

PACE FIRE RESCUE DISTRICT

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

SEPTEMBER 30, 2024

**PACE FIRE RESCUE DISTRICT
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SEPTEMBER 30, 2024**

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INDEPENDENT AUDITORS' REPORT

To the Board of Fire Commissioners
Pace Fire Rescue District

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the general fund and the pension trust fund of Pace Fire Rescue 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 as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general fund and the pension trust fund of the District as of September 30, 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 (GAAS) and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information for the general fund, and the pension-related schedules, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 May 19, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Warren Averett, LLC

Pensacola, Florida
May 19, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Pace Fire Rescue District ("the District"), we offer readers of the District's financial statements this narrative overview and analysis of financial activities of the District for the fiscal year ended September 30, 2024.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by \$8,185,774 (net position). Of this amount, \$2,558,472 represents the investment in capital assets (e.g. land, building, fire trucks and equipment) net of related debt, \$2,155,410 is restricted for future obligations, and the unrestricted portion, which may be used to meet the District's ongoing obligations to citizens and creditors, has a balance of \$3,471,892.
- The District's governmental fund reported ending fund balances of \$4,649,107, an increase of \$782,808. Of this amount, \$961,538 is restricted for future capital expenditures and improvements, and \$155,504 is restricted for hydrant maintenance.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with reported net position being the amount assets and deferred outflows of resources exceed liabilities and deferred inflows of resources. This statement combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases or decreases in net position may serve as a useful indicator of the financial position of the District.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

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

GOVERNMENTAL FUNDS

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

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

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

FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The District has one fiduciary fund (Pension Trust Fund). Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$8,185,775 (net position) for the fiscal year, as reported in the table below.

The largest portion of the District's net position, approximately \$3,472,000, is unrestricted, while approximately \$2,558,000 reflects its investment in capital assets (e.g. land, buildings, fire trucks 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 the investment in its capital assets net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities	
	2024	2023
Current and Other Assets	\$ 3,596,240	\$ 3,155,840
Capital Assets	3,929,596	3,588,761
Net Pension Asset	1,171,773	566,837
Restricted Cash	1,117,042	819,438
Total Assets	9,814,651	8,130,876
Pension related items - see note 7	247,195	159,137
Deferred Outflows of Resources	247,195	159,137
Current and Other Liabilities	345,372	386,570
Long-Term Liabilities	1,397,295	1,646,549
Total Liabilities	1,742,667	2,033,119
Deferred Inflows of Resources	133,405	48,219
Net Position		
Net Investment in Capital Assets	2,558,472	1,900,005
Restricted	2,155,410	1,338,056
Unrestricted	3,471,892	2,970,614
Net Position	\$ 8,185,774	\$ 6,208,675

Governmental activities increased the District's net position by \$1,977,099, as reported in the table below. Governmental activities revenue increased during the current year due to increases in property tax revenues and impact fees based on residential growth in the District.

	Governmental Activities	
	2024	2023
REVENUES		
Program revenues		
Capital grants and contributions	\$ 415,774	\$ 303,420
General revenues		
Property taxes	3,958,624	3,436,920
Intergovernmental revenue	367,223	138,275
Interest income	89,622	29,347
Other revenue	21,032	79,626
Total revenues	4,852,275	3,987,588
EXPENSES		
Public safety	2,815,215	2,383,895
Debt service interest	59,961	48,547
Total expenses	2,875,176	2,432,442
INCREASE IN NET POSITION	1,977,099	1,555,146
NET POSITION BEGINNING	6,208,675	4,653,529
NET POSITION ENDING	<u>\$ 8,185,774</u>	<u>\$ 6,208,675</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

GOVERNMENTAL FUND

The focus of the District's general fund is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's general fund reported ending fund balances of \$4,649,107. Changes within the general fund are similar in nature to the changes discussed above for the Governmental Activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, total actual expenditures were under final budgeted appropriations by approximately \$820,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

The investment in capital assets includes land, buildings, improvements, equipment, and fire trucks and vehicles. The additions to the District's capital assets for the current fiscal year primarily consists of construction costs for a new fire station. Additional information on changes in capital assets is disclosed in Note 4 to the financial statements.

