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AGENDA

THE GULF CONSORTIUM Risk and Audit Committee Meeting

3:00 p.m. ET, Wednesday, June 23, 2021

**GoToMeeting
Dial-in Number +1 (571) 317-3129
Participant Passcode: 119-458-037**

Committee Members

Robert Bender (Escambia County), Heather Larson (Sarasota), Richard Arthur (Charlotte), Helen Gornes (Hernando),

Staff

Valerie Seidel, Richard Bernier, Dan Dourte, Ashantee Webb, Amy Bainbridge

Guests

Auditor Name

Angela Balent, CPA
Adam Nelson, CPA

Item 1. Call to Order.

Valerie Seidel will call the meeting to order.

Item 2. Roll Call.

Valerie Seidel will call the roll.

Item 3. Additions or Deletions.

Any additions or deletions to the committee meeting agenda will be announced.

RECOMMEND: Approval of a final agenda.



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Item 4. Public Comments.

The public is invited to provide comments on issues that are on today's agenda. *(Please see backup pages 4-5)*

Item 5. Consent Agenda

The consent agenda items are presented for approval. Audit Committee members may remove any items from this agenda that they have questions on or would like to discuss in depth. Any items removed would then be included in the regular agenda in an order assigned by the Chair.

Consent Agenda Items:

- Minutes of the March 12, 2021 Audit Committee Meeting *(please see backup pages 6-9)*

RECOMMEND: Recommendation to approve the Audit Committee meeting minutes

Item 6. Consortium Audit.

A summary of the audit will be provided verbally to the Audit Committee. Adam Nelson and Angela Balent from Warren Averett will present the audit results for the year.

(Please see backup pages 10-60)

RECOMMEND: Recommendation to approve the Auditors report for full Board review.

Item 7. Public Comments.

The public is invited to provide comments on relevant issues. *(Please see backup pages 61-62)*

Item 8. Committee Member Comments.

Members of the Gulf Consortium Audit Committee are invited to provide comments on relevant issues *(Please see backup pages 63-64)*

Item 9. Next Meetings.

Item 10. Adjourn.

Gulf Consortium Audit Committee Meeting
June 23, 2021, 3:00 p.m., Eastern
The Balmoral Group Office - Conference Call



<u>County</u>	<u>Executive Committee Member</u>	<u>Present</u>
Escambia	Robert Bender	
Sarasota	Heather Larson	
Charlotte	Richard Arthur	
Hernando	Helen Gornes	

Gulf Consortium/Sign in Sheet/ Executive Committee Meeting/ June 23, 2021

AGENDA ITEM 4

Gulf Consortium Audit Committee Meeting

June 23, 2021

Agenda Item 4 Public Comments

Statement of Issue:

The public is invited to provide comments on issues that are on today's agenda.

Attachments:

None

Prepared by:

Ashantee Webb
The Balmoral
Group
General Manager
On: June 16, 2021

AGENDA ITEM 5

Gulf Consortium Audit Committee Meeting

June 23, 2021

Agenda Item 5 Approval of March 12, 2021 Minutes

Statement of Issue:

Request to approve the minutes of the March 12, 2021 meeting of the Gulf Consortium Audit Committee.

Options:

- (1) Approve the March 12, 2021 minutes as presented;
or
- (2) Amend and then approve the minutes.

Recommendation:

Motion to approve Option 1.

Prepared by:

Ashantee Webb, The Balmoral
Group On: June 7, 2021

Attachment:

Draft Minutes, March 12, 2021 meeting of the Gulf Consortium Audit Committee.

Action Taken:

Motion to: _____, Made by: _____;

Seconded by: _____.

Approved ____; Approved as amended ____; Defeated ____.

Gulf Consortium Audit Committee Meeting
March 12, 2021 3:00pm ET
[Go to Meeting](#)

Members in Attendance: Chair – Robert Bender (Escambia), Heather Larson (Sarasota), Richard Arthur (Charlotte), Helen Gornes (Hernando).

Also in Attendance: Dan Dourte, Richard Bernier, Valerie Seidel (The Balmoral Group)

Agenda Item #1 – Call to Order

Valerie Seidel called the meeting to order.

Agenda Item #2 – Roll call

Dan Dourte called the roll. All of the members were in attendance.

Agenda Item #3 – Additions or Deletions

There were no additions or deletions that were made to the agenda.

Agenda Item #4 – Public Comments

No comments were made from the public.

