IRL Council

FINANCIAL STATEMENTS

Year Ended September 30, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
IRL Council

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of IRL Council, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise IRL Council'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 and the major fund of the IRL Council as of September 30, 2023, 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 IRL Council and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the IRL Council'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 IRL Council'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 IRL Council'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, budgetary comparison information, the defined benefit pension plan information and the other postemployment benefits 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise IRL Council's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2024, on our consideration of the IRL Council'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 IRL Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering IRL Council's internal control over financial reporting and compliance.

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

Melbourne, Florida
August 7, 2024

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As management of the IRL Council (the "Council"), we offer readers of the Council's financial statements this narrative overview of the financial activities of the Council for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented herein in conjunction with additional information furnished in the Council's financial statements following this narrative.

Financial Highlights

- The Council's net position at year end September 30, 2023 is $2,734,443. Last fiscal year, September 30, 2022, the Council's net position was $2,354,614. This is an increase in net position of $379,829 from last year. Net position includes both restricted funds to be used for specific projects and expenses, and unrestricted funds to be used for any lawful project or expense of the Council.

- During the current year, total expenses were $3,201,776 versus total revenue of $3,581,605. In the prior year, total expenses were $2,661,133 versus total revenue of $3,034,420.

- At the close of the current fiscal year, the Council's governmental fund reported a combined ending fund balance of $3,261,090, an increase of $569,249 in comparison with the prior year. The increase is due primarily to receipt of Bipartisan Infrastructure Law (BIL) pre-award grant funding of $300,000 from the United States Environmental Protection Agency.

- The Council's total long-term liabilities (excluding pension and OPEB liabilities) increased by $23,588 during the current fiscal year. The increase is due to current year fluctuation in compensated absences.

Overview of the Financial Statements

The report consists of three components: 1) government-wide financial statements providing information about the activities of the Council as a whole; 2) fund financial statements providing information about the significant funds of the Council; 3) notes to the financial statements providing supplementary and explanatory information.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the Council's finances, in a manner like a private-sector business. All the Council's activities are reported as governmental activities in the government-wide financial statements.

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

The statement of activities presents information showing how the Council'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.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other special districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Council are included in one category: governmental funds. All activities of the governmental funds are included in one fund: the General Fund.

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

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

Notes to the financial statements. The notes provide additional detail concerning the financial activities and financial balances of the Council. Additional information, if applicable, about the accounting practices of the Council, investments of the Council, long term debt, and pension plan are some of the items included in the *notes to the financial statements*.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Council's financial position. In the case of the Council, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $2,734,443 at the close of the most recent fiscal year.

The following table reflects the condensed statement of net position:

IRL COUNCIL'S Net Position

September 30,	**2023**	**2022**
Current and other assets	**$ 4,366,107**	$ 3,597,058
Capital assets	**9,476**	11,798
Total assets	**4,375,583**	3,608,856
Deferred outflows of resources	**302,719**	190,749
Long-term liabilities outstanding	**799,819**	497,497
Other liabilities	**1,105,017**	905,217
Total liabilities	**1,904,836**	1,402,714
Deferred inflows of resources	**39,023**	42,277
Net position:		
Net investment in capital assets	**9,476**	11,798
Restricted	**364,035**	441,596
Unrestricted	**2,360,932**	1,901,220
Total net position	**$ 2,734,443**	$ 2,354,614

By far the largest portion of the Council's net position reflects its unrestricted net position. These funds can be used by the Council's Board may budget for use of these funds at their discretion to further the purposes of the Council.

The following table shows condensed revenue and expense data:

IRL COUNCIL'S Changes in Net Position

For the fiscal year ended September 30,	**2023**	**2022**
Program revenues:		
Charges for services	**$ 1,083**	$ -
Operating grants and contributions	**3,474,186**	3,024,158
General revenues:		
Investment earnings	**103,281**	2,675
Miscellaneous	**3,055**	7,587
Total revenues	**3,581,605**	3,034,420
Program expenses:		
Physical environment	**3,201,776**	2,661,133
Change in net position	**379,829**	373,287
Net position - beginning	**2,354,614**	1,981,327
Net position - ending	**$ 2,734,443**	$ 2,354,614

Revenues for the Council's activities in this fiscal year totaled $3,581,605. These revenues represent an increase of $547,185 from the previous year total of $3,034,420. This increase over the prior year is due to increase Federal revenue recognized in the current fiscal year offset by a decrease in State revenue.

In the current year, there was $117,700 of State specialty license plate revenue. This revenue is restricted to activities that support water quality improvement, habitat restoration, and public awareness and education of the economically significant Indian River Lagoon. The amount of this revenue in the prior year was $139,298. This is a decrease of $21,598. Since this revenue is solely based on the voluntary purchase of the specialty license plate by the public, this amount is expected to fluctuate. $204,474 were expensed during the fiscal year ended September 30, 2023 for those activities. The amount of this expense in the prior year was $154,564. This is an increase of $52,910.

Expenses totaled $3,201,776, an increase of $540,643 from the previous year total of $2,661,133. This increase in expenditures is primarily the result of the completion of strategic projects which is one of the main functions of the Council.

Financial Analysis of the Council's Funds

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

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

As of the end of the current fiscal year, the Council's General Fund – the Council's only governmental fund – reported combined ending fund balances of $3,261,090, an increase of $569,249 in comparison with the prior year. The fund balance classified as restricted indicates that it is not available for new spending because it is obligated for specific purposes related to the specialty license plate revenue received. Unrestricted, unassigned fund balance was $2,897,055 at year end.

The net change in the fund balance of the Council's General Fund was an increase of $569,249 during the current fiscal year. The increase is primarily due to the recognition of federal Bipartisan Infrastructure Law (BIL) grant revenues of $832,200, offset by a decrease in state grant funding $353,923 in the current fiscal year.

Budgetary Highlights

An operating budget was adopted and maintained by the governing board for the Council pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. The budget for the fiscal year ended September 30, 2023, was amended to increase appropriations by $1,621,219. This was due to anticipated projects that might start getting funded in the current year. Actual General Fund expenditures did not exceed appropriations during the current fiscal year.

The Council performed favorably regarding net revenues to expenditures compared to the budget. Total actual revenues came in $296,805 over the final budgeted total revenues. This was mainly due to unbudgeted federal Bipartisan Infrastructure Law (BIL) grant revenues that was received in the current year related to pre-award costs incurred in the prior year.

There was a positive variance in total annual expenditures. Actual fiscal year expenditures were $2,205,890 less than final budgeted expenditures, primarily due to anticipated projects which will carry into the next fiscal year.