LONG-TERM DEBT

All of the District's debt, with the exception of compensated absences, represents bank loans secured solely by specified property. The District has no general obligation or special assessment debt. Additional information on changes in long-term debt is disclosed in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District primarily relies upon property taxes, impact fees, grant revenues, and user fees to fund its activities. There are also a limited number of state shared revenues and recurring and nonrecurring grants from both the state and federal government, which provide funding for specific programs, projects, or activities. The primary source of revenue for the District is property taxes. Effective October 1, 2024, the District will begin assessing non-ad valorem taxes following the passage of House Bill 1577. The District budgeted an approximate \$2 million increase to property taxes. This increase is necessary to cover the costs associated with assessing the non-ad valorem taxes, as well as the construction of Station 4. Consequently, the District budgeted an approximate \$2 million increase in personal services to hire firefighters for staffing Station 4.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's financial condition. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Chief Whitfield, Pace Fire Rescue District, 4773 Pace Patriot Blvd, Pace, Florida. The District's website address is www.pacefirerescuedistrict.com. Inquiries may also be sent via email to the Chief at rwhitfield@pacefirerescuedistrict.com.

BASIC FINANCIAL STATEMENTS

**PACE FIRE RESCUE DISTRICT
GOVERNMENTAL FUND BALANCE SHEET AND
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash and cash equivalents	\$ 3,593,432	\$ -	\$ 3,593,432
Accounts receivable	2,808	-	2,808
Capital assets			
Non-depreciable	-	252,959	252,959
Depreciable, net	-	3,676,637	3,676,637
Net pension asset		1,171,773	1,171,773
Restricted cash	1,117,042	-	1,117,042
TOTAL ASSETS	<u>\$ 4,713,282</u>	<u>5,101,369</u>	<u>9,814,651</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items		247,195	247,195
LIABILITIES			
Accounts payable	\$ 3,568	-	\$ 3,568
Accrued liabilities	60,607	-	60,607
Accrued interest	-	7,368	7,368
Noncurrent liabilities			
Due within one year:			
Notes payable	-	273,829	273,829
Due in more than one year:			
Compensated absences	-	300,000	300,000
Notes payable	-	1,097,295	1,097,295
TOTAL LIABILITIES	64,175	1,678,492	1,742,667
DEFERRED INFLOWS OF RESOURCES			
Pension related items		133,405	133,405
FUND BALANCE / NET POSITION			
Fund balance			
Restricted for capital expenditures and improvements	961,538	(961,538)	
Restricted for pensions	1,038,368	(1,038,368)	
Restricted for hydrant maintenance	155,504	(155,504)	
Unassigned	2,493,697	(2,493,697)	
TOTAL FUND BALANCE	<u>4,649,107</u>	<u>(4,649,107)</u>	
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 4,713,282</u>		
Net position			
Net investment in capital assets		2,558,472	2,558,472
Restricted - capital projects and improvements		961,538	961,538
Restricted - pensions		1,038,368	1,038,368
Restricted - hydrant maintenance		155,504	155,504
Unrestricted		3,471,892	3,471,892
TOTAL NET POSITION		<u>\$ 8,185,774</u>	<u>\$ 8,185,774</u>

See notes to the financial statements.

**PACE FIRE RESCUE DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024**

Fund balance, governmental fund (page 9)		\$ 4,649,107
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Amounts reported for governmental activities in the statement of net position are different because:

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

Governmental non-depreciable assets	\$ 252,959		
Governmental depreciable assets	5,452,178		
Less accumulated depreciation	<u>(1,775,541)</u>		
			3,929,596

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

Deferred outflows of resources	247,195		
Deferred inflows of resources	<u>(133,405)</u>		
			113,790

Other assets used in governmental activities are not current financial resources and therefore, are not reported in the general fund.

Net pension asset		1,171,773
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Long-term liabilities are not due and payable in the current period and are not reported in the general fund.

Notes payable	(1,371,124)		
Accrued interest	(7,368)		
Compensated absences	<u>(300,000)</u>		
			<u>(1,678,492)</u>

Net position of governmental activities (page 9)		<u>\$ 8,185,774</u>
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See notes to the financial statements.

