Florosa Fire Control District

Financial Statements

September 30, 2025

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

Carr, Riggs & Ingram, L.L.C.
500 Grand Boulevard
Suite 210
Miramar Beach, FL 32550

850.837.3141
850.654.4619 (fax)
CRIadv.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Florosa Fire Control District
Mary Esther, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Florosa Fire Control District (hereinafter referred to as "District"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information other than management's discussion and analysis on pages 4 - 9 and 28 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 June 30, 2026, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

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

Miramar Beach, Florida
June 30, 2026

Management’s Discussion and Analysis

This discussion and analysis (MD&A) of the Florosa Fire Control District's ("the District") financial condition provides an overview of financial activity, identifies changes in financial position, and assists the reader in focusing on significant financial issues. The primary purpose of the District is to provide fire suppression, fire inspection, rescue and emergency medical services. The District operates and maintains one fire station covering the service area. Although it is important to the long-term existence of the District to maintain its financial health, net position is accumulated only to the extent required by Florida statutes to ensure that the District has sufficient reserve funds for future operations and anticipated capital acquisitions.

The MD&A provides summary level financial information; therefore, it should be read in conjunction with the accompanying financial statements.

HIGHLIGHTS

- Total assets increased $516,466
- Total liabilities decreased $514,720
- Net position increased by $1,031,186
- Total revenue decreased $410,041 and total expenses decreased $94,809. Revenue decreased due to sale of fixed assets in the prior year. Expenses decreased due to lower operating service and interest costs.

USING THE ANNUAL REPORT

This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board Statement 34, Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments, as amended by Statement 37. The Statement of Net Position and the Statement of Activities on pages 10 – 11 provide information about the activities of the District as a whole and present a long-term view of the District's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide financial statements by providing information about the District's funds. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the government.

Keys to understanding the financial condition of the District are the Statement of Net Position and the Statement of Activities. These statements present financial information in a form similar to that used by private business enterprises. The Statement of Net Position includes all assets and liabilities using the accrual basis of accounting.

All of the current year revenues and expenses are taken into account regardless of when cash is received or paid. The net position of the District (the difference between assets and liabilities) is one indicator of the District's financial health or financial position.

CONDENSED STATEMENT OF NET POSITION

The following table reflects the condensed Statement of Net Position and is compared to the prior year.

As of September 30,	2025	2024	Change
Assets			
Current and other assets	$ 3,168,334	$ 2,514,270	$ 654,064
Capital assets, net	7,676,709	7,814,307	(137,598)
Total assets	$ 10,845,043	$ 10,328,577	$ 516,466
Liabilities			
Current liabilities	488,344	563,358	$ (75,014)
Other liabilities	3,885,481	4,325,187	(439,706)
Total liabilities	4,373,825	4,888,545	(514,720)
Net position			
Net investment in capital assets	3,368,096	3,100,184	267,912
Restricted - impact fees	179,823	140,547	39,276
Unrestricted	2,923,299	2,199,301	723,998
Total net position	6,471,218	5,440,032	1,031,186
Total liabilities, deferred inflows of resources, and net position	$ 10,845,043	$ 10,328,577	$ 516,466

For more detailed information, see the accompanying Statement of Net Position.

Total assets increased $516,466 or 5% during the fiscal year ended September 30, 2025 due to the current year excess in the General Fund. Capital assets decreased in the amount of $137,598 or 2% as a result of current year depreciation expense in excess of additions. Total liabilities decreased $514,720 or 11% from prior year as a result of scheduled principal payments on long-term debt.

CONDENSED STATEMENTS OF ACTIVITIES

The following schedule compares the Statement of Activities for the current and previous fiscal year.

For the year ended September 30,	2025	2024	Change
Program revenue:			
Impact fees	$ 36,391	$ 3,600	$ 32,791
Total program revenue	36,391	3,600	32,791
General revenue:			
Ad Valorem taxes	1,664,829	1,619,361	45,468
Investment interest	41,987	85,009	(43,022)
Miscellaneous	7,101	7,994	(893)
Gain (loss) on disposal of capital assets	-	444,385	(444,385)
Total general revenue	1,713,917	2,156,749	(442,832)
Total revenue	1,750,308	2,160,349	(410,041)
Program expenses:			
Public safety			
Personal services	92,320	-	92,320
Operating services	357,404	443,420	(86,016)
Depreciation	204,095	196,089	8,006
Interest	65,303	174,422	(109,119)
Total public safety expenses	719,122	813,931	(94,809)
Increase in net position	1,031,186	1,346,418	(315,232)
Net position, beginning	5,440,032	4,093,614	1,346,418
Net position, ending	$ 6,471,218	$ 5,440,032	$ 1,031,186

For more detailed information, see the accompanying Statement of Activities.

