

EMERALD COAST REGIONAL COUNCIL

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

**EMERALD COAST REGIONAL COUNCIL
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SEPTEMBER 30, 2023 AND 2022**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Emerald Coast Regional Council

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of the Emerald Coast Regional Council (the Council), as of and for the years ended September 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the 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 general fund of the Council as of September 30, 2023 and 2022, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the 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, the budgetary comparison information for the general fund, and the schedules related to pension liabilities and contributions, 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 the Council's basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, *Rules of the Florida Auditor General*, 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 and state financial assistance 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 May 31, 2024, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the Council's internal control over financial reporting and compliance.

Warren Averett, LLC

Fort Walton Beach, Florida
May 31, 2024

**EMERALD COAST REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023 AND 2022**

As management of the Emerald Coast Regional Council (the Council), our discussion and analysis of the Council's financial performance provides an overview of the Council's financial activities for the fiscal year ended September 30, 2023. It should be read in conjunction with the Council's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Council's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$1,699,566 (net position) and represents a decrease of \$142,707 from the prior year.
- Program revenues consist of various grants and contributions as well as membership dues paid by each of the participating counties, municipalities and other special districts. Total program revenues recognized during the year ended September 30, 2023, were \$5,496,285.
- The Council's governmental fund (the general fund) reported an ending fund balance of \$3,804,525, which represents an increase of \$315,266 from the prior year. Ending fund balance of \$3,739,034 is available for spending at the discretion of the Board of Directors. Unassigned fund balances represent 72% of the total operating expenditures for the Council's general fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

The focus of the financial statements is on both the Council as a whole (government-wide), and on the major individual fund. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year-to-year, government-to-government), and enhance the Council's accountability.

This discussion and analysis intends to serve as an introduction to the Council's basic financial statements. The Council's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

Designed to be corporate-like, the government-wide financial statements consolidate governmental and business-type activities into two columns, which add to a total for primary government. This provides readers with a broad overview of the Council's finances, in a manner similar to a private-sector business.

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

**EMERALD COAST REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023 AND 2022**

The statement of activities presents information showing how the government'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 flow in future fiscal periods. Found on pages 11-13 of this report are the basic government-wide financial statements.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The only fund reported by the Council is the general fund, which is classified as a governmental 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 requirements. Found on pages 14-17 of this report are the basic governmental fund financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information, which is essential to the full understanding of the data provided in the government-wide and fund financial statements. Beginning on page 18 of this report are the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As previously noted, net position may serve over time as a useful indicator of a government's financial position. In the case of the Council, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,699,566 (net position) as of September 30, 2023, as reported in Table 1.

**EMERALD COAST REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023 AND 2022**

**TABLE 1
EMERALD COAST REGIONAL COUNCIL
STATEMENTS OF NET POSITION
AS OF SEPTEMBER 30**

	Governmental Activities		
	2023	2022	2021
Current and other assets	\$ 4,427,947	\$ 3,938,492	\$ 3,819,574
Capital assets	585,185	737,804	893,086
Total assets	5,013,132	4,676,296	4,712,660
Deferred outflows related to pensions	461,634	577,221	610,382
Deferred outflows related to OPEB	10,940	11,007	12,587
Total deferred outflow of resources	472,574	588,228	622,969
Long-term liabilities outstanding	2,795,716	2,654,624	1,870,787
Other liabilities	756,181	577,044	758,657
Total liabilities	3,551,897	3,231,668	2,629,444
Deferred inflows related to pensions	222,433	176,545	1,024,599
Deferred inflows related to OPEB	11,810	14,038	14,810
Total deferred inflow of resources	234,243	190,583	1,039,409
Net position			
Net investment in capital assets	(14,633)	10,175	57,527
Unrestricted	1,714,199	1,832,098	1,609,249
Total net position	\$ 1,699,566	\$ 1,842,273	\$ 1,666,776

**EMERALD COAST REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023 AND 2022**

The overall decrease in the Council's net position was \$142,707 during fiscal year 2023. Reported in Table 2 are the key elements of the change in net position.

**TABLE 2
EMERALD COAST REGIONAL COUNCIL
CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30**

	Governmental Activities		
	2023	2022	2021
REVENUES			
Program revenues			
Charges for services	\$ 163,393	\$ 152,486	\$ 140,839
Operating grants and contributions	5,332,892	4,020,839	4,775,598
General revenues			
Gain on sale of assets	8,000	-	170,563
Other revenue	1,629	11,106	1,260
TOTAL REVENUES	5,505,914	4,184,431	5,088,260
EXPENSES			
General government			
Project management	3,403,070	2,789,827	2,584,407
Contracted services	1,509,399	516,286	1,129,599
Other direct expenses	725,278	674,693	783,093
Debt service interest	10,874	28,128	19,729
TOTAL EXPENSES	5,648,621	4,008,934	4,516,828
CHANGE IN NET POSITION	(142,707)	175,497	571,432
NET POSITION, BEGINNING	1,842,273	1,666,776	1,095,344
NET POSITION, ENDING	\$ 1,699,566	\$ 1,842,273	\$ 1,666,776

**EMERALD COAST REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023 AND 2022**

FINANCIAL IMPACTS

Normal Impacts

There are six basic impacts on the Council's revenues and expenses as reflected below:

Revenues

- Economic Condition: This can reflect a declining, stable or growing economic environment.
- Approved Rate Adjustments: While certain rates are set by statute, the Board of Directors has significant authority to impose and periodically adjust rates (i.e., membership dues).
- Changing Patterns in Intergovernmental Revenue (both recurring and nonrecurring): Certain recurring grant revenues may experience significant changes periodically while nonrecurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.

Expenses

- Introduction of New Programs: Within functional expense categories, individual programs may be added or deleted to meet changing needs of the Council's members.
- Authorized Position Adjustments: Changes in service demand may cause the Council to change authorized staffing.
- Salary Adjustments: The ability to attract and retain human and intellectual resources requires the Council to strive to approach a competitive salary range position in the marketplace.
- Inflation: While overall inflation appears to be reasonably modest, the Council contracts for a significant portion of its planning, engineering and other professional services. Some fluctuations may result as the result of inflationary pressure on labor costs.

Current Year Impacts – Governmental Activities

- Operating grants and contributions increased by \$1,312,053, or 33%. This increase is primarily attributable to a new nonrecurring federal grant award for planning and design of a regional traffic management center.
- General government expenses increased by \$1,656,941 or 42%, due to an increase in contracted services for planning and engineering related services for grant awards. Contract service expenses tend to fluctuate from year-to-year based on the nature and timing of incurring expenditures funded with grant awards.

**EMERALD COAST REGIONAL COUNCIL
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023 AND 2022**

FINANCIAL ANALYSIS OF THE GENERAL FUND

As previously noted, the Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus on 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 government’s net resources available for spending at the end of the fiscal year.

As of September 30, 2023, the Council’s general fund reported an ending fund balance of \$3,804,525, which represents an increase of \$315,266 in comparison with the prior year. Ending fund balance of \$3,739,034 (or 98%) is unassigned, which is available for spending at the discretion of the Board of Directors. As a measure of the general fund’s liquidity, it may be useful to compare unassigned fund balance to total expenditures. Unassigned fund balance represents 72% of the total general fund expenditures; or approximately 9 months of expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

- Intergovernmental revenues fell short of budgetary expectations by \$1,736,127 (or 25%), primarily due to delays in the commencement of planned grant projects.
- General government expenditures fell short of budgetary expectations by \$2,181,535 (or 30%), primarily due to the timing of expenditures incurred for planned grant projects.