**PACE FIRE RESCUE DISTRICT
GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE AND STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
REVENUES			
Property taxes	\$ 3,958,624	\$ -	\$ 3,958,624
Impact fees	415,774	-	415,774
Intergovernmental	367,223	-	367,223
Licenses and fees	10,151	-	10,151
Interest	89,622	-	89,622
Miscellaneous	10,881	-	10,881
Total revenues	<u>4,852,275</u>	-	<u>4,852,275</u>
EXPENDITURES/EXPENSES			
Current			
Public safety – fire protection			
Personal services	2,439,470	(532,833)	1,906,637
Operating	572,698	-	572,698
Depreciation and amortization	-	335,880	335,880
Capital outlay	676,715	(676,715)	-
Debt service			
Principal	317,632	(317,632)	-
Interest	62,952	(2,991)	59,961
Total expenditures/expenses	<u>4,069,467</u>	<u>(1,194,291)</u>	<u>2,875,176</u>
EXCESS OF REVENUES OVER EXPENDITURES			
	<u>782,808</u>	<u>(782,808)</u>	
INCREASE IN NET POSITION		1,977,099	1,977,099
FUND BALANCE / NET POSITION:			
BEGINNING OF YEAR	<u>3,866,299</u>		<u>6,208,675</u>
END OF YEAR	<u>\$ 4,649,107</u>		<u>\$ 8,185,774</u>

See notes to the financial statements.

**PACE FIRE RESCUE DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Net change in fund balance – governmental fund (page 11) \$ 782,808

Amounts reported for governmental activities in the statement of activities are different because:

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

Expenditures for capital assets	\$ 676,715	
Less current year depreciation	(335,880)	
		340,835

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

Principal payments		317,632
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Some expenses reported in the statement of activities do not require the use of current financial resources; therefore they are not reported as expenditures in the general fund.

Change in accrued interest on long-term debt	2,991	
Change in net pension asset and related deferrals	607,808	
Change in long-term compensated absences	(74,975)	
		535,824

Change in net position of governmental activities (page 11)		\$ 1,977,099
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See notes to the financial statements.

**PACE FIRE RESCUE DISTRICT
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2024**

	Pension Trust Fund
ASSETS	
Cash	\$ 29,756
Investments, at fair value	<u>2,095,665</u>
TOTAL ASSETS	2,125,421
NET POSITION	
Restricted for pension benefits	<u><u>\$ 2,125,421</u></u>

See notes to the financial statements.

**PACE FIRE RESCUE DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Pension Trust Fund
ADDITIONS	
Contributions	
Employer	\$ 217,314
Plan members	150,322
State of Florida	298,169
Total contributions	665,805
Investment income, net	290,156
TOTAL ADDITIONS	955,961
DEDUCTIONS	
Administrative expenses	16,467
Benefits paid	24,723
TOTAL DEDUCTIONS	41,190
INCREASE IN NET POSITION	914,771
NET POSITION RESTRICTED FOR PENSION BENEFITS	
BEGINNING OF YEAR	1,210,650
END OF YEAR	\$ 2,125,421

See notes to the financial statements.

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

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

Pace Fire Rescue District (the "District") was created in 1959 by a special act of legislation as Pace Fire Rescue District and was recreated by another special act of legislation in 2018 as Pace Fire Rescue District. The purpose of the District is to raise funds for the operations of the fire department through the levy of ad valorem taxes on property within the District. The District is served by a five-member board of fire commissioners, elected at large by the residents of the District.

The financial statements of the District have been prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

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

A. The Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

Separate fund financial statements are provided for the fiduciary fund, even though the fiduciary fund is excluded from the government-wide financial statements. Each fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following two broad classifications are used to categorize the fund types used by the District:

Governmental

Governmental funds focus on the determination of financial position and changes in financial position (sources, uses and balances of financial resources). The District has only one governmental fund,

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

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

Fiduciary

Fiduciary funds are used to account for the assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. The District has one type of fiduciary fund, the Pension Trust Fund, which reports the resources required to be held in trust for the members and beneficiaries of the defined benefit pension plan administered by Pace Fire Rescue District Firefighters' Pension Trust Fund Board of Trustees.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recorded as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for certain grant revenues which are recognized as revenues in the same period the grant expenditures occurred, or when received in advance, deferred until expenditures are made. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenue recognition criteria for property taxes requires that property taxes expected to be collected within 60 days of the current period be accrued. No accrual has been made for ad valorem taxes because property taxes are not legally due until subsequent to the end of the fiscal year.