Ad valorem tax revenue increased $45,468 or 3% from the previous year as a result of the increase in the taxable base. Gain (loss) on disposal of capital assets decreased by $444,385 due to sale of property in the prior fiscal year. Public safety expenses decreased $94,809 or 12% from the previous year as a result of decreased operating services and interest costs. Overall, net position increased $1,031,186.

GOVERNMENTAL FUNDS

As of September 30, 2025, the District's governmental funds (as presented on pages 12 - 15) reported a fund balance of $3,168,334 which is an increase of $654,062 or 26% as compared to the prior year.

During fiscal year 2025, the District incurred debt service payments including principal and interest totaling $580,023. The District also incurred $66,497 in capital outlay which is an increase of $5,512 or 9% from prior year capital outlay of $60,985.

GOVERNMENTAL FUND BUDGETARY HIGHLIGHTS

The District experienced a favorable variance in revenue as compared to the final budget in the amount of $33,939. This variance is primarily due to conservative budgeting for investment interest earnings.

The District experienced a favorable decrease in expenditures as compared to the final budget in the amount of $515,854. This decrease occurred primarily as a result of conservative spending for fuel, supplies, and capital outlay expenses as compared to budgeted expectations.

Overall, the Governmental Fund has a favorable excess over budgeted net revenue and expenditures in the amount of $549,793 as reported in the Budgetary Comparison Schedule – Governmental Fund.

FUTURE FINANCIAL FACTORS

Florosa Fire Control District, an independent special fire control district under the provisions of Chapter 191, Florida Statutes provides fire prevention and control as provided under Chapter 633. The District operates under an elected Board of Fire Commissioners. The Board establishes policy and sets the millage rate. The District has taxing authority as revenues are generated by ad valorem taxes. The Board has approved 2.4799 for the millage rate assessed in fiscal year 2026 which is anticipated to provide the District adequate funds necessary for normal operations and future capital requirements. The District's maximum millage rate is 3.00.

CAPITAL ASSETS

At September 30, 2025, the District had $7,676,709 invested in capital assets (net of depreciation). This amount represents a net decrease (including additions and reductions) of $137,598 or 2% from the fiscal year 2024 total primarily as the result of current year depreciation in excess of additions.

A listing of capital assets by major category for the current and prior year follows:

September 30,	**2025**	**2024**	**Change**
Land	$ 750,000	$ 750,000	$ -
Buildings	7,333,306	7,333,306	-
Improvements	89,625	89,625	-
Machinery and equipment	1,794,520	1,728,023	66,497
Total, prior to depreciation and amortization	9,967,451	9,900,954	66,497
Accumulated depreciation and amortization	(2,290,742)	(2,086,647)	(204,095)
Net capital assets	$ 7,676,709	$ 7,814,307	$ (137,598)

More information about the District's capital assets is presented in Note 2 to the financial statements.

LONG-TERM LIABILITIES

At September 30, 2025, the District has long-term liabilities which include a lease purchase agreement related to the fire station. The District's long-term liabilities decreased $437,088 as compared to 2024 primarily due to scheduled principal payments on the lease liability.

September 30,	**2025**	**2024**	**Change**
Lease liability, due in more than one year	$ 3,885,481	$ 4,325,187	$ (439,706)
Total long-term liabilities	$ 3,885,481	$ 4,325,187	$ (439,706)

Additional information about the District's long-term debt is presented in Note 3 to the financial statements.