CAPITAL ASSETS

The Council’s investment in capital assets for its governmental activities as of September 30, 2023, was \$585,185 (net of accumulated depreciation). This investment in capital assets includes right-of-use assets, office equipment and vehicles. The Council’s investment in capital assets decreased by \$152,619 (or 21%) during the current fiscal year, which is summarized in Table 3 below.

**TABLE 3
EMERALD COAST REGIONAL COUNCIL
CAPITAL ASSETS
(NET OF DEPRECIATION)
AS OF SEPTEMBER 30**

	Governmental Activities		
	2023	2022	2021
Right-of-use assets	\$ 568,005	\$ 701,652	\$ 835,559
Vehicles	17,180	61,147	57,527
	\$ 585,185	\$ 737,804	\$ 893,086

**EMERALD COAST REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023 AND 2022**

LONG-TERM DEBT

The Council's long-term debt for its governmental activities as of September 30, 2023, was \$599,818. All of the Council's debt was comprised of lease obligations related to office space in Pensacola. The Council's long-term debt decreased by \$127,811 (or 18%) during the current fiscal year, which is summarized in Table 4 below.

**TABLE 4
EMERALD COAST REGIONAL COUNCIL
LONG-TERM DEBT
AS OF SEPTEMBER 30**

	Governmental Activities		
	2023	2022	2021
Lease obligations payable	\$ 599,818	\$ 727,629	\$ 835,559

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The fiscal year 2024 budget adopted by the Board of Directors is \$1,410,611 (or 20%) larger than the adopted budget for fiscal year 2023. The most significant cause of this increase is an increase in award funding for a regional traffic management center and a military installation resilience review.

In addition, the Consumer Price Index (CPI) is 4% higher than a year ago for the Southern Region. This indicator is widely used to gauge inflation and translates into a higher cost of providing services to members.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Council's finances local member governments. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Emerald Coast Regional Council, 418 East Gregory Street, Suite 100, Pensacola, Florida 32502. The Council's website address is www.ecrc.org.

**EMERALD COAST REGIONAL COUNCIL
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2023 AND 2022**

	Governmental Activities	
	2023	2022
ASSETS		
Cash and cash equivalents	\$ 2,791,102	\$ 2,735,843
Receivables	710	974
Due from other governments	1,570,644	1,142,032
Prepaid items	65,491	59,643
Capital assets		
Depreciable, net	585,185	737,804
TOTAL ASSETS	5,013,132	4,676,296
DEFERRED OUTFLOWS OF RESOURCES	472,574	588,228
LIABILITIES		
Accounts payable	337,939	82,442
Accrued liabilities	93,991	90,008
Unearned revenues	191,492	276,783
Noncurrent liabilities:		
Due within one year		
Lease obligations payable	132,759	127,811
Due in more than one year		
Lease obligations payable	467,059	599,818
Compensated absences	167,147	147,417
Net pension liability	2,140,514	1,889,060
Total OPEB liability	20,996	18,329
TOTAL LIABILITIES	3,551,897	3,231,668
DEFERRED INFLOWS OF RESOURCES	234,243	190,583
NET POSITION		
Net investment in capital assets	(14,633)	10,175
Unrestricted	1,714,199	1,832,098
TOTAL NET POSITION	\$ 1,699,566	\$ 1,842,273

See notes to the financial statements.

**EMERALD COAST REGIONAL COUNCIL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Function/Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Government Activities					
General government	\$ 5,637,747	\$ 163,393	\$ 5,332,892	\$ -	\$ (141,462)
Debt service interest	10,874	-	-	-	(10,874)
Total	<u>\$ 5,648,621</u>	<u>\$ 163,393</u>	<u>\$ 5,332,892</u>	<u>\$ -</u>	<u>(152,336)</u>
General Revenues					
Gain on sale of capital assets					8,000
Miscellaneous					1,629
Total general revenues					<u>9,629</u>
CHANGE IN NET POSITION					(142,707)
NET POSITION AT BEGINNING OF YEAR					<u>1,842,273</u>
NET POSITION AT END OF YEAR					<u>\$ 1,699,566</u>

See notes to the financial statements.

**EMERALD COAST REGIONAL COUNCIL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Function/Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Government Activities					
General government	\$ 3,980,806	\$ 152,486	\$ 4,020,839	\$ -	\$ 192,519
Debt service interest	28,128	-	-	-	(28,128)
Total	\$ 4,008,934	\$ 152,486	\$ 4,020,839	\$ -	164,391
 General Revenues					
Miscellaneous					11,106
					CHANGE IN NET POSITION
					175,497
					NET POSITION AT BEGINNING OF YEAR
					1,666,776
					NET POSITION AT END OF YEAR
					\$ 1,842,273

See notes to the financial statements.

**EMERALD COAST REGIONAL COUNCIL
GOVERNMENTAL FUND
BALANCE SHEETS
SEPTEMBER 30, 2023 AND 2022**

	General Fund	
	2023	2022
ASSETS		
Cash and cash equivalents	\$ 2,791,102	\$ 2,735,843
Receivables	710	974
Due from other governments	1,570,644	1,142,032
Prepaid items	65,491	59,643
TOTAL ASSETS	\$ 4,427,947	\$ 3,938,492
LIABILITIES		
Accounts payable	\$ 337,939	\$ 82,442
Accrued liabilities	93,991	90,008
Unearned revenues	191,492	276,783
Total liabilities	623,422	449,233
FUND BALANCE		
Nonspendable	65,491	59,643
Unassigned	3,739,034	3,429,616
Total fund balance	3,804,525	3,489,259
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 4,427,947	\$ 3,938,492

See notes to the financial statements.

**EMERALD COAST REGIONAL COUNCIL
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEETS
TO THE STATEMENTS OF NET POSITION
SEPTEMBER 30, 2023 AND 2022**

	2023	2022	
Fund balance, total governmental fund	\$ 3,804,525	\$ 3,489,259	
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>			
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund.</p>			
Governmental depreciable assets	\$ 1,253,005	\$ 1,278,000	
Less accumulated depreciation	(667,820)	(540,196)	
	585,185	737,804	
<p>Deferred inflows of resources and deferred outflows of resources related to pensions and OPEB are not available/receivable or due/payable, respectively, in the current period and therefore are not reported in the governmental fund.</p>			
Deferred outflows of resources related to pensions	461,634	577,221	
Deferred inflows of resources related to pensions	(222,433)	(176,545)	
Deferred outflows of resources related to OPEB	10,940	11,007	
Deferred inflows of resources related to OPEB	(11,810)	(14,038)	
	238,331	397,645	
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund.</p>			
Leases payable	(599,818)	(727,629)	
Compensated absences	(167,147)	(147,417)	
Total OPEB liability	(20,996)	(18,329)	
Net pension liability	(2,140,514)	(1,889,060)	
	(2,928,475)	(2,782,435)	
Net position of governmental activities	\$ 1,699,566	\$ 1,842,273	

See notes to the financial statements.

**EMERALD COAST REGIONAL COUNCIL
GOVERNMENTAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	General Fund	
	2023	2022
REVENUES		
Intergovernmental:		
Federal and state grants	\$ 5,055,256	\$ 3,884,518
Local and private grants	277,636	136,321
Charges for services	163,393	152,486
Miscellaneous	9,629	11,106
Total revenues	<u>5,505,914</u>	<u>4,184,431</u>
EXPENDITURES		
Current		
General government:		
Project management	2,969,905	2,692,264
Contracted services	1,509,399	516,286
Other direct expenditures	572,659	519,411
Debt service:		
Principal	127,811	107,930
Interest	10,874	28,128
Total expenditures	<u>5,190,648</u>	<u>3,864,019</u>
NET CHANGE IN FUND BALANCE	315,266	320,412
FUND BALANCE AT BEGINNING OF YEAR	3,489,259	3,168,847
FUND BALANCE AT END OF YEAR	<u>\$ 3,804,525</u>	<u>\$ 3,489,259</u>

See notes to the financial statements.