Fiduciary funds are reported using the economic resources measurement focus and the *accrual basis of accounting*. The accrual basis of accounting recognizes revenues when earned and expenses when incurred. The Pension Trust Fund is used to account for the assets held by the District in a trustee capacity for the pension plan's participants.

Plan contributions to the Pension Trust Fund are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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.

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

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

Cash and Cash Equivalents

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

Investments

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

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

Capital Assets

Capital assets include land, construction in progress, buildings, equipment, vehicles, etc. The District capitalizes assets that have an estimated useful life in excess of one year and an initial cost greater than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend useful lives are not capitalized.

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The District's deferred outflows of resources as of September 30, 2024, totaled \$304,335.

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows of resources as of September 30, 2024, totaled \$190,545.

Compensated Absences

The District allows employees to accumulate sick and vacation leave benefits, which will be paid upon separation from service. Unpaid compensated absences are recorded as a liability in the government-wide financial statements when the benefits are earned. For governmental funds, these expenditures are recognized when payments are made to the employees.

Net Pension Asset

The government-wide financial statements present a net pension asset equal to the difference between the actuarial present value of projected benefits to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service and the amount of the pension plan's fiduciary net position. Additionally, pension expense and deferred outflows of resources and deferred inflows of resources are annually recognized from changes in the components of the net pension asset. See Note 7 for more information.

Fund Balances

In the fund financial statements, fund balances are reported as non-spendable or as, restricted, committed, assigned or unassigned, based on the extent to which there are external and internal constraints on the use of these fund balances.

Restricted fund balances can only be used for specific purposes, which are externally imposed by creditors, grantors, contributors or laws or regulations, or are imposed by law through constitutional provisions or enabling legislation.

Unassigned fund balances represent the residual positive fund balance within the General Fund which has not been restricted, committed or assigned.

Net Position

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

E. Estimates

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

F. Property Tax

The Santa Rosa County Tax Collector bills and collects property taxes for the District. Property taxes attach as an enforceable lien on property as of the date of assessment and remain in effect until

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

discharge by payment. Taxes are payable when levied (on November 1, or as soon thereafter as the assessment roll becomes available to the tax collector).

The following is the current property tax calendar:

Lien date	January 1
Levy date	November 1
Due date	November 1
Delinquent date	April 1

Beginning in November, discounts are granted of 1% for each month taxes are paid prior to March 1st.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

Annual budgets are adopted on a basis consistent with GAAP. An appropriated budget is adopted for the General Fund. The board of fire commissioners must approve any revision to the budget. Comparisons are made of actual results to budgeted amounts. Budget data presented in the financial statements includes approved amendments to the original adopted budget. Budgetary data reflected in the financial statements are based on procedures required by Florida Statutes.

3. CASH AND INVESTMENTS

Cash

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

Investments

The types of allowable investments are restricted by state statutes, retirement fund plan documents and other contractual agreements. A description of the requirements and the types of investments allowed is in Note 1-D.

Pension Trust Fund

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

These investments are reported at fair value within the pool. At September 30, 2024, the District's investment in the FMPTF was \$2,095,665.

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

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

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

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

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

Fair Value of Investments:

Investment Funds	Fair Value at 9/30/2024	Fair Value Hierarchy Level
Fixed income funds		
FMIvT Broad Market High Quality Bond	\$ 306,061	2
FMIvT Core Plus Fixed Income	316,688	3
Equity portfolios		
FMIvT Diversified Large Cap Equity	529,230	2
FMIvT Diversified Small to Mid Cap Equity	308,186	2
FMIvT International Equity	435,711	2
FMIvT Core Real Estate	199,790	3
Totals	<u>\$ 2,095,665</u>	

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

Credit Risk and Interest Rate Risk Information:

Investment Funds	Asset Allocation	Credit Risk (Fitch Rating)	Interest Rate Risk (Years) Modified Duration	Interest Rate Risk (Years) – WAM
Fixed income funds				
FMIvT Broad Market High Quality Bond	14.40%	Aaf/S4	5.10	7.10
FMIvT Core Plus Fixed Income	14.90%	not rated	6.24	6.66
Equity portfolios				
FMIvT Diversified Large Cap Equity	24.90%	not rated		
FMIvT Diversified Small to Mid Cap Equity	14.50%	not rated		
FMIvT International Equity	20.50%	not rated		
FMIvT Core Real Estate	9.40%	not rated		
Cash and money market	<u>1.40%</u>	not rated		
Totals	<u><u>100%</u></u>			

