

Financial Statements  
and Supplementary Information

**Florida Engineers Management Corporation**  
**(A Component Unit of the State of Florida)**

*Years ended June 30, 2023 and 2022*  
*with Report of Independent Auditors*



Florida Engineers Management Corporation  
(A Component Unit of the State of Florida)

Financial Statements  
and Supplementary Information

Years ended June 30, 2023 and 2022

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## Report of Independent Auditors

Board of Directors  
Florida Engineers Management Corporation

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Florida Engineers Management Corporation (the Corporation) which comprise the statements of net position as of June 30, 2023 and 2022, the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Corporation, as of June 30, 2023 and 2022, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern within one year after the date that the financial statements are issued.

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***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *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 GAAS 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 Corporation'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 Corporation'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 on pages 5 through 8 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the 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 an opinion on the financial statements that collectively comprise the Corporation's basic financial statements. The schedule of expenditures of state financial assistance, as required by Chapter 10.650, *Rules of the Auditor General*, and the schedule of findings and questioned costs - state financial assistance projects are presented for purposes of additional analysis and are 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 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 GAAS. In our opinion, the schedule of expenditures of state financial assistance and the schedule of findings and questioned costs - state financial assistance projects are fairly stated, in all material respects, in relation to the financial statements as a whole.

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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2023 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation'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 Corporation's internal control over financial reporting and compliance.

Thomas Howell Ferguson P.A.

Tallahassee, Florida  
August 21, 2023

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of the Florida Engineers Management Corporation (the Corporation) presents management's discussion and analysis of the Corporation's financial performance during the fiscal years ended June 30, 2023, and 2022. It should be read in conjunction with the Corporation's financial statements immediately following this section.

### **Background and Funding Information**

The Corporation is a nonprofit corporation created by the passage of Chapter 97-312, Laws of Florida, Section 471.038, *Florida Statutes*, during the 1997 Florida Legislature. Its purpose is to provide administrative, investigative, and prosecutorial services to the Florida Board of Professional Engineers (the Board). Florida Engineers Management Corporation receives funding from legislative appropriations to the Florida Department of Business and Professional Regulation (the Department). The fiscal year is July 1 through June 30.

The Corporation's Board comprises seven members: five members appointed by the Florida Board of Professional Engineers who must be registrants in Florida and two appointed by the Secretary of the Department and who must be laypersons not regulated by the Board.

### **Overview of the Financial Statements**

This annual report consists of management's discussion, analysis, and financial statements. The Corporation's reporting entity consists of one enterprise fund. Therefore, the financial statements provide information about the Corporation's overall financial status. The notes provide additional information essential to an understanding of the data provided in the financial statements.

The Corporation's financial statements include the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows.

- The Statements of Net Position present information on all assets and liabilities of the Corporation with the difference between the assets and liabilities reported as net position.
- The Statements of Revenues, Expenses, and Changes in Net Position present information on all revenues and expenses of the Corporation and the changes in net position.
- The Statements of Cash Flows present information regarding changes in cash resulting from cash receipts and cash disbursements during the reporting period.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

### Financial Highlights

The Corporation is committed to providing outstanding service to applicants, licensees, and the public while keeping a strong focus on the fiduciary responsibility of excellent budget management. Management and staff continue to streamline workflow processes through technological upgrades, allowing for improved application processing and reductions in personnel and related expenses. To promote professional licensure and help alleviate unlicensed activity, the Corporation has continued increasing public outreach and education regarding its services. This has been accomplished through presentations at universities and various professional organizations in Florida, along with professional publications and maintaining an active presence on social media platforms.

### Financial Analysis

#### *Statements of Net Position*

The following schedule provides a summary of the assets, liabilities, and net position of the Corporation as of June 30, 2023, and 2022:

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Current Assets	\$ 356,433	\$ 423,273
Capital Assets, net	130,693	108,403
Other non-current assets	422,424	544,495
<b>Total Assets</b>	<u>\$ 909,550</u>	<u>\$ 1,076,171</u>
<b>Liabilities</b>		
Current Liabilities	\$ 278,222	\$ 483,311
Non-current Liabilities	339,203	441,154
<b>Total Liabilities</b>	<u>\$ 617,425</u>	<u>\$ 924,465</u>
<b>Net Position</b>		
Net Investment in Capital Assets	119,521	108,403
Restricted	172,604	43,303
<b>Total Net Position</b>	<u>\$ 292,125</u>	<u>\$ 151,706</u>

Total assets decreased due to a reduction in cash and accounts receivable. Total liabilities declined due to a decrease in the reversion amount to be paid to the Department and a reduction in the long-term lease liability.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

### *Statements of Revenues, Expenses, and Changes in Net Position*

The following schedule provides a summary of the revenues, expenses, and changes in net position for the years ended June 30, 2023, and 2022:

	<u>2023</u>	<u>2022</u>
Operating revenues	\$ 2,170,875	\$ 2,168,815
Operating expenses	2,024,796	1,978,763
Other Income	<u>—</u>	<u>29,952</u>
Excess of revenues over expenses	146,079	220,004
Reversion to the state of Florida	<u>(5,660)</u>	<u>(200,718)</u>
Change in net position	140,419	19,286
Total net position, beginning of year	<u>151,706</u>	<u>132,420</u>
Total net position, end of year	<u>\$ 292,125</u>	<u>\$ 151,706</u>

### *Operating Revenues*

The Corporation is funded by a line-item legislative appropriation set out in the Department of Business and Professional Regulation's annual budget.