**EMERALD COAST REGIONAL COUNCIL
RECONCILIATION OF THE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	2023	2022
Net change in fund balance – governmental fund	\$ 315,266	\$ 320,412
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 depreciated over their estimated useful lives.		
Depreciation and amortization expense	(152,619)	(155,282)
Governmental funds do not report capital assets on the balance sheet; however, they are reported on the government-wide financial statements. Accordingly, proceeds received for disposals of capital assets are shown as income in the governmental financial statements and a gain or loss is reported in the statement of activities.		
Disposals of capital assets	(24,995)	(79,670)
Accumulated depreciation associated with disposals	24,995	79,670
	-	-
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Principal payments on lease liabilities	127,811	107,930
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Change in net pension liability and related deferred outflows and inflows	(412,929)	(82,265)
Change in total OPEB liability and related deferred outflows and inflows	(506)	(36)
Change in compensated absences	(19,730)	(15,262)
	(433,165)	(97,563)
Change in net position of governmental activities	\$ (142,707)	\$ 175,497

See notes to the financial statements.

**EMERALD COAST REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

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

Description of the Council

The Emerald Coast Regional Council (the Council) was established in 1964 as the Pensacola-Escambia County Regional Planning Agency, which was later renamed the West Florida Regional Planning Council. The Council has been expressly designated as a regional planning council by the State Legislature and operates under the provisions of Chapters 163 and 186, Florida Statutes. Since its inception, the Council's service area has grown to encompass seven counties in northwest Florida, and their municipalities. The Council's primary purpose is to coordinate comprehensive planning activities for its member counties and municipalities by identifying problems and assisting with implementation of solutions.

The Council has no taxing authority and relies on annual dues from member counties and municipalities in addition to grant funding from various federal, state and local agencies to finance its operations. The Council's governing board is composed of directors appointed by the Governor of the State of Florida and representatives of member counties and municipalities.

The financial statements of the Council have been prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America applicable to governmental units and the Uniform Accounting System mandated by Chapter 218.33, Florida Statutes. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

The Reporting Entity

In evaluating the Council as a reporting entity, management has considered all potential component units for which the Council may or may not be financially accountable and, as such, be included within the Council's financial statements. The decision to include, or exclude, a potential component unit in the reporting entity was made by applying the criteria set forth in the GASB literature. The basic, but not the only criterion, for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the Council and/or its members, or whether the activity is conducted within the geographic boundaries of the Council and is generally available to its members. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Council is able to exercise oversight responsibilities.

Based upon the application of these criteria, the Council has not identified any component units that are required to be presented in the Council's financial statements.

**EMERALD COAST REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

Government-Wide and Fund Financial Statements

Government-wide financial statements, including the statement of net position and statement of activities, present information about the Council as a whole. Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Council's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are thereby clearly identifiable to a particular function.

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

The statement of activities shows the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly related to a specific function or segment. *Program revenue* consists of contributions that are restricted to meeting specific requirements of a particular function or segment.

Measurement Focus and Basis of Accounting

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first and then unrestricted resources, as they are needed.

Fund financial statements are used to account for the general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Council considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences and claims, and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

**EMERALD COAST REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

Basis of Presentation

The financial transactions of the Council are recorded in individual funds. Each fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The Council reports the following major governmental fund:

- *General Fund* - Council's primary operating fund. This fund accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Cash and Cash Equivalents

The Council considers cash on hand, demand deposits, certificates of deposit and short-term investments purchased within three months of maturity to be cash and cash equivalents.

Deposits and Investments

Section 218.415, Florida Statutes, requires the investment of surplus public funds and prescribes the instruments in which those investments are authorized. Specifically allowable investments include The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the *Florida Interlocal Cooperation Act of 1969*; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits or savings accounts at *Qualified Public Depositories*; and direct obligations of the U.S. Treasury. The Council adheres strictly to the provisions of those cited statutes, as well as with Chapter 280, Florida Statutes, which require the Council to maintain deposits only with *Qualified Public Depositories*.

Receivables

Substantially all the Council's receivables are comprised of reimbursements due from federal, state and local grant funding agencies for qualified grant expenditures. Historically, amounts due from these government agencies have been fully collectible. Accordingly, no provision has been made for uncollectible accounts.

Prepaid Items

Payments to vendors that benefit future reporting periods are recorded as prepaid items. These items are similarly reported in government-wide and fund financial statements.

Capital Assets

Capital assets, which include right-of-use assets under lease, equipment and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the Council as assets with an initial cost of more than \$5,000 and an estimated useful life longer than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated acquisition value on the date of donation.

**EMERALD COAST REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the estimated useful lives of the asset ranging from three to seven years.

Unearned Revenues

The Council receives cash from certain grant funding agencies before qualifying expenditures are incurred. Unearned revenues represent unspent grant proceeds that will be recognized as revenue in future periods when the eligibility requirements have been substantially met. The Council's grant agreements do not require unspent funds to be held in a separate bank account and since the revenue is not earned, it is not a component of net position at either the fund or government-wide level. The terms of the grant require the funds to be expended by specific dates, and unspent grant funds are not typically considered restricted assets of the governmental unit. Therefore, the Council has not reported the unspent proceeds as restricted assets as of September 30, 2023.

Compensated Absences

It is the Council's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the Council does not have a policy to pay any amounts when employees separate from service with the Council. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

The Council's policy for annual leave is that regular full-time employees accrue vacation leave benefits at varying rates based on employee service time up to a maximum of 200 hours. Upon separation from service, employees are compensated for up to 160 hours of accrued vacation leave. The estimated liabilities include salary-related payments. In the government-wide financial statements, compensated absences (i.e., paid absences for employee vacation and sick leave) are recorded as liabilities to the extent that it is probable that the benefits will result in termination payments. A liability is reported in the governmental fund financial statements only for the current portion of compensated absences expected to be paid using expendable available resources.

Other Post-Employment Benefits (OPEB) Liability

For the purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms.

The Council has implemented GASB Statement No. 75, *Accounting and Reporting for Postemployment Benefits Other Than Pensions*, and reported a total OPEB liability of \$20,996, deferred outflows of resources of \$10,940, and deferred inflows of resources of \$11,810, as of September 30, 2023. The Council reported a total OPEB liability of \$18,329, deferred outflows of resources of \$11,007, and deferred inflows of resources of \$14,038, as of September 30, 2022. These amounts have been recognized in the government-wide financial statements. Due to the insignificant amounts involved, management has elected not to provide the detailed footnotes or required supplementary information as required by GASB guidance.

**EMERALD COAST REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement Systems (FRS) and Health Insurance Subsidy (HIS) plans (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by FRS. Investments are reported at fair value.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

In the governmental fund financial statements, the face amount of debt issued is included in other financing sources for the current period. Issuance costs, principal repayments, and interest are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Council reports deferred outflows of resources of pension and OPEB-related items. See Note 6 for additional information on the Council's deferred outflows of resources related to pensions.

In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Council reports deferred outflows of resources of pension and OPEB-related items. See Note 6 for additional information on the Council's deferred inflows of resources related to pensions.

