

FLORIDA PACE FUNDING AGENCY

FINANCIAL STATEMENTS

SEPTEMBER 30, 2025



**FLORIDA PACE FUNDING AGENCY
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SEPTEMBER 30, 2025**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Florida PACE Funding Agency:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Florida PACE Funding Agency (the Agency), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as of September 30, 2025, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), 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 Agency 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 opinion.

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 Agency'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.

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 opinion. 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 GAS 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 GAAS and GAS, 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 Agency'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 Agency's ability to continue as a going concern for a reasonable period of time.

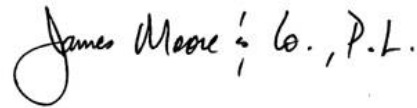
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, 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 May 6, 2026, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Agency's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Daytona Beach, Florida
May 6, 2026

FLORIDA PACE FUNDING AGENCY MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) provides readers of the Florida PACE Funding Agency's (the Agency) financial statements with a narrative overview and analysis of the Agency's financial activities for the fiscal year ended September 30, 2025. The information contained in this MD&A is intended to highlight significant transactions, events and conditions and should be considered in conjunction with the Agency's basic financial statements and notes to the financial statements found immediately following this MD&A.

BACKGROUND

The Agency was created in June 2011 through an interlocal agreement between Flagler County and the City of Kissimmee, pursuant to the Florida Interlocal Cooperation Act of 1969, Section 163.01, Florida Statutes, as amended. The Agency's purpose is to facilitate a uniform, scalable platform for financing qualifying improvements to real properties throughout the state of Florida through a program commonly known as property assessed clean energy, or PACE, pursuant to Section 163.08, Florida Statutes, as amended (the Supplemental Act). The Supplemental Act enables property owners in counties or municipalities within Florida subscribing to or served by the Agency to enter into financing agreements and agree to the imposition of non-ad valorem assessments (the Assessments) to finance or refinance the installation of energy conservation and efficiency improvements, renewable energy improvements, and wind resistance improvements to the affected properties. In accordance with the Supplemental Act, the Assessments are levied on the properties to which the qualifying improvements are made and are collected annually pursuant to the uniform method set forth in Section 197.3632, Florida Statutes, as amended. The Agency issues revenue bonds to provide funds to commercial and residential property owners to finance the costs of the qualifying improvements.

The Agency's day-to-day operations are managed by an Executive Director and governance and policy oversight is provided by a Board of Directors. The Board currently consists of four members, and one additional Director can be appointed. The Agency currently has agreements with three program administrators (PAs) that originate assessments on its platform – FortiFi Financial, Inc. added in May 2019, Home Run Financing LLC (formerly PACE Funding Group) added in February 2020, and Bayview PACE (Silver Hill Funding) added in December 2021. In May 2021, the Agency entered into an agreement with David Taussig & Associates, Inc. to perform tax roll and related bond administration services and terminated the arrangement with CES-FL to perform such services with respect to most of the Agency's existing and future financings. In addition, the Agency has moved other administrative services in-house and continues to add employees as needed.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements consist of two parts: this MD&A and the basic financial statements. This MD&A is intended to serve as an introduction to the basic financial statements. The basic financial statements consist of the statement of net position; the statement of revenues, expenses and changes in net position; the statement of cash flows; and the related notes to the financial statements.

The statement of net position presents information on all of the Agency's assets, deferred outflows, liabilities, deferred inflows and net position (the amount by which assets and deferred outflows of resources exceed liabilities and deferred inflows of resources). Over time, increases or decreases in net position may serve as a useful indicator of the Agency's financial position.

FLORIDA PACE FUNDING AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The statement of revenues, expenses, and changes in net position presents information showing how the Agency'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 statement of cash flows presents information showing the sources of cash generated and used by the Agency during the most recent fiscal year.

Because the Agency's activities relate solely to providing its platform and related services for facilitating the financing of qualifying improvements, its financial activities are accounted for through the use of a single proprietary fund. Given the nature of the Agency's operations and its revenues and expenses, the financial statements report information about the Agency using accounting methods similar to those used by private sector companies. The financial statements reflect the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded when incurred regardless of the timing of related cash flows. The Agency believes that this presentation provides the most useful information for readers. See Note (1) to the basic financial statements for a summary of the Agency's significant accounting policies.