Capital Asset Administration

The Council's investment in capital assets as of September 30, 2023 amounts to $9,476 (net of accumulated depreciation). This investment in capital assets represents a vehicle. The total decrease in the Council's investment in capital assets for the current fiscal year was approximately 20 percent. Additional information on the Council's capital assets can be found in Note 2.

Economic Factors and the 2023-2024 Budget

Fiscal Year 2023 represented another evolution for the IRL Council. The IRL Council, for the 2nd time in its history, triggered a federal single audit for having expended and received greater than $750,000 in federal funds. Some lessons were learned through this process that will only help the IRL Council continue to mature as an effective recipient and administrator of federal funds. A new IRL specialty plate design is available at all Florida Tax Collectors' offices and revenue is expected to increase as a marketing campaign is implemented. Since 2015 when the IRL Council became the host agency for the Indian River Lagoon National Estuary Program (IRLNEP), Council member contributions have increased local and state matching funds of the Program by an additional $1.5 million per year. Prior to 2015, the IRLNEP was funded solely by annual EPA Section 320 grant funds. Those funds were used for local cost-share projects in support of the Indian River Lagoon Comprehensive Conservation and Management Plan (CCMP). Those revenues were approximately $600,000. Incremental increases in annual Congressional appropriations over the past several years have brought the current appropriation to $850,000 for FY 2024. In addition to the Section 320 increases, Bipartisan Infrastructure Law funding has expanded the number of CCMP projects in the IRL watershed and greatly enhanced the capacity of the program to implement IRL restoration and stewardship. Late in Fiscal Year 2024, NOAA announced a recommendation of award to the IRL Council for $9.4M over a 3-year period beginning in Fiscal Year 25. The lessons of the Fiscal Year 2023 single audit will inform and help ensure compliance and proper management of that award and the other federal awards from the USEPA that the IRL Council manages.

Contacting the Council's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the IRL Council Main Office, at Indian River Lagoon National Estuary Program, 1235 Main Street, Sebastian, Florida 32958.

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BASIC FINANCIAL STATEMENTS

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IRL Council
Statement of Net Position

September 30, 2023		Governmental Activities
ASSETS		
Cash and cash equivalents	$	2,829,888
Due from other governments		1,172,184
Restricted assets:		
Cash and cash equivalents		354,750
Due from other governments		9,285
Capital assets:		
Depreciable (net)		9,476
Total assets		4,375,583
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions		300,693
Deferred outflows related to OPEB		2,026
Total deferred outflows of resources		302,719
LIABILITIES		
Accounts payable		991,519
Accrued liabilities		1,210
Due to other governments		64,168
Unearned revenue		48,120
Non-current liabilities:		
Due within one year:		
Compensated absences		39,503
Due in more than one year:		
Compensated absences		4,390
Total OPEB liability		4,174
Net pension liability		751,752
Total liabilities		1,904,836
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions		39,023
Total deferred inflows of resources		39,023
NET POSITION		
Net investment in capital assets		9,476
Restricted for:		
Specialty license plate related expenses		364,035
Unrestricted		2,360,932
Total net position	$	2,734,443

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

IRL Council
Statement of Activities

Year ended September 30, 2023

Functions/Programs	Expenses	Program revenues: Charges for Services	Program revenues: Operating Grants and Contributions	Program revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Physical environment	$ 3,201,776	$ 1,083	$ 3,474,186	$ -	$ 273,493
Total governmental activities	$ 3,201,776	$ 1,083	$ 3,474,186	$ -	273,493

General revenues:	
Investment earnings	103,281
Miscellaneous	3,055
Total general revenues	106,336
Change in net position	379,829
Net position, beginning of year	2,354,614
Net position, end of year	$ 2,734,443

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

IRL Council
Balance Sheet – Governmental Fund

September 30, 2023	General Fund
ASSETS	
Cash and cash equivalents	$ 2,829,888
Due from other governments	1,172,184
Restricted cash and cash equivalents	354,750
Restricted due from other governments	9,285
Total assets	$ 4,366,107
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	$ 991,519
Accrued expenses	1,210
Due to other governments	64,168
Unearned revenue	48,120
Total liabilities	1,105,017
Fund Balances:	
Restricted for:	
Specialty license plate related expenditures	364,035
Unassigned	2,897,055
Total fund balances	3,261,090
Total liabilities and fund balances	$ 4,366,107

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

IRL Council
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position

September 30, 2023

Total fund balance of governmental funds		$ 3,261,090
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	$ 23,209	
Less accumulated depreciation	(13,733)	9,476
Deferred outflow of resources related to pension earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		300,693
Deferred outflow of resources related to OPEB earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		2,026
Deferred inflow of resources related to pension earnings are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		(39,023)
Long-term liabilities, including total OPEB liability, net pension liability and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	(751,752)	
Compensated absences	(43,893)	
Total OPEB liability	(4,174)	(799,819)
Net position of governmental activities		$ 2,734,443

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

IRL Council
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Fund

Year ended September 30, 2023		General Fund
Revenues		
Member contributions	$	1,487,500
Federal grants		1,568,837
State grants		300,149
State specialty license plates		117,700
Miscellaneous		107,419
Total revenues		3,581,605
Expenditures		
Current:		
Physical environment		3,012,356
Total expenditures		3,012,356
Net change in fund balances		569,249
Fund balances, beginning of year		2,691,841
Fund balances, end of year	$	3,261,090

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

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

Year ended September 30, 2023

Net change in fund balances - total governmental fund	$	569,249
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.		(2,322)
Compensated absences are reported in the statement of activities when earned. As they do not require the use of current financial resources, they are not reported as expenditures on governmental funds until they have matured. This is the amount of compensated absences reported in the statement of activities in the prior year that has matured in the current year.		(23,588)
Other postemployment benefit obligation reported in the statement of activities does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds.		(323)
Cash pensions contributions reported in the funds were less than the calculated pension expense on the statement of activities and therefore decrease net position.		(163,187)
Change in net position of governmental activities	$	379,829

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The IRL Council (the "Council") is a tax-exempt association of counties and other non-federal agencies, which is organized to achieve the goals adopted in the Comprehensive Conservation and Management Plan for the Indian River Lagoon Estuary Program through detailed action plans prepared by each member agency of the association. The Council was established by interlocal agreement on February 19, 2015, pursuant to the authority of Section 163.01, *Florida Statutes*. The basic operations of the Council are financed primarily through grants from state and from the U.S. Environmental Protection Agency, and contributions from the member counties, the Florida Department of Environmental Protection and two water management districts.

Reporting Entity

The Council is a special district governed by an appointed eight-member governing Board of Directors (the "Board"). The accompanying financial statements present the Council and its component units, entities for which the Council is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Council. The accounting policies of the Council conform to generally accepted accounting principles (GAAP) as applied to governmental units. The more significant accounting policies used by the Council are described below.