### *Operating Expenses*

The excess revenue over expenses of \$146,079 is due to continued diligence by management to minimize operating expenses. Operating expenses of \$2,024,796 were 6.73% under budget and \$46,033 more than the fiscal year ending June 30, 2022, primarily due to a \$36,201 increase in accrued leave expense.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

The Corporation's operating revenue and expenses for the fiscal year ended June 30, 2023, focused on the following major areas:

- The bi-annual Licensure Renewal process began November 1, 2022. Staff assisted in the renewal process for 40,724 Professional Engineers as of June 30, 2023. The Corporation's staff collected and deposited over \$813,484 in fees into the State of Florida Board of Engineering Trust Fund for all engineering disciplines.
- In August, a part-time employee retired, and their duties were absorbed by a current employee, for a reduction in personnel expenses of over \$35,862 for the remaining ten months of the fiscal year.
- During the past year, staff have been building and testing our extensive Laserfiche workflows for licensure, accounting, and legal in the cloud. Laserfiche Cloud will benefit the Corporation by providing browser-based access, which alleviates the need to regularly update client software, maintain and secure an on-premises server, and will provide access to additional features unavailable with a self-hosted server. The Corporation should complete the transition to Laserfiche Cloud within the next couple of months.

### **Economic Factors and Next Year's Budget**

A new four-year contract for the period beginning July 1, 2021, and ending June 30, 2025, was signed in June 2021. Grants and aid funds for \$2,070,000 and unlicensed activity funds for \$100,875 for the four fiscal years comprised the total annual budget of \$2,170,875 for a total four-year contract of \$8,683,500. A fee of \$19,200 per fiscal year for a four-year total of \$76,800 for services provided by the contract monitor at the Department is included in the four-year contract.

Florida Engineers Management Corporation  
(A Component Unit of the State of Florida)

Statements of Net Position

	June 30,	
	2023	2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 273,299	\$ 366,298
Accounts receivable	4,921	9,642
Prepaid expenses and deposits	78,213	47,333
Total current assets	356,433	423,273
Noncurrent assets:		
Deposits	11,172	10,136
Capital assets, net	119,521	108,403
Leases, right-of-use assets	422,424	534,359
Total noncurrent assets	553,117	652,898
Total assets	\$ 909,550	\$ 1,076,171
<b>Liabilities and net position</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 151,410	\$ 156,022
Due to Florida Department of Business and Professional Regulation	24,860	219,918
Lease liabilities, current	101,952	107,371
Total current liabilities	278,222	483,311
Noncurrent liabilities:		
Lease liabilities, noncurrent	339,203	441,154
Total noncurrent liabilities	339,203	441,154
Total liabilities	617,425	924,465
Net position:		
Net investment in capital assets	119,521	108,403
Restricted	172,604	43,303
Total net position	292,125	151,706
Total liabilities and net position	\$ 909,550	\$ 1,076,171

*See accompanying notes.*

Florida Engineers Management Corporation  
(A Component Unit of the State of Florida)

Statements of Revenues, Expenses and Changes in Net Position

	Years ended June 30,	
	2023	2022
<b>Operating revenues:</b>		
Transfer in- Florida Department of Business and Professional Regulation	\$ <u>2,170,875</u>	\$ <u>2,168,815</u>
Total operating revenues	<u>2,170,875</u>	<u>2,168,815</u>
<b>Operating expenses:</b>		
Salaries and benefits	1,222,379	1,187,157
Professional and consulting fees	346,869	320,360
Occupancy costs	26,744	76,597
Meeting and travel expenses	118,748	81,661
Depreciation and amortization	144,745	130,538
Postage	-	11,964
Repairs and maintenance	4,376	4,233
Printing and copying	9,490	10,872
Telephone	18,826	24,760
Office supplies and expenses	52,475	50,839
Insurance	24,099	24,185
Contract monitoring	19,200	19,200
Dues and subscriptions	15,095	15,160
Testing services and fees	6,500	6,500
Employee training	10,756	10,287
Interest expense	<u>4,494</u>	<u>4,450</u>
Total operating expenses	<u>2,024,796</u>	<u>1,978,763</u>
Excess of revenues over expenses	146,079	190,052
Reversion to Florida Department of Business and Professional Regulation	(5,660)	(200,718)
Other income	<u>-</u>	<u>29,952</u>
Change in net position	140,419	19,286
Net position at beginning of year	<u>151,706</u>	<u>132,420</u>
Net position at end of year	<u>\$ 292,125</u>	<u>\$ 151,706</u>