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

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

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

4. CHANGES IN CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Beginning Balance	Increases	Deletions/ Transfers	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 214,660	\$ -	\$ -	\$ 214,660
Construction in progress	45,744	38,299	(45,744)	38,299
Total capital assets not being depreciated	260,404	38,299	(45,744)	252,959
Capital assets being depreciated				
Buildings	2,241,785	131,221	-	2,373,006
Radios	67,000	23,694	-	90,694
Extrication tools	50,750	-	-	50,750
Equipment	552,309	27,963	45,744	626,016
Fire trucks and vehicles	1,856,174	455,538	-	2,311,712
Total capital assets being depreciated	4,768,018	638,416	45,744	5,452,178
Less accumulated depreciation				
Buildings	812,060	72,370	-	884,430
Radios	48,379	7,210	-	55,589
Extrication tools	16,195	5,075	-	21,270
Equipment	157,517	59,079	-	216,596
Fire trucks and vehicles	405,510	192,146	-	597,656
Total accumulated depreciation	1,439,661	335,880	-	1,775,541
Total capital assets being depreciated, net	3,328,357	302,536	45,744	3,676,637
Governmental activities, net	\$ 3,588,761	\$ 340,835	\$ -	\$ 3,929,596

Depreciation expense reported in the statement of activities was \$335,880.

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

5. RISK MANAGEMENT

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

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

6. LONG-TERM DEBT

The following table summarizes changes in long-term debt of the District for the year ended September 30, 2024:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Notes payable	\$ 1,688,756	\$ -	\$ (317,632)	\$ 1,371,124	\$ 273,829
Compensated absences	225,025	154,248	(79,273)	300,000	-
Total governmental activities	<u>\$ 1,913,781</u>	<u>\$ 154,248</u>	<u>\$ (396,905)</u>	<u>\$ 1,671,124</u>	<u>\$ 273,829</u>

Annual Requirements to Amortize Debt Outstanding

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

<u>Year Ending September 30,</u>	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 273,829	\$ 34,030
2026	212,790	26,976
2027	217,787	21,981
2028	222,915	16,852
2029	228,179	11,589
2030-2031	215,624	8,876
Total	<u>\$ 1,371,124</u>	<u>\$ 120,304</u>

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

<u>Notes Payable</u>	<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
\$490,000 note payable with Truist Bank; due in annual payments of \$70,409 through March 2026, including interest at 3.21%. Secured by the fire engine.	\$ 65,906	\$ -	\$ 65,906
\$950,000 note payable with Synovus Bank; due in annual payments of \$56,073 beginning March 2022 through September 2031, including interest at 3.27%. Secured by District property for Station 3.	90,097	606,711	696,808
\$950,805 note payable with Truist Bank; due in annual payments of \$127,622 through June 2029, including interest at 1.61%. Secured by the ladder truck.	<u>117,826</u>	<u>490,584</u>	<u>608,410</u>
Total Notes Payable	<u><u>\$ 273,829</u></u>	<u><u>\$ 1,097,295</u></u>	<u><u>\$ 1,371,124</u></u>

7. DEFINED BENEFIT PENSION PLAN

Plan Description

Plan Administration

District's Firefighters' Pension Trust Fund (Plan) is a single-employer defined benefit pension plan for the sole benefit of the firefighters of the District. The Plan was established in 2019 and is administered by a board of trustees. The board consists of five trustees, two of whom are appointed by the Fire District Commission; two of whom are full-time firefighters (members of the Plan) elected by a majority vote of the members of the Plan; and a fifth trustee chosen by a majority of the first four trustees. Participation is mandatory for all firefighters. The Plan operates under the provisions of Chapter 175, Florida Statutes, as a "Chapter Plan" with administrative oversight provided by the Florida League of Cities. Chapter 175 establishes minimum benefits and minimum standards for the operation and funding of the Plan.

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

Measurement Date for Pension Reporting

The pension related amounts reported in the financial statements as of and for the year ended September 30, 2024 (employer reporting period) are based upon the net pension asset and the pension expense determined as of and for the year ended September 30, 2024 (the measurement date).