In evaluating the Council 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. The Council has no component units.

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental fund. Separate financial statements are provided for the governmental fund.

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 Council. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. The Council has no business-type activities.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 properly excluded from program revenues are reported instead as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Council's fund. The emphasis of fund financial statements is on the major governmental fund.

The Council reports the following major governmental fund:

The *General Fund* is the Council's primary operating fund. It accounts for all financial resources of the Council that do not require the establishment of any other type of fund.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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, with the exception of grant and contract fees for which the period is nine months. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt, financed purchases and acquisitions under leases are reported as other financing sources.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

License plate revenue 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 after year-end with the exception of grant and contract fees for which the period is nine months). 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. All other revenue items are considered to be measurable and available only when cash is received by the Council.

Budgetary Information

The annual budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America. A tentative budget is adopted by the Board after appropriate public hearing of each year covering the proposed operations and requirements for the ensuing fiscal year. By September 30, the Board, after the appropriate public hearing, adopts the final budget. Budgetary control is maintained at the program level. The governing body may, at any time within a fiscal year or up to 60 days following the end of the fiscal year, amend a budget for that year by resolution.

Cash and cash equivalents

The Council'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.

Receivables and payables

Allowance for doubtful accounts - At September 30, 2023, there was no allowance for doubtful accounts since all receivables were deemed collectible by management.

Restricted Assets

Certain assets of the Council are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

Indian River Lagoon specialty license plate accounts – The proceeds from the sale of the specialty license plates can only be spent on projects that enhance the Indian River Lagoon.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, right-to-use assets, and improvements other than buildings are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets, are defined by the Council as assets with an initial, individual cost that equals or exceeds $5,000 and an estimated useful life of over one year are recorded as capital assets. Capital assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Contributed assets are recorded at acquisition value as of the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Land and construction in progress are not depreciated. The other capital assets are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	30 - 50
Improvements other than buildings	3 - 20
Machinery and equipment	3 - 20

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred 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/ expenditure) until then.

The Council has two (2) items that qualify for reporting as deferred outflows of resources, the *deferred outflows related to OPEB* and the *deferred outflows related to pensions*, both reported in the government-wide statement of net position. The *deferred outflows related to other postemployment benefits (OPEB)* are an aggregate of items related to OPEB as calculated in accordance with GASB Codification Section P52: *Postemployment Benefits other than Pensions – Reporting Benefits Not Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to OPEB will be recognized as either OPEB expense or a reduction in the OPEB liability in future reporting years. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Council has one item that qualify for reporting as deferred inflows of resources. The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria.* The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years.

Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

The Council's policy permits employees to accumulate earned but unused paid time off benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Upon beginning employment, regular and full-time employees and introductory employees working a full-time schedule will begin to earn paid time off (PTO) according to the schedule below. The amount of PTO accrued by employees throughout each year increases with the length of their employment as shown in the following schedule:

Years of Eligible Service	PTO Hours Biweekly	PTO Hours Each Year
Upon initial eligibility	7.38	192
After five years	8.31	216
After ten years	9.85	256
After twenty years	10.15	264

The "PTO Year" under this policy and accrual schedule will be based on an employee's anniversary date. PTO is paid at the employee's base pay rate at the time of the absence. It does not include overtime or any special forms of compensation such as incentives, commissions, bonuses, or shift differentials.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences (continued)

In the event that available PTO is not used by the end of an employee's PTO Year, employees may carry as many as 175 hours of unused time forward to the next PTO Year. Accumulation of hours may exceed 175 hours in a PTO Year; however, an employee may only carry 175 hours forward from one PTO Year to the next and all remaining PTO will be forfeited. Upon termination of employment, employees will be paid for unused PTO that has been earned through the last day of work.

Pensions

The Council participates in cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State, the Florida Retirement System. For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plan's fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Council's employer contributions are recognized when due, and the Council has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plan.

Other Postemployment Benefits (OPEB) Liability

The Council participates in a single employer, defined benefit OPEB plan. The Council does not have a trust for the plan, and there is no actuarially determined contribution. The OPEB liability is determined in accordance with GASB Codification Section P52: *Postemployment Benefits other than Pensions – Reporting Benefits Not Provided through Trusts That Meet Specified Criteria*.

Categories and Classification of Net Position and Fund Balance

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

Fund balance flow assumption – Sometimes the Council will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Council's policy to consider restricted fund balance to have been depleted before using any of the components of

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

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

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Council's highest level of decision-making authority. The Board of Directors (the "Board") is the highest level of decision-making authority for the Council that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the Council for specific purposes but do not meet the criteria to be classified as committed. The Board expressly delegates to the Executive Director authority under this policy to assign funds for particular purposes based on intent which can be expressed by (a) the Board itself or (b) a body (a budget or finance committee, for example) or (c) official (Executive Director) to which the Board has delegated the authority to assign amounts to be used for specific purposes. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, August 7, 2024. See Note 7 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

The Council implemented the following standard during the current year.

GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting of subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription assets, an intangible asset and a corresponding liability; (3) provides that capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Council does not have any SBITA ROU assets or liabilities in fiscal year 2023. This statement had no impact on the financial statements.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

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

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

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

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of September 30, 2023, $250,000 of the Council's bank balances is covered by federal depository insurance (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Council pursuant to Section 280.08, Florida Statutes.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

The Council does not have a formal written investment policy, and therefore, adheres to Section 218.415(17), Florida Statutes, which allows the Council to invest in the following:

1. The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969 as provided in Section 163.01, Florida Statutes;
2. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
3. Interest-bearing time deposits or savings accounts in qualified public depositories as defined in Section 280.02, Florida Statutes; and
4. Direct obligations of the U.S. Treasury.

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

Interest rate risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment.

Credit risk – Section I50: *Investments* of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations.

Concentration risk – Section I50: *Investments* of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments.

As of September 30, 2023, the Council had no investments.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

Capital Assets

The following is a summary of changes in capital assets during the year ended September 30, 2023.

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, being depreciated:				
Machinery and equipment	$ 23,209	$ -	$ -	$ 23,209
Total capital assets, being depreciated	23,209	-	-	23,209
Less accumulated depreciation for:				
Machinery and equipment	(11,411)	(2,322)	-	(13,733)
Total accumulated depreciation	(11,411)	(2,322)	-	(13,733)
Total capital assets, being depreciated, net	11,798	(2,322)	-	9,476
Governmental activities capital assets, net	$ 11,798	$ (2,322)	$ -	$ 9,476

Depreciation expense of $2,322 was allocated to the physical environment function in the statement of activities.