*See accompanying notes.*

Florida Engineers Management Corporation  
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Statements of Cash Flows

	<b>Years ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities</b>		
Receipts from Florida Department of Business and Professional Regulation	\$ 2,175,596	\$ 2,189,125
Payments to vendors	(894,918)	(752,422)
Payments to employees	<u>(1,222,379)</u>	<u>(1,187,157)</u>
Net cash provided by operating activities	<u>58,299</u>	<u>249,546</u>
<b>Cash flows from financing activities</b>		
Purchase of capital assets	(43,928)	(70,431)
Lease payments	<u>(107,370)</u>	<u>(81,414)</u>
Net cash used in financing activities	<u>(151,298)</u>	<u>(151,845)</u>
Net (decrease) increase in cash and cash equivalents	(92,999)	97,701
Cash and cash equivalents at beginning of year	<u>366,298</u>	<u>268,597</u>
Cash and cash equivalents at end of year	<u>\$ 273,299</u>	<u>\$ 366,298</u>
<b>Reconciliation of change in net position to the net cash provided by operating activities</b>		
Change in net position	\$ 140,419	\$ 19,286
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Depreciation and amortization	144,745	130,538
Loss on disposal of capital assets	-	4,906
Changes in operating assets and liabilities:		
Accounts receivable	4,721	(9,642)
Prepaid expenses	(30,880)	(750)
Deposits	(1,036)	(2,136)
Accounts payable and accrued expenses	(4,612)	(14,221)
Due to Florida Department of Business and Professional Regulation	<u>(195,058)</u>	<u>121,565</u>
Net cash provided by operating activities	<u>\$ 58,299</u>	<u>\$ 249,546</u>

*See accompanying notes.*

Florida Engineers Management Corporation  
(A Component Unit of the State of Florida)

Notes to Financial Statements

Years ended June 30, 2023 and 2022

**1. Nature of Operations and Significant Accounting Policies**

The Florida Engineers Management Corporation (the Corporation) is a nonprofit corporation created by passage of Chapter 97-312, Laws of Florida, Section 471.038, Florida Statutes, during the 1997 Florida Legislature. Its purpose is to provide administrative, investigative and prosecutorial services to the Florida Board of Professional Engineers (FBPE) (the Board). Florida Engineers Management Corporation receives funding from legislative appropriations to the Florida Department of Business and Professional Regulation (the Department). The fiscal year is July 1 through June 30.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The significant accounting practices and policies are summarized as follows:

**Basis of Accounting**

The Corporation's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Corporation operates as a special purpose government engaged in business-type activities. The proprietary fund type is applicable to the Corporation, under the governmental reporting model, and its activities are accounted for as an enterprise fund.

The focus of proprietary fund measurement is on the flow of economic resources including the determination of operating income, changes in net position, financial position, and cash flows, similar to business enterprises. The Corporation's books are maintained on the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

**Reporting Entity**

The Corporation is a component unit of the State of Florida. The Corporation has no component units for the years ended June 30, 2023 or 2022.

Florida Engineers Management Corporation  
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Notes to Financial Statements

**1. Nature of Operations and Significant Accounting Policies (continued)**

**New Accounting Pronouncement**

In June 2016, the GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The new guidance was effective for fiscal years beginning after December 15, 2019; however, early adoption is permitted. In response to the coronavirus pandemic, GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, which extended this effective date by 18 months. The Corporation adopted GASB No. 87 as of July 1, 2021.

**Basis of Presentation**

The financial statements and notes are representations of the Corporation's management who is responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

**Capital Assets**

Capital assets are stated at cost, net of accumulated depreciation. Contributed assets are reported at fair market value as of the date received. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. The Corporation capitalizes all capital assets with a purchase price over \$500.

Florida Engineers Management Corporation  
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Notes to Financial Statements

**1. Nature of Operations and Significant Accounting Policies (continued)**

**Cash and Cash Equivalents**

Cash and cash equivalents consists of amounts on hand and amounts in demand deposits with financial institutions. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per FDIC-insured financial institution. Bank deposits at times may exceed federally insured limits. The Corporation has not experienced any losses in such accounts.

**Accrued Leave**

The Corporation's employees are entitled to personal time off (PTO) which combines time off for personal, vacation, and sick leave. PTO is based on length of employment and other factors. PTO is accrued when earned. At June 30, 2023 and 2022, a PTO accrual of \$126,536 and \$113,049, respectively, is included as a component of accounts payable and accrued expenses in the statement of net position.

**Income Taxes**

The Corporation qualifies for exemption from federal income taxes as a governmental entity and is not required to file a Return of Organization Exempt from Income Tax, Form 990. Therefore, no provision for income taxes has been recorded.