FINANCIAL HIGHLIGHTS

The Agency receives program revenues from property owners in connection with funding and collection of the Assessments. A substantial portion of those revenues are paid to third parties for services provided related to Assessment origination and the associated bond issuances. During fiscal year 2025, these parties included the PAs, the bond trustee, program counsel, and bond counsel. The bonds issued by the Agency to fund Assessments are secured by the revenues from collections of the related Assessments and are not guaranteed or otherwise supported by the Agency. Therefore, the related bond proceeds, disbursements for qualifying improvements, Assessment revenues, and interest and principal payments are not reflected in the Agency's financial statements. Additionally, during 2022, the Agency began recording activity related to its Florida Retirement System (FRS) and its Other Postemployment Benefits (OPEB) Plan based on actuary valuations and information received.

NET POSITION

A summary of the Agency's net position is presented below. The Agency's net position was unrestricted as of September 30, 2025 and 2024.

FLORIDA PACE FUNDING AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

	Net Position <u>As of September 30,</u>	
	<u>2025</u>	<u>2024</u>
Current Assets	\$ 3,994,086	\$ 4,610,577
Total Assets	\$ 3,994,086	\$ 4,610,577
Deferred Outflows	\$ 176,586	\$ 273,029
Total Deferred Outflows	\$ 176,586	\$ 273,029
Current Liabilities	\$ 55,662	\$ 126,237
Noncurrent Liabilities	\$ 283,029	\$ 436,903
Total Liabilities	\$ 338,691	\$ 563,140
Deferred Inflows	\$ 169,140	\$ 90,279
Total Deferred Inflows	\$ 169,140	\$ 90,279
Net Position	<u>\$ 3,662,841</u>	<u>\$ 4,230,187</u>

The Agency's assets are principally comprised of cash held in the bank and accounts receivable related to assessment collections. Liabilities principally represent amounts payable to the program administrator and the Agency's outside counsel and financial advisors as well as liabilities related to net pension liability, OPEB liability, and compensated absences. The year-to-year decrease in net position reflects the operating loss incurred during fiscal year 2025, primarily due to ongoing legislative and collection challenges where the Agency still had 42 Florida tax collectors which are refusing to collect assessments on behalf of the Agency on their tax rolls, which required the Agency to directly bill affected property owners and advance funds to cover temporary timing differences in bond assessment collections.

REVENUES, EXPENSES AND CHANGES IN NET POSITION

Key elements of the Agency's changes in net position are shown below.

	Changes in Net Position <u>Year Ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
Revenues	\$ 4,705,307	\$ 11,575,327
Expenses	\$ 5,272,653	\$ 11,416,316
Operating Income (Loss) / Change in Net Position	<u>\$ (567,346)</u>	<u>\$ 159,011</u>

FLORIDA PACE FUNDING AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

During the year ended September 30, 2025, the Agency issued \$62.3 million of bonds to fund 2,229 assessments. The Agency earned approximately \$3.9 million of program revenues with operating deficit of approximately \$594,000 and reduction in net position of approximately \$567,000. Expenses of \$5.3 million were primarily for program administrator fees, as well as professional fees and Executive Director compensation, direct billing fees, legal counsel, and other administrative expenses. This compares with \$182.7 million of bonds and 5,838 Assessments during the year ended September 30, 2024, with program revenues of \$11.2 million and operating income of approximately \$159,000. The year-to-year decrease in assessments and income reflected the ongoing legislative and collection challenges discussed previously. The decrease in Agency operating expenses principally reflects the reduced amount of bond issuances in the current year. The Agency continues efforts to increase local government and property owner participation in its program. As of September 30, 2025, following the passing of Senate Bill 770, the Agency's coverage was diminished to approximately 55% of the parcels being in active areas. While the Florida Supreme Court ruling did affirm that the original bond validation (done in 2022) was proper and the Agency did have state-wide coverage up until the statute changed on July 1, 2024.

GENERAL BUDGETING HIGHLIGHTS

The Agency has established a policy that the Board of Directors adopt and maintain an operating budget pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the financial statements.

The adopted budget for the fiscal year ended September 30, 2025, reflected gross program revenues of approximately \$7.76 million and operating income/change in net position of \$0. The budget was amended to decrease gross program revenues to approximately \$3.9 million and operating loss/decrease in net position of approximately \$553,000, principally reflecting the impacts of the above situation where 42 Florida tax collectors continue to refuse to collect assessments on behalf of the Agency on their tax rolls, and therefore required a significant amount of billing directly from the Agency. Reported financial results for the fiscal year were largely in line with the amended budget.

OTHER FACTORS

With the new statutory requirements brought forth by the passing of Senate Bill 770, the Agency will continue to work with local municipalities in an effort to expand their territory in which homeowners can participate in PACE financing. The Assessments funded and bonds issued in a given year represent main drivers of the Agency's revenues and expenses. Accordingly, revenues, expenses and operating income may vary substantially from year to year depending on Assessment volumes.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Agency's Executive Director, Wendi Leach, 4411 Bee Ridge Road, #134, Sarasota, FL 34233.