Agenda Item #5 – Verbal Update on the Audit by Reviewer

Valerie Seidel (The Balmoral Group) recognized Angela Balent (Warren Averett) who presented to the committee the draft 2020 Audit Report for review, discussion and approval. Angela Balent (Warren Averett) noted that there were no weaknesses in internal control, significant deficiencies or material noncompliance. The recommendation is something for management and governance to consider in their daily and year end accounting processes. The Gulf Consortium has historically reported receivables and payables at the time of encumbrance of funds, following guidance provided by the Grantor. It is recommended that at year end, the entry is reversed, to follow GAAP, and then rebooked the first of the following year. Practice has not changed since the inception of the Consortium, but this is the first year the difference has exceeded materiality thresholds. The result is that revenues will be based on actual expenses incurred for grants, rather than total award amount. Angela Balent (Warren Averett) asked the committee if they had any questions. Commissioner Robert Bender (Escambia) stated that the suggested approach, to close out and then rebook the item, is preferred, as that way they can still easily track what has been awarded and not pulled down. Angela Balent (Warren Averett) agrees with this suggestion. Valerie asks the committee if they have any other thoughts on this item. Helen Gornes (Hernando) asks if the carried forward amount will be carried forward at October 1. Valerie Seidel (The Balmoral Group) clarifies that this year, The Gulf Consortium has 15 million in awards if nothing else is disbursed. There will be a 14-million-dollar adjustment and it will be reversed on September 30th down to a million and then October 31st put back to 15 million. Commissioner Richard Arthur (Charlotte) asks if this will cause any reporting issue with RESTORE council. Angela Balent (Warren Averett) clarifies that this shouldn't be an issue, because The Gulf Consortium is still going to continue to report to RESTORE council the way that they have historically done it in accordance with their direction. Valerie Seidel (The Balmoral Group) gives a further explanation on the item regarding the adjustments for the timing differences. There were no further questions or comments.

ACTION: None Informational Only.

Agenda Item #6 – Next Meeting

The next meeting will be scheduled before the June board of directors meeting to be sure that there is a formal approval for the final audit draft before the statutory deadline. The Gulf Consortium will

be reaching out in about 45 days to schedule the meeting. Valerie Seidel (The Balmoral Group) asks the committee if they have any questions. Commissioner Robert Bender (Escambia) asks if they will expect to see a lot more awarded funds being used as the multi-year of the projects comes up. Valerie Seidel (The Balmoral Group) shares that The Gulf Consortium has been reaching out to some of the counties to help expedite activity. Commissioner Robert Bender (Escambia) asks if the county has done their part in regards to the Grant Commitments. Dan Dourte (The Balmoral Group) confirms that the county has done their part and expects that their currently pending grant will be awarded in the next couple of weeks.

Agenda Item #7– Adjourn

There being no further business, Valerie Seidel adjourned the meeting.

AGENDA ITEM 6

**Gulf Consortium Audit Committee Meeting
June 23, 2021**

**Agenda Item 6
Consortium Audit**

Statement of Issue:

Board acceptance of the findings of the Consortium's Audit and Federal Single Audit.

Background:

A summary of the audit will be provided verbally to the Audit Committee. Adam Nelson and Angela Balent from Warren Averett will present the audit results for the year.

Options:

- (1) Approve the Auditors report for full Board review
- (2) Audit Committee Direction

Recommendation:

Motion to approve Option 1.

Attachments:

Annual Financial Report and Independent Audit Report, through September 30, 2020

Prepared by:

Valerie Seidel
The Balmoral Group
On: June 7, 2021

Action Taken:

Motion to: _____, Made by: _____;

Seconded by: _____.

Approved____; Approved as amended____; Defeated_____.



Audit Results For Year Ending September 30, 2020

GULF CONSORTIUM
JUNE 15, 2021

Agenda

- This Year's Audit Results
- Qualitative Aspects of Accounting Practices
- Other Audit Matters
- Key Items of Note

This Year's Audit Results

Matter	Conclusion
Opinion on Financial Statements	<ul style="list-style-type: none">Fairly stated in all material respectsConsidered a “clean” or “unmodified” reportHighest level of assurance we can provide
Reporting on Supplemental Information	<ul style="list-style-type: none">Fairly stated in all material respects in relation to the Consortium’s financial statements<ul style="list-style-type: none">Subjected to the procedures applied in the Consortium’s financial statement auditRequires that all supplemental data be compared and reconciled directly to underlying accounting records among other procedures
Reporting under <i>Governmental Auditing Standards</i>	<ul style="list-style-type: none">No instances of noncompliance or other matters identified and reportedNo matters relative to internal controls identified and reported from our consideration of controls over financial reporting assessed during the audit