Changes In Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2023, was as follows for governmental activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Net pension liability	$ 474,475	$ 277,277	$ -	$ 751,752	$ -
OPEB	2,717	1,457	-	4,174	-
Compensated absences	20,305	39,837	16,249	43,893	39,503
Total long-term liabilities	$ 497,497	$ 318,571	$ 16,249	$ 799,819	$ 39,503

Note 3: RETIREMENT PLANS

Florida Retirement System

Plan description. The Council participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options.

FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program 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 and surviving beneficiaries of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits provided. Benefits under the FRS Pension 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.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by $5. The minimum payment is $30 and the maximum payment is $150 per month, pursuant to Section 112.363, Florida Statutes.

Contributions. The contribution requirements of plan members and the employer are established and amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan.

Note 3: RETIREMENT PLANS (Continued)

Florida Retirement System (Continued)

The employer's contribution rates as of September 30, 2023, were as follows:

	FRS	HIS
Regular class	13.57%	2.00%
Senior management service class	34.52%	2.00%

The employer's contributions for the year ended September 30, 2023, were $79,092 to the FRS and $9,665 to the HIS.

Pension liabilities and pension expense. In its financial statements for the year ended September 30, 2023, the Council reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2023. The Council's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net pension liability	$ 552,477	$ 199,275
Proportion at:		
Current measurement date	0.0014%	0.0013%
Prior measurement date	0.0010%	0.0008%
Change in proportionate share	0.0003%	0.0004%
Pension expense	$ 153,803	$ 89,399

Deferred outflows/inflows of resources related to pensions. At September 30, 2023, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 51,873	$ -	$ 2,917	$ 468
Changes in assumptions	36,015	-	5,239	17,268
Net differences between projected and actual investment earnings	23,073	-	103	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	111,946	15,777	50,711	5,510
Contributions subsequent to the measurement date	16,056	-	2,760	-
Total	$ 238,963	$ 15,777	$ 61,730	$ 23,246

Note 3: RETIREMENT PLANS (Continued)

Florida Retirement System (Continued)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2024.

Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending September 30:	FRS	HIS
2024	$ 28,229	$ 6,242
2025	(11,184)	3,785
2026	169,388	6,297
2027	16,090	12,351
2028	4,607	6,542
Thereafter	-	507
Total	$ 207,130	$ 35,724

Actuarial assumptions. The total pension liability for each of the defined benefit plans was measured as of June 30, 2023. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2023. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2022.

The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Payroll growth, including inflation	3.25%	3.25%
Investment rate of return	6.70%	N/A
Discount rate	6.70%	3.65%

Mortality assumptions for both plans were based on PUB-2010 base tables projected generationally with Scale MP-2018.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

Note 3: RETIREMENT PLANS (Continued)

Florida Retirement System (Continued)

The following changes in key actuarial assumptions occurred in 2023:

HIS: The discount rate used in calculation of the pension liability increased from 3.54% to 3.65%

HIS: Chapter 2023-193, Laws of Florida (Senate Bill 7024), increased the level of monthly benefits from $5 times years of service to $705, with an increased minimum of $45 and maximum of $225. This change applies to all years of service for both members currently receiving benefits and members not yet receiving benefits.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. The long-term expected investment rate of return remained at 6.7%, same as previous year. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption of 3.25%. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.0%	2.9%	2.9%
Fixed income	19.8%	4.5%	4.4%
Global equity	54.0%	8.7%	7.1%
Real estate	10.3%	7.6%	6.6%
Private equity	11.1%	11.9%	8.8%
Strategic investments	3.8%	6.3%	6.1%
Total	100%		

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

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.65% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity analysis. The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

Note 3: RETIREMENT PLANS (Continued)

Florida Retirement System (Continued)

	FRS			HIS		
	1% Decrease (5.70%)	Discount Rate (6.70%)	1% Increase (7.70%)	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Council's proportionate share of the net pension liability	$ 943,743	$ 552,477	$ 225,136	$ 227,342	$ 199,275	$ 176,010

Pension plans' fiduciary net position. Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

Payables to the pension plans. As of September 30, 2023, the Council did not have a payable to the pension plans.

Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Council follows Section P52: Postemployment Benefits Other than Pensions (OPEB) of the GASB Codification, for certain postemployment healthcare benefits provided by the Council.

The Council participates in the Brevard County, Florida (the "County") healthcare plan. The Brevard County Board of County Commissioners (the "Board") administers a single-employer defined benefit healthcare plan (the "Plan") that provides medical insurance to its employees and their eligible dependents. Pursuant to Section 112.0801 Florida Statutes, the Council is required to provide eligible retirees (as defined in the County's pension plans) the opportunity to participate in this Plan at the same cost that is applicable to active employees. Eligible retirees must be drawing an immediate benefit from their respective pension plan and be enrolled in medical coverage prior to retirement. Surviving spouses of participants are alllowed access to the Plan, but must pay the full premium. Benefit provisions for the Plan were established by the Board on May 12, 1987 and may only be amended by the Board. The Council does not issue stand-along financial statements for this Plan. All financial information related to the Plan is accounted for in the Council's basic financial statements.

Employees who are active participants in the Plan at the time of retirement and are either age 62 with completion of six years of service or have 30 years of service are eligible to receive benefits. The Council has 4 active participants. Of the total, none are eligible to receive benefits.

Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Plan Description (Continued)

Benefit provisions can only be amended by the Board. On at least an annual basis, and prior to the enrollment process, the Board approves the rates for the coming year for the retiree, employee and County contributions. Neither the County nor the Council has established a trust or agency fund for the Plan. Neither the County nor the Council issues stand-alone financial statements for this Plan. All financial information related to the Plan is accounted for in the Council's basic financial statements.

Funding Policy

The Plan is funded on a pay-as-you-go basis. The maximum employer contribution target is 56% of the annual premium cost of the Plan. The annual premium costs are between $7,711 and $12,921 for retirees and spouses under age 65 and between $1,933 and $5,945 for retirees and spouses over age 65. Employees hired prior to January 1, 2006 are eligible to receive 100% of the earned percentage of benefits for their lifetime upon attainment of age 62 and completion of six years of service or upon completing 30 years of service, if earlier. Employees hired on or after January 1, 2006 are eligible to receive a graduated earned percentage of benefits upon retirement based on years of service.

The Council has opted to not fund the total OPEB obligation or the resulting unfunded actuarial accrued liability on an annual basis.

Plan Membership

At October 1, 2023, OPEB membership consisted of the following:

Inactive employees currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	4
Total	4

Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Actuarial Assumptions and Other Inputs

In the September 30, 2023 measurement date, the actuarial assumptions and other inputs, applied include the following:

Inflation	100.00 percent rate of medical inflation
Salary increases	2.00 percent projected annual salary increase
Discount rate	4.77 percent investment rate of return
Health care cost trend rates (65+)	5.50 percent using Society of Actuaries Long-Term Model
Health care cost trend rates (Pre-65)	7.00 percent using Society of Actuaries Long-Term Model
Retirees' share of benefit-related costs	44.00 percent of annual premium cost

The discount rate used is the S&P Municipal Bond 20-Year High Grade Index as of September 30, 2023.