**FLORIDA PACE FUNDING AGENCY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025**

ASSETS

Current Assets

Cash and cash equivalents	\$ 1,943,219
Accounts receivable, net	1,947,184
Prepaid items	103,683
Total current assets	<u>3,994,086</u>

Total Assets	<u><u>\$ 3,994,086</u></u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pensions	\$ 176,586
Total Deferred Outflows of Resources	<u><u>\$ 176,586</u></u>

LIABILITIES

Current Liabilities

Accounts payable and accrued liabilities	\$ 42,453
Compensated absences	13,209
Total current liabilities	<u>55,662</u>

Noncurrent Liabilities

Total OPEB liability	34,976
Net pension liability	248,053
Total noncurrent liabilities	<u>283,029</u>

Total Liabilities	<u><u>\$ 338,691</u></u>
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DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions	\$ 169,140
Total Deferred Inflows of Resources	<u><u>\$ 169,140</u></u>

NET POSITION

Unrestricted	\$ 3,662,841
Total Net Position	<u><u>\$ 3,662,841</u></u>

The accompanying notes to financial statements are an integral part of this statement.

FLORIDA PACE FUNDING AGENCY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Operating revenues	
Charges for services	\$ 3,855,609
Miscellaneous	823,072
Total operating revenues	<u>4,678,681</u>
Operating expenses	
Program administrator fees	2,746,600
Professional fees	1,227,103
Bond program expenses	110,249
Executive and administrative expenses	1,187,045
Legal advertising	1,656
Total operating expenses	<u>5,272,653</u>
Operating income (loss)	<u>(593,972)</u>
Nonoperating revenues (expenses)	
Investment income (loss)	26,626
Nonoperating revenues (expenses)	<u>26,626</u>
Change in net position	<u>(567,346)</u>
Net position, beginning of year	4,230,187
Net position, end of year	<u><u>\$ 3,662,841</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**FLORIDA PACE FUNDING AGENCY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Cash flows from operating activities	
Cash received for program revenues	\$ 2,731,497
Cash payments for contractual and other services	(5,321,055)
Net cash provided by (used in) operating activities	<u>(2,589,558)</u>
Cash flows from investing activities	
Interest received	<u>26,626</u>
Net cash provided by (used in) investing activities	<u>26,626</u>
Net change in cash and cash equivalents	<u>(2,562,932)</u>
Cash and cash equivalents, beginning of year	4,506,151
Cash and cash equivalents, end of year	<u><u>\$ 1,943,219</u></u>
Reconciliation of operating income to net cash provided by (used in) operating activities	
Cash flows from operating activities:	
Operating income	<u>\$ (593,972)</u>
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Changes in assets and liabilities:	
Decrease (increase) in accounts receivable	(1,947,184)
Decrease (increase) in prepaid expenses	743
Increase (decrease) in accounts payable and accrued expenses	(63,308)
Increase (Decrease) in Compensated Absence	(7,267)
Increase (Decrease) in OPEB	1,731
Increase (Decrease) in Net Pension Liability	19,699
Total adjustments	<u>(1,995,586)</u>
Net cash provided by (used in) operating activities	<u><u>\$ (2,589,558)</u></u>

The accompanying notes to financial statements are an integral part of this statement.

FLORIDA PACE FUNDING AGENCY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(1) Summary of Significant Accounting Policies:

The following is a summary of the more significant accounting policies and practices of the Florida PACE Funding Agency (the Agency), which affect significant elements in the accompanying financial statements:

(a) **Reporting entity**—The Florida PACE Funding Agency, a public body corporate and politic, was created in June 2011 through an interlocal agreement between Flagler County and the City of Kissimmee (the Charter Agreement), pursuant to the Florida Interlocal Cooperation Act of 1969, Section 163.01, Florida Statutes, as amended. The Agency's purpose is to facilitate a uniform, scalable platform for financing qualifying improvements to real properties throughout the state of Florida through a program commonly known as property assessed clean energy, or PACE, pursuant to Section 163.08, Florida Statutes, as amended (the Supplemental Act). The Supplemental Act enables property owners in counties or municipalities within Florida subscribing to or served by the Agency to enter into financing agreements and agree to the imposition of non-ad valorem assessments (the Assessments) to finance or refinance the installation of energy conservation and efficiency improvements, renewable energy improvements, and wind resistance improvements to the affected properties. In accordance with the Supplemental Act, the Assessments are levied on the properties to which the qualifying improvements are made and are collected annually pursuant to the uniform method set forth in Section 197.3632, Florida Statutes, as amended.