Classification of Fund Balance

GASB establishes fund balance classifications using a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications are comprised of the following:

- *Nonspendable* – includes amounts that are (1) not in spendable form, or (2) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash (i.e., inventories, deposits and prepaid items).
- *Restricted* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- *Committed* – includes amounts that can only be used for the specific purposes determined by a formal action, Resolution, of the Council's highest level of decision-making authority, the Board of Directors. Commitments may be changed or lifted only by taking the same formal action that imposed the constraint originally, which is a Resolution.

**EMERALD COAST REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
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- *Assigned* – includes amounts intended to be used by the Council for specific purposes that are neither restricted nor committed. Intent is expressed by the Board of Directors to assign amounts to be used for specific purposes.
- *Unassigned* – is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

Net Position

Net position in the government-wide financial statements is categorized as either net investment in capital assets, restricted, or unrestricted. The net investment in capital assets represents net position related to property, plant and equipment, net of any related debt. Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year presentation. Such reclassifications have no effect on total fund balance or net position previously reported.

Subsequent Events

The Council has evaluated events and transactions that occurred between September 30, 2023, and May 31, 2024, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

**EMERALD COAST REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

2. DEPOSITS

The investment of surplus funds is governed by provisions of Section 218.415, Florida Statutes, as to the type of investments that can be made. Deposits may be exposed to custodial credit risk, which is the risk that, in the event of a bank failure, the government's deposits may not be returned. The Council maintains its deposits only with *Qualified Public Depositories*, as defined in Chapter 280, Florida Statutes. The provisions of this statute allow *Qualified Public Depositories* to participate in a multiple financial institution collateral pool to ensure the security for public deposits. All *Qualified Public Depositories* must place with (or in the name of) the Chief Financial Officer of the State of Florida, collateral in the amount of the average daily balance of public deposits multiplied by the average monthly balance of public deposits or 125 percent of the average daily balance of public deposits greater than capital. In the event of default by a *Qualified Public Depository*, excess losses over insurance and collateral will be recovered through assessments to all *Qualified Public Depositories* of the same type as the depository in default. Under this method, all Council deposits are considered fully insured.

As of September 30, 2023 and 2022, the value of the Council's deposits were \$2,791,072 and \$2,755,828, respectively. All deposits were held by *Qualified Public Depositories* under Florida Statutes.

3. RECEIVABLES

The Council's receivables and amounts due from other governments on September 30, 2023 and 2022, were summarized as follows:

	General Fund	
	2023	2022
Receivables		
Employee receivables	\$ 710	\$ 710
Other receivables	-	264
Total receivables	\$ 710	\$ 974
Due from other governments		
Due from federal grant agencies	\$ 1,107,471	\$ 818,609
Due from state grant agencies	353,585	265,676
Due from local government agencies	109,588	57,747
Total due from other governments	\$ 1,570,644	\$ 1,142,032

**EMERALD COAST REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments/ Transfers</u>	<u>Ending Balance</u>
Governmental activities					
Capital assets being depreciated					
Right-of-use assets	\$ 968,949	\$ -	\$ -	\$ -	\$ 968,949
Equipment	125,112	-	-	-	125,112
Vehicles	183,939	-	(24,995)	-	158,944
Total capital assets being depreciated	<u>1,278,000</u>	<u>-</u>	<u>(24,995)</u>	<u>-</u>	<u>1,253,005</u>
Less accumulated depreciation					
Right-of-use assets	(267,297)	(133,647)	-	-	(400,944)
Equipment	(150,107)	-	24,995	-	(125,112)
Vehicles	(122,792)	(18,972)	-	-	(141,764)
Total accumulated depreciation	<u>(540,196)</u>	<u>(152,619)</u>	<u>24,995</u>	<u>-</u>	<u>(667,820)</u>
Total capital assets being depreciated, net	<u>737,804</u>	<u>(152,619)</u>	<u>-</u>	<u>-</u>	<u>585,185</u>
Governmental activities, net	<u><u>\$ 737,804</u></u>	<u><u>\$ (152,619)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 585,185</u></u>

Capital asset activity for the year ended September 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments/ Transfers</u>	<u>Ending Balance</u>
Governmental activities					
Capital assets being depreciated					
Right-of-use assets	968,949	-	-	-	968,949
Equipment	229,777	-	(79,670)	(24,995)	125,112
Vehicles	158,944	-	-	24,995	183,939
Total capital assets being depreciated	<u>1,357,670</u>	<u>-</u>	<u>(79,670)</u>	<u>-</u>	<u>1,278,000</u>
Less accumulated depreciation					
Right-of-use assets	(133,390)	(133,907)	-	-	(267,297)
Equipment	(229,777)	-	79,670	-	(150,107)
Vehicles	(101,417)	(21,375)	-	-	(122,792)
Total accumulated depreciation	<u>(464,584)</u>	<u>(155,282)</u>	<u>79,670</u>	<u>-</u>	<u>(540,196)</u>
Total capital assets being depreciated, net	<u>893,086</u>	<u>(155,282)</u>	<u>-</u>	<u>-</u>	<u>737,804</u>
Governmental activities, net	<u><u>\$ 893,086</u></u>	<u><u>\$ (155,282)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 737,804</u></u>

**EMERALD COAST REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
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Amortization of right-of-use assets is included with depreciation expense in the financial statements. Depreciation and amortization expense was as follows:

	2023	2022
Governmental activities		
General government	\$ 152,619	\$ 155,282

5. LONG-TERM LIABILITIES

Changes in Long-Term Debt Liabilities

The following is a summary of changes in long-term debt liabilities of the Council for the year ended September 30, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Within One Year
Governmental activities					
<i>Other debt</i>					
Office building lease	\$ 727,629	\$ -	\$ (127,811)	\$ 599,818	\$ 132,759
Compensated absences	147,417	141,648	(121,918)	167,147	-
Total governmental activities	\$ 875,046	\$ 141,648	\$ (249,729)	\$ 766,965	\$ 132,759

The following is a summary of changes in long-term debt liabilities of the Council for the year ended September 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Within One Year
Governmental activities					
<i>Other debt</i>					
Office building lease	835,559	-	(107,930)	727,629	127,811
Compensated absences	132,155	112,092	(96,830)	147,417	-
Total governmental activities	\$ 967,714	\$ 112,092	\$ (204,760)	\$ 875,046	\$ 127,811

**EMERALD COAST REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

Description of Long-Term Debt Outstanding

Governmental Activities – Other Debt

The Council has acquired the right to use space in an office building through a lease with an unrelated party. Effective October 1, 2020, the Council implemented the provisions of GASB Statement No. 87, *Leases*. Under the new provisions of GASB Statement No. 87, the Council is a lessee of a space in a building that serves as its main administrative office in Pensacola, Florida. The Council’s lease liability is measured at the present value of lease payments expected to be remitted during the lease term, including options reasonably certain to be exercised. As of September 30, 2023, the remaining lease term is 4.3 years, and the discount rate used to calculate the present value of the lease payments was 1.67%, which is the Council’s estimated incremental borrowing rate on the implementation date. The carrying value of the right-of-use (ROU) asset and the related accumulated amortization can be found in Note 4. In the event of default (nonpayment), the lender may terminate the lease agreement and repossess the leased premises. The lease does not contain any subjective acceleration clauses.