**Operating Revenues - Transfers In**

As a component unit of the State of Florida, the fixed portion of the base, annual contract from the Department is recognized as a transfer-in. Transfers-in also include amounts the Corporation invoices to the Department for unlicensed activity up to a maximum amount, based on actual expenses of the activity. Unexpended funds are reverted back to the Department on an annual basis.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported 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. Accordingly, actual results could differ from those estimates.



Florida Engineers Management Corporation  
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Notes to Financial Statements

**1. Nature of Operations and Significant Accounting Policies (continued)**

**Restricted Funding**

The Corporation receives funding through appropriations allocated to the regulation of professional engineers from the State of Florida Professional Regulation Trust Fund. It is restricted for the purposes described in Florida Statutes, Section 471.038.

**Subsequent Events**

The Corporation has evaluated subsequent events through August 21, 2023, the date the financial statements were available to be issued. During the period from June 30, 2023 to August 21, 2023, the Corporation did not have any material recognizable subsequent events.

**2. Accounts Receivable**

Accounts receivable represent amounts due from the Department for unlicensed activity. No valuation allowance has been recorded, as management deems the balances to be collectable.

**3. Concentration and Contingency**

The Corporation receives all of its revenue from a contract with the Department. In performing the administrative services under this contract, the Corporation collected and processed approximately \$814,000 and \$811,000 of fees and revenues on the Board's behalf during the years ended June 30, 2023 and 2022, respectively. These amounts were deposited directly into the Department's trust fund account and are not recognized as revenues of the Corporation. Therefore, they have not been recorded in the accompanying financial statements.

In June 2021, the Corporation entered into a four year contract beginning July 1, 2021 through June 30, 2025. Total funding for the contract is \$2,170,875 annually and \$8,683,500 for the contract period. The Department's performance and obligation to pay under this contract is contingent upon an annual appropriation by the Florida Legislature. In addition, upon determination by the Department and the Board, at any time during the term of the contract that the Corporation no longer operates for the benefit of the Board and in the best interest of the State, all monies and property held shall revert to the Board or the Department.

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Notes to Financial Statements

**4. Capital Assets**

Capital assets consist of the following:

	<u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2023</u>
Furniture and equipment	\$ 69,975	\$ -	\$ (252)	\$ 69,723
Leasehold improvements	58,970	-	-	58,970
Computers and software	325,532	43,928	(168,405)	201,055
Leases, right-of-use assets, office space	596,920	-	-	596,920
Leases, right-of-use assets, equipment	<u>33,020</u>	<u>-</u>	<u>-</u>	<u>33,020</u>
	<b>1,084,417</b>	43,928	(168,657)	<b>959,688</b>
Less: Accumulated depreciation and amortization	<u>(441,655)</u>	<u>(144,745)</u>	<u>(168,657)</u>	<u>(417,743)</u>
	<u><b>\$ 642,762</b></u>	<u><b>\$ (100,817)</b></u>	<u><b>\$ (337,314)</b></u>	<u><b>\$ 541,945</b></u>

Depreciation and amortization expense was \$144,745 and \$130,538 for the years ended June 30, 2023 and 2022, respectively.

**5. Retirement Benefits**

The Corporation maintains a defined contribution retirement plan established a SEP-IRA for all eligible employees. The Corporation contributes an amount equal to ten percent (10%) of each eligible employee's gross quarterly earnings to the Plan on a quarterly basis. Contributions to the plan for the years ended June 30, 2023 and 2022, were \$90,898 and \$90,620, respectively.

Florida Engineers Management Corporation  
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Notes to Financial Statements

**6. Lease Commitments**

The Corporation leases office space and equipment under lease agreements expiring at various dates through September 2027. The leases for office space are cancellable in the event the Corporation's program is cancelled or funding is not available. Beginning September 1, 2021 the Corporation is required to give six months written notice, pay the sum of six months rent upon notice, and forfeit the security deposit of \$8,000 in the event of cancellation. The right-to-use lease asset for office space and equipment was originally valued at \$596,920 and \$33,020, respectively. Accumulated amortization for the right-to-use lease asset for office space and equipment as of June 30, 2023 is \$179,894 and \$27,622, respectively. Accumulated amortization for the right-to-use lease asset for office space and equipment as of June 30, 2022 is \$81,770 and \$13,811, respectively. Future minimum lease payable and the net present value of the minimum lease payments for office space and equipment leases are as follows:

For the year ended				
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>	
2024	\$ 105,526	\$ 3,575	\$ 109,101	
2025	103,318	2,646	105,964	
2026	105,535	1,696	107,231	
2027	108,174	713	108,887	
2028	<u>27,253</u>	<u>21</u>	<u>27,274</u>	
	<u>\$ 449,806</u>	<u>\$ 8,651</u>	<u>\$ 458,457</u>	

**7. Risk Management**

The Corporation is exposed to various risks of loss including general liability, property and casualty, group health and life, auto and physical damage, cyber-security, and workers' compensation. Conventional commercial insurance coverage has been purchased from various independent carriers to insure against such risk and minimize financial exposure to such risks. The Corporation is not involved in any risk pools with other governmental entities.