The Agency issues revenue bonds to provide funds to commercial and residential property owners to finance the costs of the qualifying improvements. The bonds are secured by the related Assessments and are payable solely from the revenues derived from such Assessments. The bonds do not constitute a debt, liability, general or moral obligation or pledge of the faith or credit of the Agency, the State of Florida, or any of its political subdivisions thereof, including any local government or program participant of the Agency. Accordingly, such obligations are not included within the accompanying financial statements. The Agency has no taxing power.

Financial oversight and accountability are provided by the Agency's Board of Directors (the Board). The incorporators of the Agency appoint the Board members who are selected based on experience with local governments, real estate, and finance. There are currently four members serving on the Board, however the charter allows for a five-member Board. With growth in assessment volumes, the Agency's Board contracted various program administrators (PAs) throughout its years of operation. The PAs engaged by the Agency to originate assessments for the fiscal year ended September 30, 2025, are FortiFi Financial, Inc. (formerly Energy Efficient Equity, Inc.), engaged in May 2019; Home Run Financing, LLC (formerly PACE Funding Group LLC), engaged in February 2020; and Silver Hill Funding, LLC (D/B/A Bayview PACE), engaged in December 2021. Since June 2021, David Taussig & Associates acts as the third-party administrator and performs tax roll servicing. The Agency has no component units.

(b) **Measurement focus, basis of accounting, and financial statement presentation**—The accounting records of the Agency are organized on the basis of funds as prescribed by GAAP in the United States applicable to governments as established by the Governmental Accounting Standards Board (GASB). The Agency is required to follow all statements of the GASB. The operations of the Agency are carried out by a single fund and accounted for within a separate set of self-balancing accounts recording cash and other financial resources, together with related liabilities, net position, revenues, and expenses.

FLORIDA PACE FUNDING AGENCY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(1) **Summary of Significant Accounting Policies:** (Continued)

The Agency's activities relate solely to providing its platform and related services for facilitating the financing of qualifying improvements and, accordingly, all activity is accounted for in a single proprietary fund. The accompanying financial statements present the financial position, changes in financial position, and cash flows of the Agency.

Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. The financial statements of the Agency are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and operating costs and expenses are charged to expense as incurred, regardless of when the cash flow takes place. Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Agency. Operating revenues consist primarily of program fees related to the financing of qualifying improvements. Operating expenses consist primarily of program administrator fees, professional fees, and bond program expenses.

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

(c) **Cash and cash equivalents**—The Agency considers all short-term investments with an initial maturity of less than three months when purchased by the Agency to be cash equivalents.

(d) **Accounts receivable**—The Agency's accounts receivable represent amounts due from property owners for assessments levied to finance energy efficiency and related improvements under the Agency's Property Assessed Clean Energy (PACE) program. These receivables are secured by liens on the underlying properties and are typically collected through the property tax collection process. In certain instances, the Agency may advance funds to cover temporary delinquencies or timing differences in assessment collections. Such amounts are recorded as accounts receivable and are reduced as collections are received. See Note (3) below.

(e) **Prepaid expenses**—Certain payments made by the Agency reflect costs applicable to future accounting periods and are recorded as prepaid expenses. These payments consist of prepaid bond maintenance fees, insurance, rent, and other prepaid expenses.

(f) **Budgets**—The Agency has a policy to adopt a balanced budget annually. The Agency is authorized to amend any areas of the budget, as appropriate, based on changing circumstances or events.

(g) **Liability for compensated absences**—The Agency policy permits employees to accumulate a limited amount of earned, but unused personal, vacation, and sick leave, through December 31 of each calendar year. These benefits are payable to employees upon separation from service. All leave pay is accrued when incurred in the proprietary fund financial statements. A liability for these amounts is reported.

(h) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will, if required, report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Currently, the only item in this category consisted of deferred amounts related to pensions, as discussed further in Note (9).

FLORIDA PACE FUNDING AGENCY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(1) Summary of Significant Accounting Policies: (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the only items in this category consisted of deferred amounts related to, as discussed further in Note (9).

(i) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(j) **Subsequent events**—In December 2025, the Agency received the Florida Supreme Court ruling that affirmed the Agency’s bond validation is proper and cannot be challenged by any Florida counties. As of May 6, 2026, the Agency still had 42 Florida tax collectors that are refusing to collect assessments on behalf of the Agency on their tax rolls, and the Agency is appealing that to the Supreme Court to determine if they will mandate the counties to comply. As of May 6, 2026, the Agency is still waiting for the Supreme Court to issue a mandate to the remaining counties, and the timing of the collection of assessments remains uncertain.