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

Benefits Provided

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

Retirement Age:

Normal: The date the member attains age 55 or older with ten or more years of credited service, or the date the member reaches 25 or more years of credited service and has attained age 52.

Early: The date the member attains age 50 with 10 or more years of credited service.

Retirement Benefits:

Normal: Tiered calculation of 3.25% of average final compensation (AFC) for each year of credited service.

Early: Tiered calculation, same as normal benefits except reduction equal to 3% per year for the years of credited service; early retirement date precedes normal retirement date.

Disability Retirement:

Line-of-duty: Accrued retirement benefit or 42% of AFC, whichever is greater.

Non-line-of-duty: If vested, accrued normal retirement benefit or 25%, whichever is greater. If not vested, return of accumulated member contributions, without interest.

Pre-Retirement Death Benefits:

Vested member: Benefits, otherwise payable at early or normal retirement age, payable to beneficiary.

Non-vested member: Refund of accumulated member contributions without interest payable to beneficiary.

Plan Membership as of October 1, 2023:

Inactive non-vested Plan members entitled to but not yet receiving benefits	18
Active Plan members	24
	42
	42

Contributions

The state legislature establishes, and may amend, minimum contribution rates for Plan members. Employer contribution rates are actuarially determined by the Plan's actuary. The State of Florida contributes a discretionary portion of the 1.85% excise tax imposed on insurance premiums on property within the District into the Plan. The actuarially determined combined contribution rate for 2024 for both the State of Florida and the District was 14.71%, resulting in a total contribution rate of 51.50% of covered payroll. Employees are required to contribute 10.00% of pensionable earnings.

Concentrations

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

Rate of Return

For the year ended September 30, 2024, the annual money-weighted rate of return on Plan investments, net of Plan investment expense, was 20.10%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

Net Pension Liability (Asset)

The components of the net pension liability (asset) of the Sponsor based upon the measurement date of September 30, 2024, were as follows:

Total pension liability	\$ 953,648
Plan fiduciary net position	<u>(2,125,421)</u>
Sponsor's net pension liability (asset)	<u>\$ (1,171,773)</u>

Actuarial Assumptions

The total pension asset was determined by an actuarial valuation as of September 30, 2024, using the following actuarial assumptions:

Inflation	N/A
Salary increases	4.00%
Discount rate	7.00%
Investment rate of return	7.00%

The date of the most recent experience study for which significant assumptions are based upon is not available. The long-term expected rate of return on Plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of Plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the Long-Term Expected Real Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Core bonds	15.00%	1.60%
Core plus	15.00%	2.10%
U.S. large cap equity	25.00%	4.60%
U.S. small cap equity	14.00%	5.50%
Non-U.S. equity	21.00%	6.70%
Core real estate	10.00%	5.00%

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

Discount Rate

The discount rate used to measure the total pension asset was 7%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected real rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

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

For the year ended September 30, 2024, the District recognized a reduction in pension expense of \$92,325 in the government-wide financial statements. On September 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on Plan investments	\$ -	\$ 92,470
Difference between expected and actual demographic experience	247,195	40,935
Total	\$ 247,195	\$ 133,405

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

Year Ended September 30,			
2025		\$	11,924
2026			14,400
2027			(10,947)
2028			(13,095)
2029			23,688
2030-2032			87,820
		\$	113,790

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) – (b)
Beginning Balances	\$ 643,813	\$ 1,210,650	\$ (566,837)
Changes:			
Service cost	88,431	-	88,431
Expected interest growth	47,439	106,237	(58,798)
Demographic experience	198,688	-	198,688
Unexpected investment income	-	183,919	(183,919)
Contributions – employer	-	515,483	(515,483)
Contributions – employee	-	150,322	(150,322)
Benefit payment and refunds	(24,723)	(24,723)	-
Administrative expenses	-	(16,467)	16,467
Net changes	309,835	914,771	(604,936)
Balances at September 30, 2024	<u>\$ 953,648</u>	<u>\$ 2,125,421</u>	<u>\$ (1,171,773)</u>

Sensitivity of the Net Pension Asset to changes in the Discount Rate:

	1% Decrease	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
Sponsor's net pension liability (asset)	\$ (995,440)	\$ (1,171,773)	\$ (1,308,215)

8. COMMITMENTS AND CONTINGENCIES

Litigation

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

Station 4 Architect

In August 2023, the District entered into an agreement with an architect for the design of Station 4 at a cost of \$145,691. As of September 30, 2024, the District had incurred costs of approximately \$126,000 on this contract.