## Other Reports and Supplementary Information

Report of Independent Auditors 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*

Board of Directors  
Florida Engineers Management Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Florida Engineers Management Corporation (the Corporation), which comprise the statement of financial position as of June 30, 2023, and the related statement of revenues, expenses and changes in net position and cash flows for the year ended, and the related notes to the financial statements and have issued our report thereon dated August 21, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Corporation'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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

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

Page Two

### **Report on Compliance and Other Matters**

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

### **Purpose of This Report**

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

*Thomas Howell Ferguson P.A.*

Tallahassee, Florida  
August 21, 2023

Report of Independent Auditors on Compliance for the Major State Project  
and on Internal Control Over Compliance Required by Chapter 10.650,  
*Rules of the Auditor General*

Board of Directors  
Florida Engineers Management Corporation

**Report on Compliance for the State Project**

***Opinion on the State Project***

We have audited Florida Engineers Management Corporation's (the Corporation) compliance with the types of compliance requirements identified as subject to audit in the *Florida Department of Financial Service's State Projects Compliance Supplement* that could have a direct and material effect on the Corporation's state project for the year ended June 30, 2023. The Corporation's state project is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its state project for the year ended June 30, 2023.

***Basis for Opinion on the State Project***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Chapter 10.650, *Rules of the Auditor General*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the state project. Our audit does not provide a legal determination of the Corporation'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 Corporation's state project.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Corporation'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 GAAS, *Government Auditing Standards*, and Chapter 10.650, *Rules of the 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 Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the audit requirements of Chapter 10.650, *Rules of the 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 Corporation'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 Corporation'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 audit requirements of Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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.



Page Three

## **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 state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *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 state project 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. 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 in internal control over compliance 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 Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

*Thomas Howell Ferguson P.A.*

Tallahassee, Florida  
August 21, 2023

Florida Engineers Management Corporation  
(A Component Unit of the State of Florida)

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2023

<u>State Agency and Program Title</u>	<u>CSFA No.</u>	<u>Contract Number</u>	<u>Expenditures</u>
<b>State of Florida</b>			
Department of Business and Professional Regulation			
Direct Program			
Florida Engineers Management Corporation (FEMC)	79.001	n/a	\$ <u>2,024,796</u>

**Note 1** - This Schedule of State Financial Assistance (the Schedule) includes the State grant activity of Florida Engineers Management Corporation for the year ended June 30, 2023, and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General*.

**Note 2** - Amounts included on this Schedule include only the expenditure of State Financial Assistance received directly from an awarding agency. The amounts on the accompanying statements of activities and changes in net assets include additional expenditures associated with other resources committed by the Corporation for purposes of fulfilling the grant program.

**Note 3** - There were no state awards expended in non-cash assistance.

**Note 4** - There were no transfers to subrecipients during the fiscal year.

*See report of independent auditors.*

Florida Engineers Management Corporation  
(A Component Unit of the State of Florida)

Schedule of Findings and Questioned Costs - State Financial Assistance Projects

Year ended June 30, 2023

**Section I -- Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

**State Project**

Type of auditor's report issued on compliance for major state projects?	Unmodified
Internal control over state projects:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	No
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, <i>Rules of the Auditor General</i> ?	No

Identification of state projects:

<u>CFDA Number</u>	<u>Name of state project</u>
79.001	Florida Engineers Management Corporation

Dollar threshold used to distinguish between Type A and Type B programs:	\$606,069
Auditee qualified as low risk auditee?	Yes

**Section II -- Financial Statement Findings**

We noted no matters involving internal control over financial reporting and its operation that we considered to be material weaknesses, significant deficiencies and/or control deficiencies required to be reported in accordance with *Government Auditing Standards*.

**Section III -- State Financial Assistance Findings and Questioned Costs**

We noted no matters involving noncompliance that are required to be reported in accordance with *Rules of the Auditor General* of the State of Florida, Chapter 10.650.

*See report of independent auditors.*

To the Board of Directors  
Florida Engineers Management Corporation

We are pleased to present this report related to our audit of the financial statements of Florida Engineers Management Corporation (the Corporation) as of and for the year ended June 30, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Corporation's financial reporting process.

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial and related compliance reporting process.

<b>Area</b>	<b>Comments</b>
<b>Our Responsibilities With Regard to the Financial Statement Audit and Compliance</b>	Our responsibilities under auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i> issued by the Comptroller General of the United States have been described to you in our arrangement letter dated September 16, 2021. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
<b>Overview of the Planned Scope and Timing of the Financial Statement Audit</b>	We discussed with members of the Board of Directors and the Corporation's management various matters about which generally accepted auditing standards require communication. These include matters concerning two-way communication, our independence, the audit planning process, the concept of materiality in planning and executing the audit, identified significant risks, our approach to internal control relevant to the audit, and the timing of the audit.