(2) Cash and Cash Equivalents:

The Agency’s cash is held with a local financial institution that is a qualified public depository pursuant to Chapter 280, Florida Statutes, the *Florida Security for Public Deposits Act* (the Act). At September 30, 2025, the maximum deposit amount covered by the Federal Deposit Insurance Corporation (FDIC) was \$250,000 per depositor at each separately chartered FDIC-insured depository institution. The Agency’s deposits with the local financial institution were in excess of \$250,000, and such excess was covered by collateral held by the financial institution and pledged to a state trust fund in accordance with the Act.

The Act established guidelines for qualification and participation in Florida’s public deposits program by banks and savings associations, procedures for administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified depository must pledge at least 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to 125%, may be required if deemed necessary. Obligations pledged to secure deposits must be delivered to the State Treasurer or, with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney. Under the Act, the Agency is authorized to deposit funds only in qualified public depositories.

(3) Accounts Receivable:

Beginning in July 2025, the Agency utilized funds from its Money Market account to cover temporary shortfalls in bond assessment collections. These shortfalls arose from direct billings to property owners that were not paid timely. Direct billings occur when assessments are invoiced directly to property owners rather than being placed on the respective County tax rolls, as described in Note (1)(j), due to ongoing uncertainties with County tax collectors. As of September 30, 2025, accounts receivable related to these advances totaled \$1,947,184. The Agency expects these amounts to be collected in future periods and believes the receivable is fully collectible.

FLORIDA PACE FUNDING AGENCY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(4) Risk Management:

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The program administrators carry certain insurance and indemnifies the Agency pursuant to the terms of the related third-party administration services agreement. The Agency had no claims or settlements in any of the three prior fiscal years.

(5) Conduit Debt Obligations:

The Agency issues revenue bonds to provide funds to commercial or residential property owners to finance the construction or installation of energy conservation, renewable energy, and wind resistance improvements. The bonds are repaid through the imposition of voluntary special assessments against the real property benefitted by the improvements. Neither the Agency, nor the State of Florida or any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of September 30, 2025, there were 23,196 assessments outstanding with an aggregate principal amount payable of \$708,385,471.

(6) Contingent Liabilities:

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Agency, but which will only be resolved when one or more future events occur or fail to occur. The Agency's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Agency's financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

The Agency has a contingent liability to CES-FL for fees incurred and for expenses paid on behalf of the Agency. The Agency has issued warrants totaling \$255,955 to CES-FL, for expenses paid by CES-FL on behalf of the Agency. The warrants are payable to CES-FL dependent upon the future availability of funds within a period of ten years from the effective dates of the respective warrants. The warrant expiration dates range from April 26, 2026, to November 1, 2027. There are up to approximately \$135,000 of additional contingent fees and expenses that have been incurred by the Agency for which warrants have not been issued. The total amount of all contingent liabilities as of September 30, 2025, could range from \$0 up to approximately \$391,000. Due to the uncertain probability of the payment of these liabilities and since no amount may be estimated as reasonably certain, these amounts have not been accrued.

**FLORIDA PACE FUNDING AGENCY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

(7) Administrator Agreements:

David Taussig and Associates (DTA) has provided third-party administrator (TPA) services to the Agency since May 1, 2021, including tax roll servicing. The current TPA agreement ends on May 1, 2029. As of September 30, 2025, the Agency had \$186,966 of expenses incurred during the year with DTA and had no amounts payable at year-end to the TPA.

Silver Hill Funding LLC (D/B/A Bayview PACE) began providing program administration services to the Agency in December 2021. The program administration services agreement ends on March 31, 2026. The program administration services provided by Silver Hill Funding include document and process development and coordination, marketing and outreach, contractor outreach and management, bond document coordination, customer service, dispute resolution, document management, coordination with agency and project management plan participation. As of September 30, 2025, the Agency did not incur any expenses during the year and no amounts payable at year-end to the PA.

FortiFi Financial, Inc. (formerly Energy Efficient Equity, Inc.) began providing program administration services to the Agency on May 10, 2019. The amended program administration services agreement ends on December 31, 2025. The program administration services provided by FortiFi include document and process development and coordination, marketing and outreach, and application processing and management. As of September 30, 2025, the Agency had \$758,252 incurred during the year and no amounts payable at year-end to the PA.

Home Run Financing, LLC (formerly Pace Funding Group, Inc.) began providing program administration services to the Agency in February 2020. The program administration services agreement ends on September 30, 2029, with the option to be renewed for up to five additional years. The program administration services provided by Home Run Financing include document & process development and coordination, marketing and outreach, and application processing and management. As of September 30, 2025, the Agency had \$1,988,349 incurred during the year and no amounts payable at year-end to the PA.