BOARD OF FIRE COMMISSIONERS

Steve Shippee
Chairman

Jim Harris
Vice-Chairman

Charlene Franks
Secretary

Carol Arrieta
Treasurer

Vernell Smith
Commissioner

MANAGEMENT

Mark Lee
Fire Chief

Cindy Harris
Financial Administrator

Basic Financial Statements

September 30,		2025
Assets		
Cash and cash equivalents	$	3,167,281
Prepaid expenses		1,053
Capital assets, net		7,676,709
Total assets		10,845,043
Liabilities		
Accrued interest payable		67,737
Lease liability - due within one year		420,607
Lease liability - due in more than one year		3,885,481
Total liabilities		4,373,825
Net position		
Net investment in capital assets		3,368,096
Restricted - impact fees		179,823
Unrestricted		2,923,299
Total net position	$	6,471,218

Florosa Fire Control District
Statement of Activities

For the year ended September 30,		**2025**
Expenses		
Public safety - fire protection		
Personal services	$	(92,320)
Operating services		(357,404)
Unallocated depreciation		(204,095)
Interest		(65,303)
Total program expenses		(719,122)
Program Revenue		
Impact fees		36,391
Total program revenue		36,391
Net program expense		(682,731)
General revenue		
Ad valorem taxes		1,664,829
Investment interest		41,987
Miscellaneous		7,101
Total general revenue		1,713,917
Change in net position		1,031,186
Net position - beginning of year		5,440,032
Net position - end of the year	$	6,471,218

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

Florosa Fire Control District
Balance Sheet – Governmental Funds

September 30,			2025
	General Fund	Nonmajor Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 3,018,117	$ 149,164	$ 3,167,281
Due from other funds	-	30,659	30,659
Prepaid insurance	1,053	-	1,053
Total assets	$ 3,019,170	$ 179,823	$ 3,198,993
Liabilities and Fund Balances			
Liabilities			
Due to other funds	$ 30,659	$ -	$ 30,659
Total liabilities	30,659	-	30,659
Fund balances			
Nonspendable	1,053	-	1,053
Restricted	-	179,823	179,823
Unassigned	2,987,458	-	2,987,458
Total fund balances	2,988,511	179,823	3,168,334
Total liabilities and fund balances	$ 3,019,170	$ 179,823	$ 3,198,993

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

Florosa Fire Control District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

September 30,		**2025**
Total fund balances, governmental funds	$	3,168,334
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.		7,676,709
Interest payable on long-term liabilities does not consume current resources and therefore is not reported in the governmental funds balance sheet.		(67,737)
Capital lease obligation liabilities do not consume current resources and therefore are not reported in the governmental funds balance sheet.		(4,306,088)
Total net position - governmental activities	$	6,471,218

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

Florosa Fire Control District
Statement of Revenue, Expenditures, and Changes in Fund Balance – Governmental Funds

For the year ended September 30,			2025
	General Fund	**Nonmajor Fund**	**Total Governmental Funds**
Revenue			
Ad valorem taxes, net of discounts	$ 1,664,829	$ -	$ 1,664,829
Investment interest	41,987	2,885	44,872
Impact fees	-	36,391	36,391
Other fees	4,216	-	4,216
Total revenue	1,711,032	39,276	1,750,308
Expenditures			
Public safety			
Personal services:			
Education	1,958	-	1,958
Operating services:			-
Professional services	97,625	-	97,625
Fuel	114,371	-	114,371
Insurance	60,783	-	60,783
Miscellaneous	23,933	-	23,933
Property appraiser	19,456	-	19,456
Repairs and maintenance	48,842	-	48,842
Supplies	60,507	-	60,507
Utilities	22,251	-	22,251
Capital Outlay			-
Equipment	66,497	-	66,497
Debt Service			
Debt payments - principal	408,035	-	408,035
Debt payments - interest	171,988	-	171,988
Total expenditures	1,096,246	-	1,096,246
Net change in fund balance	614,786	39,276	654,062
Fund balance, beginning of year	2,373,725	140,547	2,514,272
Fund balance, end of year	$ 2,988,511	$ 179,823	$ 3,168,334

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

Florosa Fire Control District
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Funds to the Statement of Activities

For the year ended September 30,		**2025**
Net change in fund balance - governmental funds	$	654,062
Capital outlay, reported as expenditures in the governmental fund, is shown as capital assets in the Statement of Net Position.		66,497
Depreciation expense on capital assets included in the Statement of Activities does not require the use of current financial resources; therefore it is not reported in the governmental funds.		(204,095)
The change in accrued interest between the current and prior year is recorded in the Statement of Activities but not in the fund financial statements.		106,687
Current year change in debt and capital lease obligation utilizes (provides) current financial resources of the governmental funds, but reduces (increases) long-term liabilities in the Statement of Net Position.		408,035
Change in net position of governmental activities	$	1,031,186

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Florosa Fire Control District (the District) is a special independent District created by Chapter 74-543, Laws of Florida in 1974. The original charter was amended by House Bill 1603 in 1999. The District operates under an elected Board of Commissioners form of government and provides the following services: fire suppression, fire inspection, rescue, and emergency medical and operates as a volunteer only department.