Annual Requirements to Amortize Debt Outstanding

The annual requirements to amortize all debt outstanding except accrued and annual leave, as of September 30, 2023, were as follows:

Fiscal Year Ending	Lease Obligations	
	Principal	Interest
2024	\$ 132,759	\$ 8,795
2025	137,846	6,539
2026	143,075	4,198
2027	148,451	1,768
2028	37,687	53
	\$ 599,818	\$ 21,353

6. DEFINED BENEFIT PENSION PLANS – FLORIDA RETIREMENT SYSTEM

All employees hired after October 2005 (October 2004 for police officers) are eligible to participate in the Florida Retirement System (FRS). Employees hired prior to October 2005 (October 2004 for police officers) have the option of participating in either the deferred compensation plan or FRS. As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (Pension Plan) and the Retiree Health Insurance Subsidy (HIS Plan). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (Investment Plan) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (SBA).

**EMERALD COAST REGIONAL COUNCIL
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As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college or a participating Council or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

All employees hired after October 2005 are eligible to participate in the Florida Retirement System (FRS). Employees hired prior to October 2005 have the option of participating in either the deferred compensation plan or FRS. As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (Pension Plan) and the Retiree Health Insurance Subsidy (HIS Plan). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (Investment Plan) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (SBA). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college or a participating Council or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Research and Education Section, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the website: www.dms.myflorida.com/workforce_operations/retirement/publications.

Pension Plan

Plan Description

The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees.

Benefits Provided

Benefits under the Pension Plan are computed on the basis of age, average final compensation and service credit.

- *Regular Class* members enrolled before July 1, 2011, who retire at or after age 62 with at least six years of credited service, or 30 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 1.60% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits.

**EMERALD COAST REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

- *Senior Management Service Class* members enrolled before July 1, 2011, who retire at or after age 62 with at least six years of credited service, or 30 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service.

For Pension Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all the above classes of members and the normal retirement age has been increased to age 65, or 33 years of service regardless of age, for Regular, Senior Management Service, and Elected Officers' Class members. Also, the final average compensation for all these members is based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member was initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3.0% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3.0% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3.0%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with an FRS employer for a period not to exceed 60 months after electing to participate. The 60-month maximum employment period for DROP members was extended to 96 months effective June 5, 2023. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute 3.0% of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for each of the prior three years are as follows.

	2023	2022	2021
Regular Class	13.57%	11.91%	10.82%
Senior Management Class	34.52%	31.57%	29.01%
DROP	21.13%	18.60%	18.34%

**EMERALD COAST REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

These employer contribution rates include 1.66% for HIS Plan subsidies for the periods October 1, 2020 through June 30, 2023. Effective July 1, 2023, the HIS Plan subsidy increased to 2.00%. The Council's contributions, including employee contributions, to the plan totaled \$160,905, \$148,035, and \$138,946 for the fiscal years ended September 30, 2023, 2022 and 2021, respectively.

Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources

As of September 30, 2023, the Council reported a liability of \$1,253,141 for its proportionate share of the Pension Plan's net pension liability. The Council's proportionate share of the net pension liability was based on the Council's share of contributions to the FRS relative to the contributions of all participating governments. On June 30, 2023, the Council's proportionate share was 0.003144893%.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023.

For the fiscal year ended September 30, 2023, the Council recognized pension expense of \$260,953. In addition, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 117,659	\$ -
Change of assumptions	81,690	-
Net difference between projected and actual earnings on pension plan investments	52,335	-
Changes in proportion and differences between Council pension plan contributions and proportionate share of contributions	68,783	123,849
Council plan contributions subsequent to the measurement date	46,141	-
	<u>\$ 366,608</u>	<u>\$ 123,849</u>

**EMERALD COAST REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

A component of deferred outflows of resources related to the Pension Plan of \$46,141 resulting from Council contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other components reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending	Amount
<u>September 30:</u>	
2024	\$ 32,861
2025	(19,121)
2026	187,915
2027	(5,168)
2028	131
	<u>\$ 196,618</u>

As of September 30, 2022, the Council reported a liability of \$1,296,659 for its proportionate share of the Pension Plan's net pension liability. The Council's proportionate share of the net pension liability was based on the Council's share of contributions to the FRS relative to the contributions of all participating governments. On June 30, 2022, the Council's proportionate share was 0.003484891%.

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022.

For the fiscal year ended September 30, 2022, the Council recognized pension expense of \$206,198. In addition, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 61,584	\$ -
Change of assumptions	159,689	-
Net difference between projected and actual earnings on pension plan investments	85,618	-
Changes in proportion and differences between Council pension plan contributions and proportionate share of contributions	101,414	58,504
Council plan contributions subsequent to the measurement date	36,526	-
	<u>\$ 444,831</u>	<u>\$ 58,504</u>

**EMERALD COAST REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

A component of deferred outflows of resources related to the Pension Plan of \$36,526 resulting from Council contributions to the plan subsequent to the measurement date, was recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2023. Other components reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending	Amount
<u>September 30:</u>	
2023	\$ 93,845
2024	44,788
2025	(12,377)
2026	218,383
2027	5,162
	<u>\$ 349,801</u>

Actuarial Assumptions

The total pension liability in the July 1, 2023 and 2022, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation

Mortality rates used in calculating the total pension liability in the July 1, 2023 and 2022, actuarial valuations were based on the PUB-2010 table, projected generationally with a gender-specific Scale MP-2018.

The actuarial assumptions used in the July 1, 2023 and 2022, valuations were based on the results of a 2019 actuarial experience study for the period July 1, 2013, through June 30, 2018.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption.

**EMERALD COAST REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation⁽¹⁾	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.60%	2.60%	1.10%
Fixed income	19.80%	4.40%	4.40%	3.20%
Global equity	54.00%	8.80%	7.30%	17.80%
Private equity	11.10%	12.00%	8.90%	26.30%
Strategic investments	3.80%	6.20%	5.90%	7.80%
Real estate	<u>10.30%</u>	7.40%	6.30%	15.70%
Total	<u>100.00%</u>			
Assumed inflation – mean			2.40%	1.30%

⁽¹⁾ As outlined in the Pension Plan's investment policy

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2023 and 2022, was 6.70%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Net Pension Liability to the Changes in the Discount Rate

The following represents the Council's proportionate share of the net pension liability calculated using the discount rate of 6.70% as of June 30, 2023, as well as what the Council's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
Council's proportionate share of the net pension liability	\$ 2,140,619	\$ 1,253,141	\$ 510,658

**EMERALD COAST REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

The following represents the Council’s proportionate share of the net pension liability calculated using the discount rate of 6.70% as of June 30, 2022, as well as what the Council’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
Council's proportionate share of the net pension liability	\$ 2,242,483	\$ 1,296,659	\$ 505,838

Pension Plan Fiduciary Net Position

Detailed information regarding the Pension Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

HIS Plan

Plan Description

The HIS Plan is a cost-sharing, multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided

For the fiscal year ended September 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month through June 30, 2023. Effective July 1, 2023, the monthly benefits were increased to \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum payment of \$225 per month. To be eligible to receive these benefits, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. The HIS Plan contribution was 1.66% of gross compensation through June 30, 2023. Effective July 1, 2023, the contribution rate was increased to 2.00%. The Council contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

**EMERALD COAST REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

The Council's contributions to the HIS Plan totaled \$39,973, \$34,376, and \$33,671 for the fiscal years ended September 30, 2023, 2022 and 2021, respectively.

Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources

As of September 30, 2023, the Council reported a liability of \$887,373 for its proportionate share of the pension plan's net pension liability. The Council's proportionate share of the net pension liability was based on the Council's share of contributions to the HIS Plan relative to the contributions of all participating governments. On June 30, 2023, the Council's proportionate share was 0.005587525%.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022.