(8) Other Postemployment Benefits (OPEB):

Plan Description—Florida PACE Funding Agency, Post-Retirement Benefits Plan (the Plan) is a single-employer healthcare plan administered by the Agency. Pursuant to Section 112.0801, Florida Statutes, the Agency is required to permit participation in the Plan to retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Eligible individuals include all regular employees who retire from active service under the pension plan sponsored by the Agency. Under certain conditions, eligible individuals also include spouses and dependent children. The Plan does not issue a publicly available financial report.

Funding Policy—The contribution requirements of plan members are established by state statutes and may be amended by the state legislature. The required contribution is based on projected pay-as-you-go financing requirements and is subject to constant revision. The Agency has opted to not fund the total OPEB obligation or the resulting unfunded actuarial accrued liability on an annual basis. The Agency utilizes the proprietary fund to liquidate the liability for the OPEB obligation from previous years.

FLORIDA PACE FUNDING AGENCY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(8) Other Postemployment Benefits (OPEB): (Continued)

Benefits Provided—The Other Post Employment Benefit Plan is a single-employer benefit plan administered by the Agency. Retirees are charged whatever the insurance company charges for the type of coverage elected, however, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. The older retirees actually have a higher cost which means the Agency is actually subsidizing the cost of the retiree coverage because it pays all or a significant portion of the premium on behalf of the active employee, known as the “implicit rate subsidy.”

Plan Membership—At October 1, 2023, the date of the latest actuarial valuation, plan participation consisted of the following:

Active Employees	5
Inactive Employees	0
	<u>5</u>

Total OPEB Liability—The Agency’s total OPEB liability of \$34,976 was measured as of September 30, 2025, and was determined by an actuarial valuation as of that date utilizing the Alternative Measurement Method for small plans.

OPEB Expense—For the year ended September 30, 2025, the Agency recognized OPEB expense of \$706.

Actuarial Assumptions and Other Inputs—The total OPEB liability in the September 30, 2025, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	4.00%
Discount rate	4.50%
Healthcare cost trend rate	7.9% decreasing annually until ultimate rate of 4.50% reached in 2039

The Agency does not have a dedicated Trust to pay retiree healthcare benefits. The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as of September 30, 2025. Mortality rates were based on the PubG.H-2010 Mortality Table – General with Mortality Improvement using Scale MP-2020.

For the fiscal year ended September 30, 2025, changes in the total OPEB liability were as follows:

Balance at September 30, 2024	<u>\$ 33,245</u>
Changes for a year:	
Service cost	1,483
Interest	1,350
Changes of assumptions and other inputs	<u>(1,102)</u>
Net changes	<u>1,731</u>
Balance at September 30, 2025	<u><u>\$ 34,976</u></u>

**FLORIDA PACE FUNDING AGENCY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

(8) Other Postemployment Benefits (OPEB): (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the Agency calculated using the discount rate of 4.50%, as well as what the Agency's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 32,601	\$ 34,976	\$ 37,505

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate:

The following presents the total OPEB liability of the Agency as well as what the Agency's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates (7.90%-4.50%):

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 38,634	\$ 34,976	\$ 31,748

(9) Employee Retirement Systems and Pension:

A. Florida Retirement System and Health Insurance Subsidy

Plan Description and Administration

The Agency participates in the Florida Retirement System (FRS), a multiple-employer, cost-sharing defined public employee retirement system which covers all of the Agency's eligible employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the Agency are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45 and the maximum payment is \$225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

**FLORIDA PACE FUNDING AGENCY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

(9) Employee Retirement Systems and Pension: (Continued)

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 96 months after electing to participate, except that certain instructional personnel may participate for up to 120 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Annual Comprehensive Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
Division of Retirement
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

FLORIDA PACE FUNDING AGENCY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(9) Employee Retirement Systems and Pension: (Continued)

Contributions

The Agency participates in certain classes of FRS membership. Each class had descriptions and contribution rates in effect during the year ended September 30, 2025, as follows (contribution rates are in agreement with the actuarially determined rates):

<u>FRS Membership Plan & Class</u>	<u>Through June 30, 2025</u>	<u>After June 30, 2025</u>
Regular Class	13.63%	14.03%
Senior Management (SMSC)	34.52%	33.24%

Current-year employer HIS contributions were made at a rate of 2.00% of covered payroll, which are included in the above rates.