Reporting Entity

The District is governed by an elected Board of Commissioners consisting of five members for the general governmental operations.

In evaluating the District as a reporting entity, management has considered all potential component units in accordance with Section 2100: Defining the Financial Reporting Entity of the Governmental Accounting Standards Board (GASB) Codification. Based on these criteria, no component units are reported.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Government-Wide Financial Statements

Government-wide financial statements, including the statement of net position and statement of activities, present information about the District as a whole.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District’s governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operations or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

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

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

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

> Invested in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
>
> Restricted – This component of net position consists of constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
>
> Unrestricted – This component of net position consists of amounts that do not meet the definition of "restricted" or "invested in capital assets".

Fund Financial Statements

Governmental Funds are used to account for the general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available").

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

"Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after year end.

Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Ad valorem taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The District reports the following major governmental fund:

> General Fund - The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.

For the year ended September 30, 2025, the District does not report any proprietary funds.

Budgetary Information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. The appropriated budget is prepared by function and department. Transfers of appropriations between departments require the approval of the Board.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)

An appropriated budget is legally adopted for the general fund. Any revision to the budget must be approved by the Board of Commissioners. The budgets are compared to budgetary basis expenditures, whereby encumbrances are treated as expenditures.

The budgetary basis is the actual expenditures adjusted by the change in year-end reserve for encumbrances. In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the financial statements represent final authorized amounts including authorization for prior year encumbrances. Unencumbered appropriations are lapsed at year-end.

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

A. Prior to September 1, the Fire Chief and a committee appointed by the Board of Commissioners submit to the Board a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
B. The budget is submitted in summary form, but a more detailed line item budget is included for administrative control. The level of control for the detailed budget is at the department head level.
C. Upon tentative approval by the Board of Commissioners, public hearings are conducted to obtain taxpayer comment.
D. Prior to September 30, the budget is legally enacted through approval by the Board.
E. Formal budgetary integration is employed as a management control device during the year for the general fund.
F. The budget for the general fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).
G. Appropriations lapse at the end of each fiscal year.
H. The Board of Commissioners may authorize supplemental appropriations during the year.

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

Cash and Cash Equivalents

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Cash and Cash Equivalents at September 30, 2025 consisted of $3,167,281 in interest bearing checking accounts and certificates of deposit. The District maintains deposits with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida securities in accordance with collateral requirements determined by the State's Chief Financial Officer. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories.

Under this method, all the District's deposits are fully insured or collateralized at the highest level of security as defined by GASB, Statement Number 40*, Deposits and Investment Disclosures (An Amendment of GASB, Statement Number 3).*

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-side and fund financial statements. These items will be expensed over the applicable usage period.

Accounts Receivable

The receivable is derived from contract revenues earned and recognized in the current period and reimbursement received after year end.

Capital Assets

Capital assets, which include property and equipment including leased assets are reported in the government-wide financial statements but are not recorded in the governmental fund financial statements. Capital assets are defined by the District as assets with an initial/individual cost of more than $1,000. Such assets are recorded at historical cost and estimated cost if purchased or constructed.

Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property and equipment sold, destroyed or obsolete is removed from the accounts periodically. Property and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Buildings	40
Machinery and equipment	5 - 10
Improvements	40

Depreciation expense is not reported in the governmental fund financial statements. In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District had no deferred outflow of resources as of September 30, 2025.

In addition to liabilities, the Statement of Net Position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The District had no deferred inflows of resources as of September 30, 2025.

Long-Term Obligations

In the government-wide financial statements, long-term debt and finance lease obligations are reported as liabilities in the governmental statement of net position. In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources.

Categories and Classification of Net Position and Fund Balance

The following is a description of the District's various fund balance accounts:

Nonspendable fund balance includes amounts that are not in a spendable form (prepaid insurance, for example) or are required to be maintained intact.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, impact fees as authorized under Florida Statute 191.009(2)), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of the resource provider.

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority which is the Board of Commissioners. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

Assigned fund balance comprises amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body (the board of commissioners) or by an official or body (management) to whom the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

Restricted resources are only used for their specific designation and with approval from the Board of Commissioners. Committed and Assigned funds are used for their specific designation. If the District does not have sufficient funds allocated to committed or assigned funds to cover the full cost of an expenditure, then unassigned funds would be used to cover the remaining portion.