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

Station 4 Construction

In August 2024, the District entered into an agreement with a contractor for the construction of Station 4 at a cost of \$1,598,600. As of September 30, 2024, the District had incurred costs of approximately \$38,000 on this contract. The construction is expected to be completed in August 2025.

9. SUBSEQUENT EVENTS

Engine Loan Payoff

In March 2025, the fire engine note was paid in full.

Station 4 Loan

In April 2025, the District entered in to a loan for the construction of Station 4 in the amount of \$950,000. The note bears interest at a fixed rate of 4.58%. The loan requires semi-annual payments of interest during the construction period beginning in November 2025 and semi-annual installments of principal and interest beginning in March 2027. The note matures in March 2036.

REQUIRED SUPPLEMENTARY INFORMATION

**PACE FIRE RESCUE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET TO ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 4,122,456	\$ 4,122,456	\$ 3,958,624	\$ (163,832)
Impact fees	-	166,000	415,774	249,774
Intergovernmental	-	15,400	367,223	351,823
Licenses and fees	-	-	10,151	10,151
Interest	-	70,409	89,622	19,213
Miscellaneous	-	515,221	10,881	(504,340)
Total revenues	4,122,456	4,889,486	4,852,275	(37,211)
EXPENDITURES				
Current				
Public safety				
Personal services	2,829,729	2,968,088	2,439,470	528,618
Operating	778,623	840,385	572,698	267,687
Capital outlay	260,000	726,000	676,715	49,285
Debt service				
Principal and interest	254,104	355,013	380,584	(25,571)
Total expenditures	4,122,456	4,889,486	4,069,467	820,019
EXCESS OF REVENUES OVER EXPENDITURES	-	-	782,808	(782,808)
FUND BALANCE – BEGINNING OF YEAR	-	-	3,866,299	3,866,299
FUND BALANCE – END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,649,107</u>	<u>\$ 4,649,107</u>

See notes to the budgetary comparison schedule.

**PACE FIRE RESCUE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE BUDGETARY COMPARISON SCHEDULE (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

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

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

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

	Measurement Period Ending				
	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020
Total Pension Liability					
Service cost	\$ 88,431	\$ 62,704	\$ 57,108	\$ 36,719	\$ 36,971
Interest	47,439	39,376	26,970	27,222	16,750
Change in benefit terms	-	-	64,983	-	303,937
Differences between expected and actual experience	198,688	17,947	80,798	(70,071)	-
Benefit payments	(24,723)	(9,385)	(45,744)	(1,648)	(824)
Net Change in Total Pension Liability	309,835	110,642	184,115	(7,778)	356,834
Total Pension Liability – Beginning	643,813	533,171	349,056	356,834	-
Total Pension Liability – Ending (a)	<u>\$ 953,648</u>	<u>\$ 643,813</u>	<u>\$ 533,171</u>	<u>\$ 349,056</u>	<u>\$ 356,834</u>
Plan Fiduciary Net Position					
Contributions – employer	\$ 515,483	\$ 334,440	\$ 271,497	\$ 237,257	\$ 73,503
Contributions – employee	150,322	125,498	104,837	96,665	59,436
Net investment income	290,156	54,748	(81,744)	32,784	3,493
Benefit payments	(24,723)	(9,385)	(45,744)	(1,648)	-
Administrative expenses	(16,467)	(17,306)	(12,521)	(13,454)	(1,706)
Net Change in Plan Fiduciary Net Position	914,771	487,995	236,325	351,604	134,726
Plan Fiduciary Net Position – Beginning	1,210,650	722,655	486,330	134,726	-
Plan Fiduciary Net Position – Ending (b)	<u>\$ 2,125,421</u>	<u>\$ 1,210,650</u>	<u>\$ 722,655</u>	<u>\$ 486,330</u>	<u>\$ 134,726</u>
Net Pension Liability – Ending (a) – (b)	<u>\$ (1,171,773)</u>	<u>\$ (566,837)</u>	<u>\$ (189,484)</u>	<u>\$ (137,274)</u>	<u>\$ 222,108</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	222.87%	188.04%	135.54%	139.33%	37.76%
Covered Employee Payroll*	\$ 1,000,938	\$ 838,379	\$ 780,149	\$ 568,075	\$ 717,859