For the plan year ended June 30, 2025, actual contributions made for employees participating in FRS and HIS were as follows:

Agency Contributions – FRS	\$ 22,819
Agency Contributions – HIS	9,026
Employee Contributions – FRS	13,539

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At September 30, 2025, the Agency reported a liability related to FRS and HIS as follows:

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 118,613
HIS	129,440
Total	<u>\$ 248,053</u>

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2025 and June 30, 2024, the Agency's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2025</u>	<u>2024</u>
FRS	0.000382191%	0.000569553%
HIS	0.001009871%	0.001222106%

FLORIDA PACE FUNDING AGENCY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(9) Employee Retirement Systems and Pension: (Continued)

For the year ended June 30, 2025, pension expense was recognized related to the FRS and HIS plans as follows:

<u>Plan</u>	<u>Pension Expense</u>
FRS	\$ 27,936
HIS	17,625
Total	<u>\$ 45,561</u>

Deferred outflows/inflows related to pensions:

At September 30, 2025, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 12,669	\$ -	\$ 773	\$ (205)
Changes of assumptions	13,774	-	1,146	(31,308)
Net difference between projected and actual investment earnings	-	(19,804)	-	(108)
Change in proportionate share	74,909	(78,302)	68,298	(39,413)
Contributions subsequent to measurement date	3,247	-	1,770	-
Total	<u>\$ 104,599</u>	<u>\$ (98,106)</u>	<u>\$ 71,987</u>	<u>\$ (71,034)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from Agency contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2026.

Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
2026	\$ 34,838	\$ 8,531	\$ 43,369
2027	4,687	7,238	11,925
2028	(20,461)	2,198	(18,263)
2029	(15,818)	(9,836)	(25,654)
2030	-	(8,948)	(8,948)
Thereafter	-	-	-
	<u>\$ 3,246</u>	<u>\$ (817)</u>	<u>\$ 2,429</u>

FLORIDA PACE FUNDING AGENCY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(9) Employee Retirement Systems and Pension: (Continued)

Actuarial assumptions:

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2024 for the period July 1, 2018, through June 30, 2023. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. This rate is consistent with the prior year rate of 6.70%.

The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 5.20% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.93%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2021.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2025, the FRS Actuarial Assumptions Conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Expected Rate of Return</u>
Cash	1.0%	3.2%
Fixed income	29.0%	5.5%
Global equities	45.0%	8.5%
Real estate	12.0%	8.4%
Private equity	11.0%	12.4%
Strategic investments	2.00%	6.5%
Total	<u>100.0%</u>	

FLORIDA PACE FUNDING AGENCY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

(9) **Employee Retirement Systems and Pension:** (Continued)

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the Agency calculated using the current discount rates, as well as what the Agency's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.70%	\$ 232,777	\$ 118,613	\$ 22,900
HIS	5.20%	145,964	129,440	115,581

FLORIDA PACE FUNDING AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2025

	<u>9/30/2025</u>	<u>9/30/2024</u>	<u>9/30/2023</u>	<u>9/30/2022</u>
Total OPEB Liability				
Service cost	\$ 1,483	\$ 1,556	\$ 1,909	\$ 45,370
Interest	1,350	2,053	1,845	1,038
Difference between expected & actual experience	-	(16,535)	-	-
Changes of assumptions	(1,102)	4,027	(296)	(7,722)
Net change in total OPEB liability	1,731	(8,899)	3,458	38,686
Total OPEB liability – beginning	33,245	42,144	38,686	-
Total OPEB liability – ending	<u>\$ 34,976</u>	<u>\$ 33,245</u>	<u>\$ 42,144</u>	<u>\$ 38,686</u>
Covered-employee payroll	\$ 548,213	\$ 527,510	\$ 406,507	\$ 391,215
Total OPEB liability as a percentage of covered-employee payroll	6.38%	6.30%	10.37%	9.89%

Notes to Schedule:

Valuation Date:	10/1/2023	10/1/2023	10/1/2021	10/1/2021
Measurement date:	9/30/2025	9/30/2024	9/30/2023	9/30/2022

Changes Since Last Actuarial Valuation:

The discount rate was changed per GASB 75 rules.

Discount rate	4.50%	4.06%	4.87%	4.77%
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There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits.

*10 years of data will be presented as it becomes available.