For the fiscal year ended September 30, 2023, the Council recognized pension expense of \$352,601. In addition, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,991	\$ 2,083
Change of assumptions	23,329	76,894
Net difference between projected and actual earnings on pension plan investments	458	-
Changes in proportion and differences between Council pension plan contributions and proportionate share of contributions	46,375	19,607
Council plan contributions subsequent to the measurement date	11,873	-
	<u>\$ 95,026</u>	<u>\$ 98,584</u>

**EMERALD COAST REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

A component of deferred outflows of resources related to the HIS Plan, totaling \$11,873 resulting from Council contributions to the plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other components reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending	Amount
<u>September 30:</u>	
2024	\$ 6,009
2025	4,634
2026	(1,879)
2027	(14,408)
2028	(9,156)
Thereafter	<u>(631)</u>
	<u><u>\$ (15,431)</u></u>

As of September 30, 2022, the Council reported a liability of \$592,401 for its proportionate share of the pension plan's net pension liability. The Council's proportionate share of the net pension liability was based on the Council's share of contributions to the HIS Plan relative to the contributions of all participating governments. On June 30, 2022, the Council's proportionate share was 0.005593122%.

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022.

For the fiscal year ended September 30, 2022, the Council recognized pension expense of \$77,971. In addition, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 17,981	\$ 2,607
Change of assumptions	33,957	91,644
Net difference between projected and actual earnings on pension plan investments	858	-
Changes in proportion and differences between Council pension plan contributions and proportionate share of contributions	70,688	23,790
Council plan contributions subsequent to the measurement date	<u>8,906</u>	<u>-</u>
	<u><u>\$ 132,390</u></u>	<u><u>\$ 118,041</u></u>

**EMERALD COAST REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

A component of deferred outflows of resources related to the HIS Plan, totaling \$8,906 resulting from Council contributions to the plan subsequent to the measurement date, was recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2023. Other components reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending	Amount
<u>September 30:</u>	
2023	\$ 9,668
2024	8,130
2025	6,757
2026	242
2027	(12,295)
Thereafter	<u>(7,059)</u>
	<u><u>\$ 5,443</u></u>

Actuarial Assumptions

The total pension liability measured as of June 30, 2023, was determined using the following actuarial assumptions:

Inflation		2.40%
Salary increases	3.25%, average, including inflation	
Investment rate of return		3.65%

The total pension liability measured as of June 30, 2022, was determined using the following actuarial assumptions:

Inflation		2.40%
Salary increases	3.25%, average, including inflation	
Investment rate of return		3.54%

Mortality rates used in calculating the total pension liability were based on the PUB-2010 table, projected generationally with a gender-specific Scale MP-2018. Because the HIS Plan is funded on a pay-as-you-go basis, no experience study has been completed for this plan. The actuarial assumptions used in the July 1, 2022, valuation were based on certain results of the most recent experience study for the FRS Pension Plan.

**EMERALD COAST REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2023, was 3.65%. The discount rate used to measure the total pension liability as of June 30, 2022, was 3.54%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Net Pension Liability to the Changes in the Discount Rate

The following represents the Council's proportionate share of the net pension liability calculated using the discount rate of 3.65% as of June 30, 2023, as well as what the Council's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Council's proportionate share of the net pension liability	\$ 1,012,355	\$ 887,373	\$ 783,772

The following represents the Council's proportionate share of the net pension liability calculated using the discount rate of 3.54% as of June 30, 2022, as well as what the Council's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Council's proportionate share of the net pension liability	\$ 677,755	\$ 592,401	\$ 521,772

Plan Fiduciary Net Position

Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

Pension Expense

For the fiscal years ended September 30, 2023 and 2022, the Council recognized aggregate pension expense of \$613,554 and \$264,708, respectively, on all defined benefit pension plans.

**EMERALD COAST REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

7. CONCENTRATIONS

A substantial portion of the Council’s revenues are derived from federal and state grants. The schedule below shows the portion of total revenues derived from each funding source that exceeded 10% of the Council’s total revenues for the year ended September 30, 2023.

<u>Source</u>	<u>Revenues</u>	<u>Percentage of Total Revenues</u>
U.S. Department of Transportation (USDOT)	\$ 3,096,812	56.2%
Florida Department of Transportation (FDOT)	682,196	12.4%
	<u>\$ 3,779,008</u>	<u>68.6%</u>

The schedule below shows the portion of total revenues derived from each funding source that exceeded 10% of the Council’s total revenues for the year ended September 30, 2022.

<u>Source</u>	<u>Revenues</u>	<u>Percentage of Total Revenues</u>
U.S. Department of Transportation (USDOT)	\$ 2,526,340	60.4%
Florida Department of Transportation (FDOT)	642,110	15.3%
	<u>\$ 3,168,450</u>	<u>75.7%</u>

8. 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; injuries to employees; and natural disasters. The Council purchases insurance through commercial carriers to mitigate the risk of loss. There has been no significant reduction in insurance coverage from the prior year. Commercial insurance coverage has been sufficient to cover all claims made in the prior three fiscal years.

9. COMMITMENTS AND CONTINGENCIES

Grants

Amounts received or receivable from the grantor agency is subject to audit and adjustment by the grantor agency. If expenditures are disallowed as a result of these audits, the claim for reimbursement to the grantor agency would become a liability of the Council. In the opinion of management, any such adjustments would not be significant, and therefore do not have a material adverse effect on the financial position of the Council.

**EMERALD COAST REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

Office Space Lease

In August 2023, the Council entered into a 5-year lease agreement for office space commencing November 1, 2023. The base rent stated in the contract is \$7,723 per month. The base rent will increase by 3% beginning in January 2024. Each January thereafter, the base rent will increase by 3% from the prior year's base rent. The leased premises will serve as the Council's administrative headquarters. The agreement meets the definition of a lease, but the lease term did not commence until after September 30, 2023. Therefore, the Council will recognize a right-of-use asset and related lease liability for this contract during the fiscal year ended September 30, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

**EMERALD COAST REGIONAL COUNCIL
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget – Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental:				
Federal and state grants	\$ 6,944,766	\$ 6,944,766	\$ 5,055,256	\$ (1,889,510)
Local and private grants	124,253	124,253	277,636	153,383
Charges for services	164,479	164,479	163,393	(1,086)
Miscellaneous	-	-	9,629	9,629
Total revenues	<u>7,233,498</u>	<u>7,233,498</u>	<u>5,505,914</u>	<u>(1,727,584)</u>
EXPENDITURES				
Current				
General government	7,233,498	7,233,498	5,051,963	2,181,535
Debt service	-	-	138,685	(138,685)
Total expenditures	<u>7,233,498</u>	<u>7,233,498</u>	<u>5,190,648</u>	<u>2,042,850</u>
NET CHANGE IN FUND BALANCE	-	-	315,266	315,266
FUND BALANCE AT BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>3,489,259</u>	<u>3,489,259</u>
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,804,525</u>	<u>\$ 3,804,525</u>

See notes to the required supplementary information.

**EMERALD COAST REGIONAL COUNCIL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

An annual appropriated budget is adopted for the general fund. The budget is adopted by the Board of Directors on a basis consistent with U.S. GAAP. The Board of Directors must approve any amendments to the budget. All appropriations lapse at fiscal year-end.

Budget amounts reflected in the supplementary budgetary comparison schedule include original budget amounts as well as final amounts, as amended by the Board of Directors. Comparisons are made of actual results to final budgeted appropriations. Under state statutes, the budget does not legally limit the general fund's expenditures.