<b>Area</b>	<b>Comments</b>
<b>Accounting Policies and Practices</b>	<p><b>Adoption of, or Change in, Accounting Policies</b></p> <p>Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Corporation. The Corporation did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period. We evaluated the applicability of GASB Statement No. 96, <i>Subscription-Based Information Technology Arrangements</i> and management chose to waive the adjustment resulting from the implementation due to it being immaterial to the financial statements.</p> <p><b>Significant Accounting Policies</b></p> <p>We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p><b>Significant Unusual Transactions</b></p> <p>We did not identify any significant unusual transactions.</p>
<b>Management's Judgments and Accounting Estimates</b>	<p>Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. Management has informed us that they used all the relevant facts available to them at the time to make the best judgments about accounting estimates, and we considered this information in the scope of our audit. Significant accounting estimates reflected in the Corporation's June 30, 2023 financial statements include depreciation related to fixed assets and net present value of leases using interest rates under GASB 87.</p> <p>The Board of Directors may wish to monitor throughout the year the process used to determine and record these accounting estimates.</p>

<b>Area</b>	<b>Comments</b>
<b>Audit Adjustments</b>	There were no audit adjustments that were brought to the attention of management as a result of audit procedures.
<b>Uncorrected Misstatements</b>	During the course of our audit, we identified an uncorrected misstatement that management has concluded is not material to the financial statements and the related financial statement disclosures. We agree with management's conclusion in that regard. Uncorrected misstatements or matters underlying these uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if we have concluded that the uncorrected misstatements are immaterial to the financial statements under audit. See <b>Exhibit A</b> for a copy of the representation letter provided to us by Corporation's management that includes a description of the uncorrected misstatement.
<b>Observations About the Audit Process</b>	<b>Disagreements With Management</b> We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements. <b>Consultations With Other Accountants</b> We are not aware of any consultations management had with other accountants about accounting or auditing matters. <b>Significant Issues Discussed With Management</b> No significant issues arising from the audit were discussed or were the subject of correspondence with management.

Area	Comments
<p><b>Observations About the Audit Process (continued)</b></p>	<p><b>Significant Difficulties Encountered in Performing the Audit</b></p> <p>We did not encounter any significant difficulties in dealing with management during the audit. We received full cooperation and appreciate the assistance provided by the Corporation's financial and accounting personnel.</p> <p><b>Difficult or Contentious Matters That Required Consultation</b></p> <p>We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.</p>
<p><b>Shared Responsibilities for Independence</b></p>	<p>Independence is a joint responsibility and is managed most effectively when management, board of directors, and audit firms work together in considering compliance with AICPA and <i>Government Accountability Office</i> (GAO) independence rules. For Thomas Howell Ferguson (THF) to fulfill its professional responsibility to maintain and monitor independence, management, the board of directors, and THF each play an important role.</p> <p><b>Our Responsibilities</b></p> <ul style="list-style-type: none"> <li>• AICPA and GAO rules require independence both of mind and in appearance when providing audit and other attestation services. THF is to ensure that the AICPA and GAO's General Requirements for performing non-attest/nonaudit services are adhered to and included in all letters of engagement.</li> <li>• Maintain a system of quality control over compliance with independence rules and firm policies.</li> </ul>

<b>Area</b>	<b>Comments</b>
<p><b>Shared Responsibilities for Independence (continued)</b></p>	<p><b>The Corporation's Responsibilities</b></p> <ul style="list-style-type: none"> <li>• Timely inform THF, before the effective date of transactions or other business changes, of the following: <ul style="list-style-type: none"> <li>- New affiliates, directors, officers, or person in financial reporting and compliance oversight roles.</li> <li>- Changes in the reporting entity impacting affiliates such as subsidiaries, partnerships, related entities, investments, joint ventures, component units, jointly governed organizations.</li> </ul> </li> <li>• Provide necessary affiliate information such as new or updated structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.</li> <li>• Understand and conclude on the permissibility, prior to the Corporation and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with THF.</li> <li>• Not entering into arrangements of nonaudit services resulting in THF being involved in making management decisions on behalf of the Corporation.</li> <li>• Not entering into relationships resulting in THF, THF covered persons or their close family members, temporarily or permanently acting as an officer, director, or person in an accounting, financial reporting or compliance oversight role at the Corporation.</li> </ul>



<b>Area</b>	<b>Comments</b>
<b>Internal Control and Compliance Matters</b>	We have separately communicated significant deficiencies and material weaknesses in internal control and compliance findings over financial reporting identified during our audit of the financial statements and major awards, as required by <i>Government Auditing Standards</i> . This communication is included in the Other Reports section of the financial statements.
<b>Significant Written Communications Between Management and Our Firm</b>	See <b>Exhibit A</b> for a copy of the representation letter provided to us by the Corporation's management. Additionally, see <b>Exhibit B</b> regarding procedures we performed over information technology risks associated with financial reporting.

This report is intended solely for the information and use of the Board of Directors and management of the Corporation and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to Florida Engineers Management Corporation.