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include types of benefits provided at the time of each valuation and historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 1, 2023 actuarial valuation, the Entry Age Normal, Level Percent of Pay cost method was used. The actuarial assumptions included an annual heathcare cost trend rate of 5.50% initially, reduce by decrements to an ultimate rate of 5.00% after one year. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Changes in assumptions and other inputs reflect a change in the rate of medical inflation from 150% as of September 30, 2022 to 100% as of September 30, 2023. The methods, assumptions, and participant data used are detailed in the actuarial valuation report dated October 1, 2023.

At September 30, 2023, the Council reported a net OPEB liability of $4,174. The GASB 75 information has been provided as of the September 30, 2023 measurement date.

Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Change in Net OPEB Liability

	Increase (Decrease) Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of October 1, 2021 for FYE 2022	$ 2,717	$ -	$ 2,717
Changes for the year:			
Service cost	829	-	829
Interest	173	-	173
Changes of assumptions	1,325	-	1,325
Difference between expected and actual experience	-	-	-
Benefit payments	(870)	-	(870)
Net changes	1,457	-	1,457
Balance as of October 1, 2022 for FYE 2023	$ 4,174	$ -	$ 4,174

Sensitivity of the OPEB Liability

The following table represents the Council's total OPEB liability calculated using the discount rate of 4.77%, as well as what the Council's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.77%) or one percentage point higher (5.77%) than the current rate:

	1% Decrease (3.77%)	Current Discount Rate (4.77%)	1% Increase (5.77%)
Total OPEB Liability	$ 4,560	$ 4,174	$ 3,837

Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Sensitivity of the OPEB Liability (Continued)

The following table represents the Council's total OPEB liability calculated using the current health care cost trend rate, as well as what the Council's total OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Trend Rate (7.00%)	1% Increase (9.00%)
Total OPEB Liability	$ 3,828	$ 4,174	$ 4,569

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the fiscal year ended September 30, 2023, the Council recognized OPEB expense of $417. In addition, the Council reported deferred outflows related to the OPEB plan from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 725	$ -
Changes of assumptions	1,301	-
Total	$ 2,026	$ -

Amounts reported as deferred outflows of resources related to the OPEB plan will be recognized in the expense as follows:

Year ending September 30	
2024	$ 277
2025	277
2026	277
2027	336
2028	327
Thereafter	532
Total	$ 2,026

Note 5: RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. In order to limit its exposure to these risks, the Council is a participant in the Preferred Governmental Insurance Trust for general and auto liability. The insurance program purchases excess and specific coverages from third party carriers. Participants in the program are billed annually for their portion of the cost of the program adjusted for actual experience during the period of coverage. Participants are not assessed for unanticipated losses incurred by the program. There have been no significant reductions in insurance coverage during the year ended September 30, 2023. Settled claims resulting from the risks described above have not exceeded the insurance coverage for the past three fiscal years.

Note 6: COMMITMENTS AND CONTINGENCIES

During the ordinary course of its operation, the Council is party to various claims, legal actions, and complaints. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the Council, the liabilities which may arise from such actions would not result in losses which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the Council or results of activities.

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

Note 7: SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after September 30, 2023 through August 7, 2024, the date the current year's financial statements were available to be issued. The following event occurred:

On December 1, 2023, the Council entered into a lease agreement with the City of Sebastian to lease 1,000 square feet of office space within the Historical School Building located at 1235 Main Street, Sebastian, Florida. The term of the lease agreement is three years, scheduled to expire on November 30, 2026 and renews automatically for an additional three-year term unless terminated by either party within 30 days of lease expiration. As of December 1, 2023, annual payments are $19,000. Each three-year renewal is subject to an increase, which will be calculated based on the precentage change in the CPI Index for the previous twelve (12) months prior to the additional renewal terms, not to exceed 3% for each renewal.

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REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS

IRL Council
Schedule of Revenues, Expenditures, and Changes in General Fund Balances – Budget and Actual

Year ended September 30, 2023	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Revenues				
Member contributions	$ 1,500,000	$ 1,500,000	$ 1,487,500	$ (12,500)
Federal grants	750,000	750,000	736,637	(13,363)
Federal infrastructure	909,800	909,800	832,200	(77,600)
State grants	-	-	300,149	300,149
State specialty license plates	125,000	125,000	117,700	(7,300)
Miscellaneous revenue	-	-	107,419	107,419
Total revenues	3,284,800	3,284,800	3,581,605	296,805
Expenditures				
Category:				
Physical environment:				
Other Expenditures	2,806,243	4,321,160	2,254,278	2,066,882
Salaries and benefits	567,759	641,963	610,492	31,471
Facilities expenses	38,500	43,500	26,897	16,603
Administrative costs	66,500	94,998	61,029	33,969
Adminstrative services	118,025	116,625	59,660	56,965
Total expenditures	3,597,027	5,218,246	3,012,356	2,205,890
Net change in fund balances	(312,227)	(1,933,446)	569,249	2,502,695
Fund balances, beginning of the year	2,691,841	2,691,841	2,691,841	-
Fund balances, end of year	$ 2,379,614	$ 758,395	$ 3,261,090	$ 2,502,695

Note that this schedule is prepared on a budgetary basis, but is not different from Generally Accepted Accounting Principles (GAAP) in the presentation.

Note A – BUDGETARY INFORMATION

The Council adheres to the following procedures in establishing the budgetary data reflected in the budgetary schedule:

a) A tentative budget is adopted by the Board after appropriate public hearing of each year covering the proposed operations and requirements for the ensuing fiscal year.

b) By September 30th, the Board, after the appropriate public hearing, adopts the final budget.

c) The governing body may, at any time within a fiscal year or up to 60 days following the end of the fiscal year, amend a budget for that year by resolution.

d) Budgetary control is maintained at the program level.

e) The budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America.

f) The budgetary comparison schedule shown in the accompanying required supplementary information presents comparisons of the legally adopted budget, as amended, with actual results. The originally adopted budget is presented for purposes of comparison to the final, amended budget.