**EMERALD COAST REGIONAL COUNCIL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY –
FLORIDA RETIREMENT SYSTEM
LAST TEN YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Council's proportion of the net pension liability	0.003144893%	0.003484891%	0.003745442%	0.003398588%	0.003254390%	0.003169769%	0.003001960%	0.002997262%	0.002495692%	0.002646981%
Council's proportionate share of the net pension liability (asset)	\$ 1,253,141	\$ 1,296,659	\$ 282,926	\$ 1,472,998	\$ 1,120,736	\$ 954,751	\$ 888,264	\$ 756,811	\$ 322,352	\$ 161,505
Council's covered payroll	\$ 2,214,217	\$ 2,038,735	\$ 2,046,506	\$ 1,812,349	\$ 1,777,952	\$ 1,659,398	\$ 1,525,542	\$ 1,368,675	\$ 821,506	\$ 798,795
Council's proportionate share of the net pension liability as a percentage of its covered payroll	56.60%	63.60%	13.82%	81.28%	63.04%	57.54%	58.23%	55.30%	39.24%	20.22%
Plan fiduciary net position as a percentage of the total pension liability	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

* The amounts presented for each fiscal year were determined as of June 30.

**EMERALD COAST REGIONAL COUNCIL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY –
HEALTH INSURANCE SUBSIDY
LAST TEN YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Council's proportion of the net pension liability	0.005587525%	0.005593122%	0.005779513%	0.005220747%	0.005315093%	0.005079433%	0.004785123%	0.004432571%	0.003567431%	0.003870756%
Council's proportionate share of the net pension liability (asset)	\$ 887,373	\$ 592,401	\$ 708,944	\$ 637,445	\$ 594,706	\$ 537,613	\$ 511,647	\$ 516,598	\$ 363,822	\$ 361,925
Council's covered payroll	\$ 2,214,217	\$ 2,038,735	\$ 2,046,506	\$ 1,812,349	\$ 1,777,952	\$ 1,659,398	\$ 1,525,542	\$ 1,368,675	\$ 821,506	\$ 798,795
Council's proportionate share of the net pension liability as a percentage of its covered payroll	40.08%	29.06%	34.64%	35.17%	33.45%	32.40%	33.54%	37.74%	44.29%	45.31%
Plan fiduciary net position as a percentage of the total pension liability	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

* The amounts presented for each fiscal year were determined as of June 30.

**EMERALD COAST REGIONAL COUNCIL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS –
FLORIDA RETIREMENT SYSTEM
LAST TEN YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 160,905	\$ 148,035	\$ 138,946	\$ 128,663	\$ 103,414	\$ 92,384	\$ 81,302	\$ 73,976	\$ 63,606	\$ 71,826
Contributions in relation to the contractually required contribution	<u>(160,905)</u>	<u>(148,035)</u>	<u>(138,946)</u>	<u>(128,663)</u>	<u>(103,414)</u>	<u>(92,384)</u>	<u>(81,302)</u>	<u>(73,976)</u>	<u>(63,606)</u>	<u>(71,826)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Council's covered payroll	\$ 2,271,361	\$ 2,070,843	\$ 2,028,373	\$ 1,935,422	\$ 1,779,458	\$ 1,683,373	\$ 1,557,892	\$ 1,395,723	\$ 943,795	\$ 991,084
Contributions as a percentage of covered payroll	7.08%	7.15%	6.85%	6.65%	5.81%	5.49%	5.22%	5.30%	6.74%	7.25%

Note: The amounts presented in this schedule are for the Council's fiscal year rather than the plan's year.

**EMERALD COAST REGIONAL COUNCIL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS –
HEALTH INSURANCE SUBSIDY
LAST TEN YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 39,723	\$ 34,376	\$ 33,671	\$ 32,128	\$ 29,539	\$ 27,944	\$ 25,861	\$ 23,169	\$ 15,667	\$ 16,452
Contributions in relation to the contractually required contribution	<u>(39,723)</u>	<u>(34,376)</u>	<u>(33,671)</u>	<u>(32,128)</u>	<u>(29,539)</u>	<u>(27,944)</u>	<u>(25,861)</u>	<u>(23,169)</u>	<u>(15,667)</u>	<u>(16,452)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Council's covered payroll	\$ 2,271,361	\$ 2,070,843	\$ 2,028,373	\$ 1,935,422	\$ 1,779,458	\$ 1,683,373	\$ 1,557,892	\$ 1,395,723	\$ 943,795	\$ 991,084
Contributions as a percentage of covered payroll	1.75%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%

Note: The amounts presented in this schedule are for the Council's fiscal year rather than the plan's year.

COMPLIANCE SECTION

**EMERALD COAST REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Federal / State Agency Pass-Through Entity Federal Program / State Project	Assistance Listing No. / CSFA No.	Contract/ Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Commerce				
Direct programs				
Economic Development Support for Planning Organizations	11.302	ED21ATL3020014	\$ 88,207	\$ -
<u>Economic Development Cluster</u>				
COVID-19 Economic Adjustment Assistance	11.307	ED20ATL3070091	1,250	-
Economic Adjustment Assistance	11.307	04-79-07374	20,585	-
Economic Adjustment Assistance	11.307	04-79-07378	21,792	-
			131,834	-
U.S. Department of Defense				
Direct programs				
Community Economic Adjustment Assistance for Responding to Threats to the Resilience of a Military Installation	12.003	MIR1966-22-01	364,644	-
U.S. Department of Transportation				
Direct programs				
<u>Transit Services Program Cluster</u>				
Job Access and Reverse Commute Program	20.516	FL-37-X069-01	43,712	-
Indirect programs				
<i>Passed through from Alabama Department of Transportation</i>				
Highway Planning and Construction	20.205	Z450-100073726	14,049	-
<i>Passed through from Florida Department of Transportation</i>				
Highway Planning and Construction	20.205	G2777	1,189,435	-
Highway Planning and Construction	20.205	G2778	607,811	-
Highway Planning and Construction	20.205	G2781	554,096	-
Highway Planning and Construction	20.205	G2F95	259,088	-
Transportation Infrastructure Finance and Innovation Act (TIFIA) Program	20.223	BEA85	54,023	-
Transportation Infrastructure Finance and Innovation Act (TIFIA) Program	20.223	BEE98	33,710	-
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	G1X04	103,924	-
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	G1X05	54,216	-
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	G1X07	15,055	-
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	G2521	16,053	-
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	G2525	60,420	-
Safe Streets and Roads for All	20.939	693JJ32340320	2,449	-
<i>Passed through from Florida Division of Emergency Management</i>				
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	T0108	55,522	-
			3,063,563	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,560,041	\$ -

The accompanying notes are an integral part of this schedule.