*Thomas Howell Ferguson P.A.*

Tallahassee, Florida  
August 21, 2023

August 21, 2023

Exhibit A

Thomas Howell Ferguson P.A.  
2615 Centennial Boulevard, Suite 200  
Tallahassee, FL 32308

This representation letter is provided in connection with your audits of the financial statements of Florida Engineers Management Corporation, (the Corporation) as of and for the years ended June 30, 2023 and 2022 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief that as of the date of this letter:

### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated September 16, 2021, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

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### **Florida Engineers Management Corporation Board Members**

**SATYA LORY, P.E.**  
CHAIR  
11/1/18-10/31/26

**BARNEY T. BISHOP III**  
5/1/17-4/30/25

**ART NORDLINGER, P.E.**  
11/1/18-10/31/26

**VACANCY**  
Public Seat

**SAFIYA BREA, P.E.**  
VICE CHAIR  
11/1/18-10/31/26

**STEPHEN KOWKABANY, P.E.**  
10/7/15-10/31/23

**DR. MARK A. TUMEO, P.E.**  
2/17/21-2/16/25

**ZANA RAYBON**  
FEMC President

6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. Management has followed applicable laws and regulations in adopting, approving and amending budgets.
9. With respect to maintaining depreciation schedules, drafting the financial statements, and assessing the impact of new accounting standards services performed in the course of the audit:
  - a. We have made all management decisions and performed all management functions;
  - b. We assigned an appropriate individual to oversee the services;
  - c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;
  - d. We have accepted responsibility for the results of the services; and
  - e. We have accepted responsibility for all significant judgments and decisions that were made.
10. The selection and application of accounting policies are appropriate.
11. The following have been properly recorded and/or disclosed in the financial statements:
  - a. Guarantees, whether written or oral, under which the Corporation is contingently liable.
  - b. Agreements to repurchase assets previously sold.
  - c. Amounts of contractual obligations for construction and purchase of real property or equipment not included in the liabilities or encumbrances recorded on the books.
  - d. All other liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
  - e. All liabilities that are subordinated to any other actual or possible liabilities of the Corporation.
  - f. All leases and material amounts of rental obligations under long-term leases.
  - g. Authorized but unissued bonds and/or notes.

- h. Risk financing activities.
  - i. The fair value of investments.
  - j. Deposits and investment securities categories of risk.
  - k. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed.
  - l. Impairment of capital assets.
  - m. Net positions and fund balance classifications.
  - n. All material concentrations known to management that are required to be disclosed. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year.
12. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
13. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance.
14. We have reviewed the GASB Statements effective for the fiscal year ending June 30, 2023, and concluded the implementation of the following Statements did not have a material impact on the basic financial statements:
- a. GASB Statement No. 96, Subscription-based Information Technology Arrangements
15. We have informed you of all uncorrected misstatements.

As of and for the year ended June 30, 2023, we believe that the effects of the uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in the aggregate, to the financial statements. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

	<u>Assets</u>	<u>Liabilities</u>	<u>Net Position</u>	<u>Income</u>	<u>Expenses</u>
To record the asset and liability associated with SBITA	\$4,460	\$(4,467)	-	-	\$7

**Information Provided**

16. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audits.
  - c. Unrestricted access to persons within the Corporation from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
17. All transactions have been recorded in the accounting records and are reflected in the financial statements.
18. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
19. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of an entity's system of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.
20. We have no knowledge of allegations of fraud or suspected fraud affecting the Corporation's financial statements involving:
  - a. Management.
  - b. Employees who have significant roles in internal control.
  - c. Others where the fraud could have a material effect on the financial statements.

21. We have no knowledge of any allegations of fraud or suspected fraud affecting the Corporation's financial statements received in communications from employees, former employees, analysts, regulators, or others.
22. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
23. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
24. We have disclosed to you the identity of all of the Corporation's related parties and all the related-party relationships and transactions of which we are aware.
25. We are aware of no deficiencies in internal control over financial reporting, including significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect the Corporation's ability to record, process, summarize and report financial data.
26. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
27. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:
  - a. The Corporation has no significant amounts of idle property and equipment or property or equipment.
  - b. The Corporation has no plans or intentions to discontinue the operations of any activities or programs or to discontinue any significant operations.
  - c. Provision has been made to reduce applicable assets that have permanently declined in value to their realizable values.
  - d. We have reviewed long-lived assets and certain identifiable intangibles to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable and have appropriately recorded the adjustment.
28. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:

- a. To reduce receivables to their estimated net collectible amounts.
29. There are no:
- a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Environmental Protection Agency in connection with any environmental contamination.
  - c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed.
30. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

### **Supplementary Information**

31. With respect to supplementary information presented in relation to the financial statements as a whole:
- a. We acknowledge our responsibility for the presentation of such information.
  - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP, regulatory or contractual requirements, management's criteria, or other requirements.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.
  - d. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

## Compliance Considerations

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

32. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
33. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the auditee.
34. Is not aware of any instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.
35. Is responsible 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.
36. Acknowledges its responsibility for the design, implementation, and maintenance of controls to prevent and detect fraud.
37. Has taken timely and appropriate steps to remedy identified or suspected fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements that the auditor reports.
38. Has a process to track the status of audit findings and recommendations.
39. Has identified for the auditor previous audits, attestation engagements and other studies related to the objectives of the audit and whether related recommendations have been implemented.
40. Is not aware of any investigations or legal proceedings that have been initiated with respect to the period under audit.
41. Has provided views on the auditor's reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.
42. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.