IRL Council
Schedule of Proportionate Share of Net Pension Liability
Last Eight Years

Florida Retirement System (FRS)

	2023	2022	2021	2020
Council's proportion of the net pension liability	**0.0014%**	0.0010%	0.0011%	0.0010%
Council's proportionate share of the net pension liability	**$ 552,477**	$ 386,245	$ 84,619	$ 450,091
Council's covered payroll	**$ 497,112**	$ 303,581	$ 308,696	$ 298,489
Council's proportionate share of the net pension liability as a percentage of its covered payroll	**111.14%**	127.23%	27.41%	150.79%
Plan fiduciary net position as a percentage of the total pension liability	**82.38%**	82.89%	96.40%	78.85%

Health Insurance Subsidy (HIS)

	2023	2022	2021	2020
Council's proportion of the net pension liability	**0.0013%**	0.0008%	0.0009%	0.0009%
Council's proportionate share of the net pension liability	**$ 199,275**	$ 88,230	$ 106,958	$ 104,987
Council's covered payroll	**$ 497,112**	$ 303,581	$ 308,696	$ 298,489
Council's proportionate share of the net pension liability as a percentage of its covered payroll	**40.09%**	29.06%	34.65%	35.17%
Plan fiduciary net position as a percentage of the total pension liability	**4.12%**	4.81%	3.56%	3.00%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the Council is presenting information for only the years for which information is available.

Note 2: The Plan's fiduciary net position as a percentage of the total pension liability is published in Note 4 of the Plan's Annual Comprehensive Financial Report.

Note 3: Amounts presented for each fiscal year were determined as of 6/30.

2019	2018	2017	2016
0.0009%	0.0009%	0.0005%	0.0002%
$ 293,286	$ 266,318	$ 149,337	$ 56,891
$ 225,451	$ 245,034	$ 240,048	$ 123,487
130.09%	108.69%	62.21%	46.07%
82.61%	84.26%	83.89%	84.88%

2019	2018	2017	2016
0.0007%	0.0008%	0.0008%	0.0004%
$ 75,410	$ 79,387	$ 80,508	$ 46,610
$ 225,451	$ 245,034	$ 240,048	$ 123,487
33.45%	32.40%	33.54%	37.74%
2.63%	2.15%	1.64%	0.97%

IRL Council
Schedule of Contributions
Last Eight Years

Florida Retirement System (FRS)

		2023		2022		2021		2020
Contractually required contribution	**$**	**79,092**	$	48,215	$	42,878	$	34,504
Contributions in relation to the contractually required contributions		**79,092**		48,215		42,878		34,504
Contribution deficiency (excess)	**$**	**-**	$	-	$	-	$	-
Council's covered payroll	**$**	**553,826**	$	306,931	$	300,285	$	298,489
Contributions as a percentage of covered payroll		**14.28%**		15.71%		14.28%		11.56%

Health Insurance Subsidy (HIS)

		2023		2022		2021		2020
Contractually required contribution	**$**	**9,665**	$	5,096	$	4,985	$	4,955
Contributions in relation to the contractually required contributions		**9,665**		5,096		4,985		4,955
Contribution deficiency (excess)	**$**	**-**	$	-	$	-	$	-
Council's covered payroll	**$**	**553,826**	$	306,931	$	300,285	$	298,489
Contributions as a percentage of covered payroll		**1.75%**		1.66%		1.66%		1.66%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the Council is presenting information for only the years for which information is available.

	2019	2018	2017	2016
$	26,407	$ 25,198	$ 13,139	$ 5,495
	26,407	25,198	13,139	5,495
$	-	$ -	$ -	$ -
$	225,451	$ 245,034	$ 240,048	$ 123,487
	11.71%	10.28%	5.47%	4.45%

	2019	2018	2017	2016
$	3,742	$ 4,068	$ 3,985	$ 2,050
	3,742	4,068	3,985	2,050
$	-	$ -	$ -	$ -
$	225,451	$ 245,034	$ 240,048	$ 123,487
	1.66%	1.66%	1.66%	1.66%

IRL Council
Schedule of Changes in Total OPEB Liability and Related Ratios
Last Six Years

September 30,	**2023**	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	**$ 829**	$ 386	$ 427	$ 1,546	$ 1,455	$ 2,839
Interest	**173**	46	44	156	101	69
Changes of assumptions	**1,325**	(445)	(87)	710	188	(109)
Differences between expected and actual experience	**-**	961	(443)	(4,624)	153	(2,310)
Benefit Payments	**(870)**	(240)	-	-	-	-
Net change in total OPEB liability	**1,457**	708	(59)	(2,212)	1,897	489
Total OPEB liability - beginning	**2,717**	2,009	2,068	4,280	2,383	1,894
Total OPEB liability - ending	**$ 4,174**	$ 2,717	$ 2,009	$ 2,068	$ 4,280	$ 2,383
Covered-employee payroll	**$ 553,826**	$ 306,931	$ 300,285	$ 298,489	$ 225,451	$ 245,034
Total OPEB liability as a percentage of covered payroll	**0.75%**	0.89%	0.67%	0.69%	1.90%	0.97%

Note 1: GASB 75 requires an employer to disclose a 10-year history. However, until a full 10-year trend is compiled, information will be presented only for those years for which information is available.

Note 2: The following rates were used for each period:						
Discount rate	4.77%	4.77%	2.43%	2.14%	3.64%	4.24%

Note 3: No assets are accumulated in a trust that meets the criteria in GASB 75 paragraph 4

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

To the Board of Directors
IRL Council

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 and the major fund of IRL Council, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise IRL Council's basic financial statements, and have issued our report thereon dated August 7, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered IRL Council'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 IRL Council's internal control. Accordingly, we do not express an opinion on the effectiveness of IRL Council'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether IRL Council'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.

Melbourne, Florida
August 7, 2024

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
IRL Council

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited IRL Council's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on IRL Council's major federal program for the year ended September 30, 2023. The IRL Council's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, IRL Council complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of IRL Council and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of IRL Council's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to IRL Council's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on IRL Council's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about IRL Council's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 IRL Council's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of IRL Council's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of IRL Council's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such

that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-002, 2023-003 and 2023-004 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on IRL Council's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. IRL Council's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Melbourne, Florida
August 7, 2024

Section I-Summary of Auditor's Results

Financial Statements

1. Type of Auditor's report issued:	Unmodified
2. Internal control over major financial reporting:	
a. Material weakness identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	None noted
c. Noncompliance material to the financial statements noted?	No

Federal Awards

1. Type of Auditor's report issued on compliance for major federal programs	Unmodified
2. Internal control over major programs:	
a. Material weakness identified?	Yes
b. Significant deficiency identified not considered to be material weaknesses?	Yes
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200 of OMB Compliance Supplement?	Yes
4. Identification of major federal program:	
5. Dollar threshold used to distinguish between type A and B programs:	$750,000
6. Auditee qualified as a low-risk auditee for federal purposes?	No

Assistance Listing Number	Federal Program
66.456	National Estuary Program

Section II-Financial Statement Findings

No matters were reported.