**EMERALD COAST REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Federal / State Agency Pass-Through Entity Federal Program / State Project	Assistance Listing No. / CSFA No.	Contract/ Grant Number	Expenditures	Passed Through to Subrecipients
Office of the Florida Governor				
Indirect programs				
<i>Passed through from FL Division of Emergency Management</i>				
Hurricane Loss Mitigation	31.066	DEM-22-HL-2022-97-AG-B0120	\$ 160,997	\$ -
Hurricane Loss Mitigation	31.066	DEM-23-HL-HLMP-01-97-B0150	114,648	-
Emergency Management Projects	31.067	T0193	3,997	-
Emergency Management Projects	31.067	T0294	71	-
Emergency Management Projects	31.067	T0176	58,582	-
Emergency Management Projects	31.067	T0326	14,181	-
			<u>352,476</u>	<u>-</u>
Florida Department of Environmental Protection				
Direct programs				
Resilient Florida Programs	37.098	24RRE03	1,383	-
Florida Department of Commerce				
Indirect programs				
<i>Passed through from FL Defense Support Task Force</i>				
Economic Development Partnerships	40.040	DTF 23-302	158,809	-
Florida Housing Finance Corporation				
Direct programs				
State Housing Initiatives Partnership Program (SHIP)	40.901	N/A	75,388	-
Hurricane Housing Recovery Program	40.902	N/A	77,939	-
			<u>153,327</u>	<u>-</u>
Florida Department of Transportation				
Direct programs				
Florida Commission for the Transportation Disadvantaged (CTD) Planning Grant Program	55.002	G2918	12,277	-
Florida Commission for the Transportation Disadvantaged (CTD) Planning Grant Program	55.002	G2934	13,077	-
Florida Commission for the Transportation Disadvantaged (CTD) Planning Grant Program	55.002	G2948	18,564	-
Florida Commission for the Transportation Disadvantaged (CTD) Planning Grant Program	55.002	G2969	12,689	-
Florida Commission for the Transportation Disadvantaged (CTD) Planning Grant Program	55.002	G2976	12,771	-
Florida Commission for the Transportation Disadvantaged (CTD) Planning Grant Program	55.002	G2985	10,083	-
Florida Commission for the Transportation Disadvantaged (CTD) Planning Grant Program	55.002	G2170	4,676	-
Florida Commission for the Transportation Disadvantaged (CTD) Planning Grant Program	55.002	G2183	5,119	-
Florida Commission for the Transportation Disadvantaged (CTD) Planning Grant Program	55.002	G2192	7,268	-
Florida Commission for the Transportation Disadvantaged (CTD) Planning Grant Program	55.002	G2J08	4,595	-
Florida Commission for the Transportation Disadvantaged (CTD) Planning Grant Program	55.002	G2J15	4,448	-
Florida Commission for the Transportation Disadvantaged (CTD) Planning Grant Program	55.002	G2J25	3,832	-
Commuter Assistance Program / Ride Share Grants	55.007	G2452	49,676	-
Commuter Assistance Program / Ride Share Grants	55.007	G2F66	146,678	-
			<u>305,753</u>	<u>-</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			\$ 971,748	\$ -

The accompanying notes are an integral part of this schedule.

**EMERALD COAST REGIONAL COUNCIL
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the award activity of the Emerald Coast Regional Council (the Council) under programs of the federal government and projects of the State of Florida 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* (the Uniform Guidance) and Chapter 10.550, *Rules of the Florida Auditor General*. Because the Schedule presents only a selected portion of the operations of the Council, it is not intended to, and does not, present the financial position or changes in net position of the Council.

B. 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 and Chapter 10.550, *Rules of the Florida Auditor General*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

C. INDIRECT COST RATE

The Council has elected to use the ten percent de minimis indirect cost rate, as allowed under the Uniform Guidance.

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

To the Board of Directors
Emerald Coast Regional Council

We have examined the Emerald Coast Regional Council's (the Council) compliance with Section 218.415, Florida Statutes, in regard to investment of surplus funds, for the fiscal year ended September 30, 2023.

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

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

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

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

In our opinion, the Council complied, in all material respects, with the specified requirements for the year ended September 30, 2023.

Warren Averett, LLC

Fort Walton Beach, Florida
May 31, 2024

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

To the Board of Directors
Emerald Coast Regional Council

We have audited, 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, the financial statements of governmental activities and general fund of the Emerald Coast Regional Council (the Council), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated May 31, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 Council'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 Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Warren Averett, LLC

Fort Walton Beach, Florida
May 31, 2024

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE FLORIDA AUDITOR GENERAL

To the Board of Directors
Emerald Coast Regional Council

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited the Emerald Coast Regional Council's (the Council) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement*, and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on the Council's major federal programs and state projects for the year ended September 30, 2023. The Council's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program and State Project

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), and Chapter 10.550, *Rules of the Florida Auditor General*. Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.550, *Rules of the Florida Auditor General*, are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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 each major federal program and state project. Our audit does not provide a legal determination of the 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 the Council's federal programs.

Auditors' 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 the 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*, the Uniform Guidance, and Chapter 10.550, *Rules of the Florida Auditor General*, 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 the Council's compliance with the requirements of each major federal program and state project as a whole.

In performing our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*, 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 the 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 the 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 and Chapter 10.550, *Rules of the Florida Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the 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

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 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. *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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

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.

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 and Chapter 10.550, *Rules of the Florida Auditor General*. Accordingly, this report is not suitable for any other purpose.

Warren Averett, LLC

Fort Walton Beach, Florida
May 31, 2024

**EMERALD COAST REGIONAL COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported

Type of auditors' report issued on compliance for major projects and programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a) or Chapter 10.557, *Rules of the Florida Auditor General*? _____ Yes X No

Identification of major federal program:

<u>Assistance Listing No.</u>	<u>Name of Federal Program</u>
20.205	<i>Highway Planning and Construction Cluster</i> Highway Planning and Construction
Dollar threshold used to distinguish between type A and B programs	\$ 750,000
Auditee qualified as federal low-risk auditee?	<u> X </u> Yes <u> </u> No

Identification of major state projects:

<u>CSFA No.</u>	<u>Name of State Project</u>
31.066	Hurricane Loss Mitigation
31.067	Emergency Management Projects
40.040	Economic Development Partnerships

Dollar threshold used to distinguish between type A and B projects \$ 300,000

II. FINANCIAL STATEMENT FINDINGS

There were no findings which were required to be reported in accordance with *Government Auditing Standards*.

**EMERALD COAST REGIONAL COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

There were no findings which were required to be reported in accordance with the Uniform Guidance or Chapter 10.557, *Rules of the Florida Auditor General*.

MANAGEMENT LETTER

To the Board of Directors
Emerald Coast Regional Council

Report on the Financial Statements

We have audited the financial statements of the Emerald Coast Regional Council (the Council), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated May 31, 2024.

Auditors' Responsibility

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; 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); and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have also issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Florida Auditor General*. Disclosures in those reports and schedule, which are dated May 31, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Florida Auditor General*, requires that we determine whether corrective actions have been taken to address findings and recommendations made in the preceding annual financial report. There were no findings or recommendations made in the preceding annual financial report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Florida 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 official title and legal authority for the Council has been disclosed in Note 1 to the financial statements. The Council has no component units.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), *Rules of the Florida Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Council has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the 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 Florida Auditor General*, we applied financial condition assessment procedures for the Council. It is management's responsibility to monitor the Council's financial condition, and our financial condition assessment was based, in part, on representations made by management and the review of financial information provided by same.

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

Specific Information

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

- a) The total number of Council employees compensated in the last pay period of the Council's fiscal year as 28.
- b) There were no independent contractors to whom nonemployee compensation was paid in the last month of the Council's fiscal year.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$2,275,193.
- d) There was no compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency.
- e) No construction projects with a total cost of at least \$65,000 approved by the Council that are scheduled to begin on or after October 1 of the fiscal year being reported.
- f) No budget variances or amendments based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported.

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

Additional Matters

Section 10.554(1)(i)3., *Rules of the Florida Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but 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 Council's Board of Directors, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

We greatly appreciate the assistance and cooperation extended to us during our audit.

Warren Averett, LLC

Fort Walton Beach, Florida

May 31, 2024