In connection with your audit of federal awards conducted in accordance with Chapter 10.650, Rules of the Auditor General and the Department of Financial Services' *State Projects Compliance Supplement*, we confirm:

43. Management is responsible for complying, and has complied, with the requirements of Chapter 10.650, Rules of the Auditor General and the Department of Financial Services' *State Projects Compliance Supplement*
44. Management is responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of its state programs.
45. Management is responsible for the design, implementation, and maintenance, and has designed, implemented and maintained, effective internal control over compliance for state programs that provides reasonable assurance that the auditee is managing federal awards in compliance with state statutes, regulations, and the terms and conditions of the state financial assistance that could have a material effect on its state programs.
46. Management is responsible for the preparation of the schedule of expenditures of state financial assistance, acknowledges and understands its responsibility for the presentation of the schedule of expenditures of state financial assistance in accordance with the Rules of the Auditor General ; believes the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Rules of the Auditor General; asserts that methods of measurement or presentation have not changed from those used in the prior period, or if the methods of measurement or presentation have changed, the reasons for such changes have been communicated; and is responsible for any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of state financial assistance.
47. Management will make the audited financial statements readily available to the intended users of the schedule no later than the issuance date by the entity of the schedule of expenditures of state financial assistance and the auditor's report thereon.
48. Management has identified and disclosed all of its government programs and related activities subject to the State of Florida Single Audit Act compliance audit.
49. Management has identified and disclosed to the auditor the requirements of state statutes, regulations, and the terms and conditions of state financial assistance that are considered to have a direct and material effect on each major program.
50. Management has made available all state financial assistance (including amendments, if any) and any other correspondence relevant to state programs and related activities that have taken place with state agencies or pass-through entities.

51. Management has identified and disclosed to the auditor all amounts questioned and all known noncompliance with the direct and material compliance requirements of state financial assistance or stated that there was no such noncompliance.
52. Management believes that the auditee has complied with the direct and material compliance requirements.
53. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to state program financial reports and claims for advances and reimbursements.
54. Management has provided to the auditor its interpretations of any compliance requirements that are subject to varying interpretations.
55. Management is aware of no communications from state awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
56. There are no findings and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
57. Management is responsible for taking corrective action on audit findings of the compliance audit that meets the requirements of the State of Florida Single Audit Act.
58. Management has provided the auditor with all information on the status of the follow-up on prior audit findings by state financial awarding agencies and pass-through entities, including all management decisions.
59. There are no subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect non-compliance during the reporting period.
60. Management has disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report or stated that there were no such known instances.
61. Management has disclosed whether any changes in internal control over compliance or other factors that might significantly affect the entity's system of internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditor's report.
62. The copies of state program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.

63. Management has charged costs to state financial assistance in accordance with applicable cost principles.
64. Management is responsible for, and has accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by the State of Florida Single Audit Act.
65. The reporting package does not contain protected personally identifiable information.
66. Management has accurately completed the appropriate sections of the data collection form.
67. Management has disclosed all contracts or other agreements with service organizations.
68. Management has disclosed to the auditor all communications from service organizations relating to noncompliance at those organizations.

Florida Engineers Management Corporation



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Zana Raybon,  
President



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Michele Morris  
Treasurer

Board of Directors  
Florida Engineers Management Corporation

In November 2022, as part of the June 30, 2023 financial statement audit process, our team analyzed various aspects of the Corporation's IT system, including network infrastructure, data, information security measures, software applications, and internal policies as they relate to risks associated with financial reporting for the Corporation. The assessment aimed to gain an understanding of the Corporation's IT environment and its impact on financial data.

Scope of analysis:

The analysis was carried out with a focus on the following key areas:

**Network Infrastructure:** Evaluating the overall architecture, configuration, and security controls of your organization's network to identify any weaknesses or potential entry points for unauthorized access.

**Data Security:** Analyzing the measures in place to protect financial data for the size of your entity to ensure it meets with industry best practices.

**Software Applications:** Assessing the security and login requirements of financial reporting software applications used within your organization to identify any vulnerabilities that may be exploited by malicious actors.

**Information Security Policies:** Reviewing existing policies and procedures related to IT security for financial reporting applications to gauge their effectiveness and alignment with industry standards.

Conclusion:

Based on the analysis performed, we noted no recommendations in the scope areas as outlined above.

If you require any further assistance or have any questions, please do not hesitate to reach out to us.

*Thomas Howell Ferguson P.A.*

Tallahassee, Florida  
August 21, 2023