Section III-Federal Award Findings and Questioned Costs

2023-001 CASH MANAGEMENT

U.S. Department of Environmental Protection
ALN 66.456 – National Estuary Program
Federal Award ID Number: 4T-02D39922
2023 Funding

Criteria: 2 CFR 200.303 requires non-federal entities to establish and maintain effective internal controls. As required by 2 CFR 200.305(b), grant recipients may only draw funds for the minimum amounts needed for actual and immediate cash requirements to pay employees, contractors, subrecipients or to satisfy other obligations for allowable costs under the grant agreement. Disbursements within five (5) business days of the drawdown are deemed to comply with this requirement.

Condition: On December 19, 2022 the grantee drew down their entire award of $909,800, but only $300,000 was for reimbursable expenses. The remaining $609,800 was an advance which is not permitted under the award terms or Uniform Guidance. The erroneous advance was identified by the grantor and returned by the Council on December 29, 2022.

Cause: Council management misunderstood the award terms and the allowability of advances.

Effect: Draws of funds in excess of amounts needed for actual and immediate cash requirements can result in the return of funds.

Questioned Costs: None.

Perspective: During our testing, we did not note any other instances in which funds were drawn on an advance basis, in excess of costs already incurred by the Council. The Council misunderstood guidance from the grantor, which led to the draw down of funds in advance of current needs.

Recommendation: Management should obtain clarification in writing from the grantor on guidance outside of the established procedures to prevent future misunderstandings.

Management Response: *Initial discussions with EPA staff regarding fiscal management of the funds from the Bipartisan Infrastructure Law (BIL) suggested that management of the cash for the BIL award was different than the Section 320 grant award. During these discussions, cash flow was brought up as a possible concern by IRL Council staff. EPA staff initially indicated that the grant funds were not reimbursable and that all funds would be available as soon as an award was made. The Council was not made aware that the RAIN polices would be in effect for BIL funds. The Council*

interpreted EPA correspondences as authorization to withdraw funds immediately upon receiving the award. Upon making the draw, EPA provided the IRL Council with clarifying information with regards to the RAIN policy. The IRL Council responded quickly to this new information and the appropriate amount of funds were returned in a timely manner. The EPA was satisfied with the corrective response and outcome. The IRL Council will continue to manage all EPA federal grants as a reimbursable grant award to ensure the RAIN policy is followed correctly. For any other Federal agency grants that may be awarded, strict adherence to that agency's policies for treasury draws will be made.

2023-002 PROCUREMENT

U.S. Department of Environmental Protection
ALN 66.456 – National Estuary Program
Federal Award ID Number: 4T-02D39922
2023 Funding

Criteria: 2 CFR 200.303 requires non-federal entities to establish and maintain effective internal controls. As stated in FAR Section 5.203, *Publicizing and Response Time*, the Council is required to allow for at least a 30-day response time for the receipt of bids or proposals from the date of issuance of the solicitation.

Condition: The grantor identified payments made to a subrecipient for which the solicitation was held open for less than 30 days, prompting the grantor to ask the Council to replace those expenditures with other grant-eligible expenditures.

Cause: Management was not aware of this requirement.

Effect: The Council reclassified $48,120 of expenditures to be funded by other revenue sources and recorded $48,120 of deferred revenue that will be recognized in fiscal year 2024 when payments are made to the new subrecipient.

Questioned Costs: None.

Perspective: In our sample of procurements tested, we did not identify any other instances of non-compliance.

Recommendation: Management should review all procurements for compliance with award terms, Uniform Guidance, and Federal Acquisition Regulations prior to submitting issuing the purchase order or subrecipient contract.

Management Response: *The IRL Council Operating Procedures Manual lists 14 days as the minimum response time for competitive procurement of services. However, during an EPA review of IRL Council procurement practices, a single instance was found to be less than 30 days per federal procurement standards. In a letter to EPA dated May 3, 2024, the IRL Council proposed a corrective*

action that would replace the contractor that had been procured less than the 30-day response time with one that had been procured consistent with federal policy and defer revenues to FY 2024 for the new project. The Corrective action was approved by EPA by issuance of Award 4T-02D39922 modification 3 on June 16, 2024.

The IRL Council will amend its Operating Procedures Manual to ensure that all future procurements, whether federally funded or otherwise, require a minimum 30-day response time.

2023-003 SUSPENSION AND DEBARMENT

U.S. Department of Environmental Protection
ALN 66.456 – National Estuary Program
Federal Award ID Number: 4T-02D39922 and CE-00D90119
2023 Funding

Criteria: 2 CFR 200.303 requires non-federal entities to establish and maintain effective internal controls. Pursuant to 2 CFR section 180.300, the Council may not contract with or make subawards to parties that are identified as being suspended or debarred by the Federal Government. The Council must verify the parties' eligibility to receive payment from a program funded by a Federal grant prior to entering a covered transaction (as defined in 2 CFR section 180.220).

Condition: The Council did not have a process in place to verify that subrecipients and vendors for covered transactions were not suspended or debarred.

Cause: Management was not aware of this procurement requirement.

Effect: The Council could inadvertently enter a covered transaction with a suspended or debarred party, resulting in the disallowance of payments made to that party as eligible costs under the Federal program.

Questioned Costs: None.

Perspective: Many of the subawards made by the Council were to other local governments or universities, which are entities unlikely to be suspended or debarred. As part of our compliance testing, we tested a sample of subrecipients and vendors for suspension and debarment, noting no exceptions.

Recommendation: We recommend the Council implement controls to ensure the Council does not enter a subaward or other covered transaction with a party that is suspended, debarred or otherwise excluded from participating in federal awards. We suggest the Council include a clause in the subrecipient contracts stating the contractor is not suspended or debarred. This clause would need to be included in any modifications to the contracts that provide for additional funding. For other covered transactions, the Council should document their verification of the vendor's status on the System for Award Management (SAM) Exclusions website.

Management Response: *The IRL Council will establish the following policies and controls to monitor and ensure compliance with SAM.gov requirements.*

- *The IRL Council's procurement process for federally funded projects will include an affidavit where applicants attach their SAM.gov proof at the time of proposal submission.*
- *The IRL Council staff will review all proposal submissions to include SAM.gov review and provide screenshots of when the information was checked. These screenshots will be saved in the procurement file.*
- *Current vendors and/or recipients of federal funds will be checked for SAM.gov compliance on an annual basis. The annual checks will be screenshot and uploaded into the vendor files. Vendor files will be updated accordingly with the date of the Sam.gov check by Finance. The annual compliance check will be a standard part of the end-of fiscal year closeout process.*
- *Current vendors working on federally funded projects will be checked for SAM.gov compliance at the time of any change order, amendment, or contract adjustment that is requested. At the time of the change order, amendment or contract adjustment Sam.gov compliance will be checked and a Sam.gov screenshot will be uploaded into the vendor files.*

2023-004 SUBRECIPIENT MONITORING

U.S. Department of Environmental Protection
ALN 66.456 – National Estuary Program
Federal Award ID Number: 4T-02D39922 and CE-00D90119
2023 Funding

Criteria: 2 CFR 200.303 requires non-federal entities to establish and maintain effective internal controls. The use of subrecipients in achieving the goals of the federal award requires the establishment of controls over the monitoring of subrecipients pursuant to 2 CFR section 200.331 and 200.332. This includes the requirement for the subaward contract to include information such as the federal award identification (Assistance Listing Number (ALN) and name of the federal program), all requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award and any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports.