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

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

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

Fiscal Year Ended	<u>9/30/2024</u>	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>
Actuarially Determined Contribution	\$ 515,483	\$ 334,440	\$ 271,497	\$ 237,257	\$ 73,503
Contributions in relation to the actuarially determined contributions:	<u>515,483</u>	<u>334,440</u>	<u>271,497</u>	<u>237,257</u>	<u>73,503</u>
Contribution Excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered Employee Payroll*	 \$1,000,938	 \$ 838,379	 \$ 780,149	 \$ 568,075	 \$717,859
 Contributions as a Percentage of Covered Employee Payroll	 51.50%	 39.89%	 34.80%	 41.77%	 10.24%

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

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

See notes to the schedule of contributions.

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

Measurement Date: September 30, 2024

Valuation Date: October 1, 2023

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

Actuarial Assumptions:

Discount Rate

7.00% per year annum (2.62% per annum is attributable to long-term inflation); this rate was used to discount all future benefits.

Salary Increases

4.00% per annum

Pre-Retirement Mortality

Sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Employee Mortality Table for public safety employees (Below Median for males), with full general improvements in mortality using Scale MP-2018 with ages set forward one year.

Post-Retirement Mortality

For non-disabled retirees, sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Healthy Retiree Mortality Table for public safety employees (Below Median table for males), with full general improvements in mortality using Scale MP-2018 and with ages set forward one year; for disabled retirees, sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Disabled Retiree Mortality Table (80% general employee rates plus 20% public safety employee rates), with full general improvements in mortality using Scale MP-2018.

Retirement

Retirement is assumed to occur at normal retirement age.

Other Decrements

Assumed employment termination is based on the Scale 255 Table; assumed disability is based on the Wyatt 1985 Disability Study (Class 4); all disabilities are assumed to be service-connected.

Marriage Assumption

80% of male employees and 60% of female employees are assumed to be married to a spouse; husbands are assumed to be three years older than wives.

Future Contributions

Contributions from the employer and employees are assumed to be made as legally required.

Changes

No assumptions were changed since the prior measurement date.

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

Fiscal Year Ended	<u>9/30/2024</u>	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>
Annual money-weighted rate of return:					
Net of investment expense*	20.10%	5.31%	14.44%	14.18%	5.32%

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

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

COMPLIANCE SECTION

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

To the Board of Commissioners
Pace Fire Rescue District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the general fund and the pension trust fund of Pace Fire Rescue 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 May 19, 2025.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, where applicable, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Warren Averett, LLC

Pensacola, Florida
May 19, 2025

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

To the Board of Commissioners
Pace Fire Rescue District

We have examined Pace Fire Rescue District's (hereinafter referred to as "the District") compliance with Florida Statute 218.415, in regard to investments for the year ended September 30, 2024.

Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence that we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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

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

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



Pensacola, Florida
May 19, 2025

MANAGEMENT LETTER

To the Board of Commissioners
Pace Fire Rescue District

Report on the Financial Statements

We have audited the financial statements of Pace Fire Rescue District (the "District"), as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated May 19, 2025.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, if any, which are dated May 19, 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 corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit. There were no such findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Property Assessed Clean Energy (PACE) Programs

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

Special District Component Units

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

Specific Information

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

- a. The total number of District employees compensated in the last pay period of the District's fiscal year as 34.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year as one.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$1,717,294.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$21,000.
- e. The District's construction projects with a total cost of at least \$65,000 approved by the District that are scheduled to begin on or after October 1 of the fiscal year being reported are disclosed in Note 8 on pages 28-29.
- f. A budget variance based on the budgeted adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes, as \$767,030.

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

- a. The millage rate or rates imposed by the District as 1.53 mills.
- b. The total amount of ad valorem taxes collected by or on behalf of the District as \$3,958,624.
- c. The District does not have any outstanding bonds.

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

Additional Matters

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

Purpose of This Letter

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



Pensacola, Florida
May 19, 2025