to cover operational costs, including payroll expenditures and payout of accrued paid time off (PTO). These transfers were not temporary in nature, and the amounts were not repaid to the Impact Fee Special Revenue Fund prior to year-end. As a result, restricted resources were expended for purposes inconsistent with statutory and contractual restrictions.

Criteria: *Government Auditing Standards* require auditors to evaluate internal control over financial reporting and compliance with applicable laws, regulations, contracts, and grant agreements. Florida statutes and the District’s adopted impact fee ordinances restrict the use of impact fees to specific capital purposes related to growth and development. Generally accepted accounting principles (GAAP) also require that restricted resources be used only for their designated purpose.

Cause: The District’s internal controls over compliance and financial reporting were not adequately designed or implemented to ensure that restricted resources were safeguarded and used only for allowable purposes. Specifically, the District lacked effective monitoring controls over interfund transfers and did not have procedures to ensure that impact fee monies remained restricted to authorized uses.

Effect: The District’s financial statements reflect that restricted impact fee resources were diverted to cover operational needs of the General Fund. This represents:

- A material weakness in internal control over financial reporting, as the District’s processes failed to prevent or detect the inappropriate use of restricted funds; and
- A material instance of noncompliance with applicable state law and restrictions governing the use of impact fees.
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This condition exposes the District to legal, financial, and reputational risk, and may reduce the availability of resources for their intended capital purposes.

Recommendation: We recommend the District (a) cease using restricted impact fee funds for general operational needs; (b) establish clear policies and procedures to ensure that restricted resources are used only for allowable purposes; (c) repay any restricted funds that were diverted, restoring the Impact Fee Special Revenue Fund to its proper balance; and (d) provide training to management and governance regarding compliance with fund restrictions and applicable legal requirements.

Management Response: The District acknowledges this finding. Management will cease the practice of using restricted impact fee funds to cover operational expenditures. The District will review the amounts that were transferred and will develop a repayment plan to restore restricted funds to their proper accounts.