FLORIDA PACE FUNDING AGENCY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS
(UNAUDITED)

	Plan Year Ended June 30,			
	2025	2024	2023	2022
Florida Retirement System (FRS)				
Proportion of the net pension liability	0.000382191%	0.000569553%	0.000726084%	0.000301271%
Proportionate share of the net pension liability	\$ 118,613	\$ 220,330	\$ 289,321	\$ 112,097
Covered payroll	451,292	517,336	521,303	214,401
Proportionate share of the net pension liability as a percentage of covered payroll	26.28%	42.59%	55.50%	52.28%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	83.70%	82.38%	82.89%
Health Insurance Subsidy Program (HIS)				
Proportion of the net pension liability	0.001009871%	0.001222106%	0.001315507%	0.000588191%
Proportionate share of the net pension liability	\$ 129,440	\$ 183,328	\$ 208,920	\$ 62,299
Covered payroll	451,292	517,336	521,303	214,401
Proportionate share of the net pension liability as a percentage of covered payroll	28.68%	35.44%	40.08%	29.06%
Plan fiduciary net position as a percentage of the total pension liability	6.36%	4.80%	4.12%	4.81%

* GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

FLORIDA PACE FUNDING AGENCY
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS
(UNAUDITED)

	For the year ended September 30,			
	2025	2024	2023	2022
Florida Retirement System (FRS)				
Contractually required contribution	\$ 17,709	\$ 34,535	\$ 36,576	\$ 14,396
Contributions in relation to the contractually required contribution	17,709	34,535	36,576	14,396
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 407,481	\$ 540,150	\$ 549,681	\$ 255,830
Contributions as a percentage of covered-employee payroll	4.35%	6.39%	6.65%	5.63%
Health Insurance Subsidy Program (HIS)				
Contractually required contribution	\$ 8,150	\$ 10,803	\$ 9,497	\$ 4,247
Contributions in relation to the contractually required contribution	8,150	10,803	9,497	4,247
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 407,481	\$ 540,150	\$ 549,681	\$ 255,830
Contributions as a percentage of covered-employee payroll	2.00%	2.00%	1.73%	1.66%

* GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

**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 Directors of the
Florida PACE Funding Agency:

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 (*Government Auditing Standards*), the financial statements of Florida PACE Funding Agency (the Agency), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated May 6, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 Agency's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
May 6, 2026

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED
BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA
OFFICE OF THE AUDITOR GENERAL**

To the Board of Directors,
Florida PACE Funding Agency:

Report on the Financial Statements

We have audited the financial statements of the Florida PACE Funding Agency (the Agency), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated May 6, 2026.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 6, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The following is a summary of all findings and recommendations made in the preceding financial audit report:

2024-001 – Review of Accounts Payable – Corrective action taken.

2024-002 – Journal Entry Approvals – Corrective action taken.

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 agency be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority for the primary government and consideration of component units of the reporting agency is disclosed in Note (1) of the basic financial statements. There are no component units related to the Agency.

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 Agency 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 Agency 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 Agency. It is management's responsibility to monitor the Agency's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided the same.

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

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. 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.

Special District Specific Information – Florida PACE Funding Agency

The following items have been provided to us to comply with state reporting requirements and have not been audited by us. We did not audit the following information within this section, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this data.

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

- a) The total number of district employees compensated in the last pay period of the district's fiscal year: 3.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year: -0-.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$408,660.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$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 as: No such projects noted.

- f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as follows: The district's original budget totaled \$7,758,590 and was amended by the total amount of \$3,902,981, for final budgeted expenditures of \$3,855,609.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)9., Rules of the Auditor General, the Agency reported the following unaudited data:

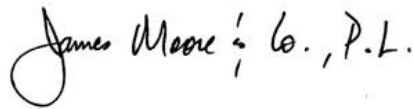
- a) The rate or rates of non-ad valorem special assessments imposed by the District: Various, based on financing agreements.
- b) The total amount of special assessments collected by or on behalf of the district: \$63,834,501.
- c) The total amount of outstanding bonds issued by the district and the terms of such bonds: \$708,385,471, in the form of outstanding non-ad valorem special assessments payables.

Additional Matters

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

Purpose of this Letter

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large, looped initial "J".

Daytona Beach, Florida
May 6, 2026

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

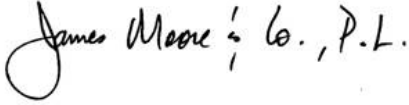
To the Board of Directors of the
Florida PACE Funding Agency:

We have examined the Florida PACE Funding Agency's (the Agency) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2025. The Agency's management is responsible for the compliance with those requirements. Our responsibility is to obtain reasonable assurance by evaluating the Agency's compliance with those requirements for the year ended September 30, 2025, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the AICPA. Those standards require that we obtain reasonable assurance by evaluating whether the Agency complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2025, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of evaluation of the Agency's compliance based on our examination during the year ended September 30, 2025. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks that the Agency's compliance was not in accordance with Section 218.415, Florida Statutes, *Local Government Investment Policies* in all material respects, 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 of the Agency, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

In our opinion, the Agency complied with the aforementioned requirements for the year ended September 30, 2025, in all material respects.



Daytona Beach, Florida
May 6, 2026