Condition: Subrecipient awards did not consistently include the required language including the ALN and the pass-through of Federal award requirements. Additionally, the Council did not have controls in place to obtain and review subrecipient single audit reports as a means to ensure the subrecipients are taking timely and appropriate action on deficiencies, if any, pertaining to the Federal award.

Cause: In some cases, the Council used the contract template for a subaward for a state financial assistance program rather than for a Federal award and, as a result, required information and language was missing from the contract. Further, the Council did not update its procedures over subrecipient monitoring to include follow-up of any deficiencies pertaining to the subrecipients' use of the Federal funding detected through audits, on-site reviews or other means.

Effect: Without the required language in the subrecipient contracts, subrecipients may not have the information necessary for them to establish appropriate controls over compliance required by the Federal award and to appropriately identify the Federal award and related expenditures on their Schedule of Expenditures of Federal Awards, if applicable. Additionally, without the monitoring of the results of audits and on-site reviews, the Council may not have sufficient information to evaluate the risks of noncompliance associated with a subrecipient.

Questioned Costs: None.

Perspective: The Council did perform monitoring activities related to the use of funds by subrecipients; however, not all controls required for subrecipient monitoring to comply with 2 CFR section 200.331 and 200.332 were fully implemented for the fiscal year under audit. Required language was not included in two of the eight subrecipient awards tested. For one of these two contracts, the contract was originally funded with local share and applied to the Federal award only after the grantor modified the award to allow the Council to apply pre-award expenditures to the grant program.

Recommendation: The Council should review existing subrecipient agreements and amend any contracts that may be missing the required Uniform Guidance language. Management should ensure that future contracts use the template appropriate for the funding source (Federal, state or non-grant funded). To ensure compliance with the requirements for subrecipient monitoring, the Council should establish processes to (1) review and reports required by the subrecipient contract; (2) document the Council's follow-up on action taken by the subrecipient on any deficiencies detected through audits, on-site reviews or other means; and (3) issue a management decision for audit findings pertaining to the Federal award provided to the subrecipient.

Management Response: *The timing of the federal award received from the EPA and the allocation of funds to certain projects approved in the workplan, resulted in several projects that had been completed and were originally funded through other revenue sources such as state license plate funds. The award time frame positioned these projects to be considered allowable pre-award expenses, however due to the timing of completion and award issuance, the agreements could not be amended to add the required federal subrecipient Uniform Guidance Language.*

The IRL Council will establish the following controls and implement actions to ensure subrecipient compliance:

- *Review all projects and activities currently allocated and funded by federal sources to ensure the Uniform Guidance Language is in place with their respective agreements. For any agreement still in force, language will be amended immediately. For any agreement completed, the subrecipient*

shall be notified of the source of funds including the federal award identifier and amount of funding pertaining to that agreement to allow for subrecipient audit compliance.

- *All future subrecipient agreements funded by federal sources will not be executed until the respective federal award is in place and the Uniform Guidance Language is included.*
- *All future and amended federally funded agreements will include language requesting audit reports and any finding with respect to the expenditure of federal funds.*
- *The IRL Council will issue a written decision for audit findings pertaining to the Federal award provided to the subrecipient.*

Section IV-Prior Findings and Questioned Costs for Federal Awards

No prior year findings were reported.

IRL Council
Schedule of Expenditures of Federal Awards and Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

Federal Agency, Pass-through Entity, Federal Program	Assistance Listing	Grant/ Contract No.	Federal Expenditures	Transfers to Subrecipients
U.S. Environmental Protection Agency				
Direct programs:				
National Estuary Program	66.456	CE-00D90119	$ 737,248	$ 343,244
National Estuary Program-BIL Funds	66.456	4T-02D39922	832,199	832,199
Total Expenditures of Federal Awards			**$ 1,569,447**	**$ 1,175,443**

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal activity of IRL Council under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of IRL Council, it is not intended to and does not present the financial position, changes in net assets, or cash flows of IRL Council.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. IRL Council elected not to use the 10-percent de minimus indirect cost rate allowed under Uniform Guidance. Additionally, IRL Council did not receive any noncash assistance, federal loans, or federally funded insurance during the year ended September 30, 2023.

NOTE 3: PRE-AWARD COSTS

Expenditures reported on the Schedule for contract number 4T-02D39922 for the year ended September 30, 2023 include $300,000 of pre-award costs incurred during fiscal year September 30, 2022 that we subsequently allowed by the grantor to be claimed as eligible costs under this award.

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Board of Directors
IRL Council
Sebastian, Florida

Report on the Financial Statements

We have audited the financial statements of IRL Council, as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated August 7, 2024.

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 the Independent Accountant's 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 August 7, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Finding number 2022-001, Revenue Recognition, was resolved and closed in the current fiscal year.

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 name or official title and legal authority for IRL Council is disclosed in Note 1 to the financial statements. IRL Council has no component units.

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

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

Special District Component Units

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

Specific Information

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

a. Total number of Council employees compensated in the last pay period of the Council's fiscal year	**8**
b. Total number of independent contractors to whom nonemployee compensation was paid in the last month of the Council's fiscal year	**0**
c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency	**$553,826**
d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency	**$ 0**
e. Each construction project with a total cost of at least $65,000 approved by the Council that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project	**None**

f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes before the beginning of the fiscal year being reported if the Council amends a final adopted budget under Section 189.016(6), Florida Statutes as follows: **See page 43**

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, IRL Council had not imposed any ad valorem taxes.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)8, Rules of the Auditor General, IRL Council had not imposed any non-ad valorem special assessments.

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, 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.

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

Melbourne, Florida
August 7, 2024

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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

To the Board of Directors
IRL Council
Sebastian, Florida

We have examined IRL Council's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2023. Management of IRL Council is responsible for IRL Council's compliance with the specified requirements. Our responsibility is to express an opinion on IRL Council'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 IRL Council complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether IRL Council 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 obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

In our opinion, IRL Council complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2023.

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.

Melbourne, Florida
August 7, 2024