The District considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in the unrestricted fund balance classification could be used.

Program revenues

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

Ad Valorem Property Tax Revenue

Property taxes attach as an enforceable lien on real property and significant dates relative to ad valorem tax revenue are as follows:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assessment date - January 1st
Tax bills mailed out - November 1st
Delinquent - April 1st of the following year
Tax certificates sold - June 1st of the following year

The Board of Commissioners approved for this fiscal year the millage rate of 2.4799. The maximum millage rate, as approved by voters, is 3.00 mill.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditure of monies are recorded as reservations of budget, is employed as an extension of the statutory required budgetary process. At year-end, outstanding encumbrances represent material purchase commitments for goods and services which were ordered, budgeted, and appropriated, but had not been received or completed at date. Although encumbrances lapse at year-end, it is the intention to substantially honor these encumbrances under authority provided in the subsequent year's budget.

Use of Estimates

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

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 30, 2026 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

NOTE 2: CHANGES IN CAPITAL ASSETS

The following is a summary of changes in the capital assets for the year ended September 30, 2025:

	September 30, 2024	Additions	Retirements and Transfers	September 30, 2025
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 750,000	$ -	$ -	$ 750,000
Total capital assets not being depreciated	750,000	-	-	750,000
Capital assets being depreciated:				
Buildings	7,333,306	-	-	7,333,306
Improvements	89,625	-	-	89,625
Machinery and equipment	408,478	66,497	-	474,975
Vehicles	1,319,545	-	-	1,319,545
Total capital assets being depreciated	9,150,954	66,497	-	9,217,451
Less accumulated depreciation:				
Buildings	(333,495)	(183,332)	-	(516,827)
Improvements	(50,174)	(2,287)	-	(52,461)
Machinery and equipment	(397,746)	(13,541)	-	(411,287)
Vehicles	(1,305,232)	(4,935)	-	(1,310,167)
Total accumulated depreciation	(2,086,647)	(204,095)	-	(2,290,742)
Total capital assets being depreciated, net	7,064,307	(137,598)	-	6,926,709
Governmental activities capital assets, net	$ 7,814,307	$ (137,598)	$ -	$ 7,676,709

Unallocated depreciation and amortization expense totaled $204,095 for governmental activities for fiscal year ended September 30, 2025.

NOTE 3: DEBT

Lease Liabilities – Direct Borrowings

Fire Station

On April 28, 2020, the District entered into a 15 year lease-purchase agreement to acquire land and construct a new fire station. The agreement requires annual lease payments of principal and interest in the amount of $580,023 beginning April 28, 2022 with an interest only payment of $231,250 due on April 28, 2021. The District acquired the land on April 28, 2020. The interest rate of the lease-purchase agreement is 3.70% and the final payment is due April 28, 2035. The District is paying additional debt principal payments in advance of the required scheduled payments, therefore debt related to the new station is anticipated to be paid off earlier by 2034. Title to the building conveys to the District at the end of the agreement for no additional buyout costs.

The following is a schedule by years of future minimum debt payments for direct borrowings:

For the year ending September 30,	Principal	Interest	Total
2026	$ 420,607	$ 159,415	$ 580,022
2027	436,170	143,853	580,023
2028	451,958	128,065	580,023
2029	469,030	110,992	580,022
2030	486,384	93,638	580,022
2031 - 2034	2,041,939	187,975	2,229,914
Total minimum payments	4,306,088	$ 823,938	$ 5,130,026
Less current portion	(420,607)		
Lease liability - due in more than one year	$ 3,885,481		

NOTE 4: CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2025, was as follows:

	September 30, 2024	Additions	Reductions	September 30, 2025	Due Within One Year
Government-wide activities:					
Notes from direct borrowings:					
Lease liability - station	$ 4,714,123	$ -	$ (408,035)	$ 4,306,088	$ 420,607
Total long-term liabilities	$ 4,714,123	$ -	$ (408,035)	$ 4,306,088	$ 420,607

NOTE 5: RISK MANAGEMENT

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

NOTE 6: CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS

The following is a summary of the changes to fund balance for the year ending September 30, 2025:

	Balance at September 30, 2024	Excess of Revenue and Other Uses Over Expenditures and Other Sources	Transfers and Changes in Encumbrances and Prepaids	Balance at September 30, 2025
Nonspendable				
Prepaids	$ 4,381	$ -	$ (3,328)	$ 1,053
Restricted				
Impact fees	140,547	39,276	-	179,823
Unassigned	2,369,344	614,786	3,328	2,987,458
Totals	$ 2,514,272	$ 654,062	$ -	$ 3,168,334

NOTE 7: IMPACT FEES

Impact fees (as authorized under Florida Statute 191.009(2) and the District's Charter) may be assessed to pay for the cost of new facilities and equipment for fire protection and emergency services. Impact fees are calculated using a flat fee, which varies based on the type of entity. The District assessed $36,391 in impact fees for the year ended September 30, 2025. The District does not allow impact fee waivers for construction or developments.

Required Supplementary Information
(Other than MD&A)

For the year ended September 30,		2025	
	Original and Final Budget	Actual Amounts	Variance Favorable (Unfavorable)
Revenue			
Ad valorem taxes collected	$ 1,666,593	$ 1,664,829	$ (1,764)
Investment interest	7,000	41,987	34,987
Other fees	3,500	4,216	716
Total revenue	1,677,093	1,711,032	33,939
Expenditures			
Personal services:			
Education	5,000	1,958	3,042
Operating services:			
Professional services	108,600	97,625	10,975
Fuel	450,000	114,371	335,629
Insurance	72,000	60,783	11,217
Miscellaneous	29,000	23,933	5,067
Property appraiser	20,000	19,456	544
Repairs and maintenance	57,000	48,842	8,158
Supplies	134,500	60,507	73,993
Utilities	36,000	22,251	13,749
Capital Outlay			
Equipment	115,000	66,497	48,503
Debt Service			
Debt payments - Principal	410,578	408,035	2,543
Debt payments - Interest	174,422	171,988	2,434
Total expenditures	1,612,100	1,096,246	515,854
Net change in fund balance	64,993	614,786	549,793
Fund balances, beginning of year	2,373,725	2,373,725	-
Fund balances, end of year	$ 2,438,718	$ 2,988,511	$ 549,793

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

Carr, Riggs & Ingram, L.L.C.
500 Grand Boulevard
Suite 210
Miramar Beach, FL 32550

850.837.3141
850.654.4619 (fax)
CRIadv.com

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

To the Board of Commissioners
Florosa Fire Control District
Mary Esther, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Florosa Fire Control District, ("the District") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 30, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

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

Miramar Beach, Florida
June 30, 2026

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

Carr, Riggs & Ingram, L.L.C.
500 Grand Boulevard
Suite 210
Miramar Beach, FL 32550

850.837.3141
850.654.4619 (fax)
CRIadv.com

MANAGEMENT LETTER

To the Board of Commissioners
Florosa Fire Control District
Mary Esther, Florida

Report on the Financial Statements

We have audited the financial statements of the Florosa Fire Control District ("the District") as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated June 30, 2026.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards;* 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 is dated June 30, 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. There were no recommendations made in the preceding annual audit report.

Official Title and Legal Authority

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

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the 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 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 Florosa Fire Control District a statement as to whether a PACE program authorized pursuant to Section 163.081 or 163.082, Florida Statutes, did not operate within the Florosa Fire Control District's geographical boundaries during the fiscal year under audit.

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 Florosa Fire Control District reported:

a. The total number of district employees compensated in the last pay period of the district's fiscal year as 0.
b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year as 0.
c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as $0.
d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $0.
e. Each construction project with a total cost of at least $65,000 approved by the District that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as $0.
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 a favorable variance of $549,793.

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 2.4799.
b. The total amount of ad valorem taxes collected by or on behalf of the District as $1,658,372.
c. The total amount of outstanding bonds issued by the District and the terms of such bonds as $0.

Additional Matters

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

Purpose of this Letter

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

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

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

Miramar Beach, Florida
June 30, 2026

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

Carr, Riggs & Ingram, L.L.C.
500 Grand Boulevard
Suite 210
Miramar Beach, FL 32550

850.837.3141
850.654.4619 (fax)
CRIadv.com

INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Commissioners
Florosa Fire Control District
Mary Esther, Florida

We have examined Florosa Fire Control District's compliance with the requirements of Section 218.415, Florida Statutes, Local Government Investment Policies, during the year ended September 30, 2025. Florosa Fire Control District's management is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

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

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

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

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

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

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

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

Miramar Beach, Florida
June 30, 2026