This Year's Audit Results

Matter	Conclusion
Report under <i>Uniform Guidance</i>	<ul style="list-style-type: none">■ We believe the Consortium complied in all material respects with compliance requirements that could have a direct and material effect on the major program.■ No instances of noncompliance identified and reported related to the major federal program.■ No matters relative to internal control identified and reported related to the major federal program.■ Major federal program = Gulf Coast Ecosystem Restoration Council Oil Spill Impact Program (CFDA 87.052)
Other Matters	<ul style="list-style-type: none">■ No instances of fraud or illegal acts were noted■ No material uncertainties were noted■ No significant changes to our planned scope or approach were required during year end fieldwork

Qualitative Aspects of Accounting Practices

Changes in Accounting Policies

- No new policies
- No changes to existing policies

Significant or Unusual Transactions

- All significant transactions recorded properly
- No unusual transactions noted

Alternative Accounting Policies

- No transactions which lack guidance or consensus noted

Our responsibilities were covered in our planning letter sent to the Committee at the start of the audit process.

Other Audit Matters

Matter	Conclusion
Sensitive disclosures affect the financial statements	<ul style="list-style-type: none">Disclosures relating to revenue concentration as noted in Note 5.
Difficulties encountered in performing the audit	<ul style="list-style-type: none">None
Adjustments detected by the audit process	<ul style="list-style-type: none">Adjustment to grant revenue and receivable based on expenditures incurred through June 30, 2020.
Adjusting entries not recorded given insignificance	<ul style="list-style-type: none">None

Other Audit Matters

Matter	Conclusion
Disagreements with Management	■ None
Discussions with other independent accountants	■ Management has informed us that they have not consulted with other accountants
Other findings or issues	■ None

Key Items of Note

Key Item	Commentary
Total revenues earned during the FY 2020 were \$1,421,732.	<ul style="list-style-type: none">89% generated from the federal grant.11% generated from membership dues from the 23 participating counties.
Grant-funded expenses during the FY 2020 were \$1,314,946.	<ul style="list-style-type: none">Consisted of services approved under task orders to program grant management services and compilation of Florida's State Expenditure Plan and direct project costs.
Other operating expenses during FY 2020 were \$136,555.	<ul style="list-style-type: none">Paid from membership dues and prior year unrestricted resources.Related mainly costs for Consortium management, legal, audit, meeting and travel expenses.

GULF CONSORTIUM

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

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**GULF CONSORTIUM
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INDEPENDENT AUDITORS' REPORT

To the Honorable Members of Gulf Consortium

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of the Gulf Consortium (the Consortium), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Consortium's basic financial statements, as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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 Gulf Consortium as of September 30, 2020, and the respective changes in financial position, and the respective budgetary comparison information for the general fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis 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 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2021, on our consideration of the Consortium'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 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 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 Consortium's internal control over financial reporting and compliance.



Fort Walton Beach, Florida
May 27, 2021

**GULF CONSORTIUM
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

As management of the Gulf Consortium (the Consortium), our discussion and analysis of the Consortium's financial performance provides an overview of the Consortium's financial activities for the fiscal year ended September 30, 2020. It should be read in conjunction with the Consortium's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Consortium's assets exceeded its liabilities by \$22,883 (net position) and represents a decrease of \$29,769 from the prior year. The total net position of the Consortium is unrestricted.
- Operating revenues consist of membership dues paid by each of the 23 participating counties and grant funds earned from the Oil Spill Impact Program. Total revenues earned during the year ended September 30, 2020, were \$1,421,732, of which 89% was generated from a federal grant award and 11% from membership dues.
- Grant-funded expenses of \$1,314,946 consisted of services approved under task orders to provide grant management services and compilation of Florida's State Expenditure Plan and direct project costs.
- Other operating expense of \$136,555, which was paid from membership dues and prior year unrestricted resources related to Consortium management, legal, audit, meeting and travel and other operating expenses. The Consortium budgeted to use excess fund balance derived from membership dues from prior years to fund a portion of membership expenses in FY20.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Consortium is a public entity created in 2012 by Inter-local Agreement among Florida's 23 Gulf Coast counties, from Escambia County in the western panhandle of Florida to Monroe County on the southern tip of Florida and the United States.

Florida's 23 Gulf Coast counties formed the Consortium to meet requirements of the RESTORE Act to develop a State Expenditure Plan for economic and environmental recovery of the Gulf Coast in Florida following the Deepwater Horizon oil spill. The RESTORE Act was passed by the Congress and signed into law in 2012, by the President.

The Consortium's Board of Directors consists of one representative from each of the 23 counties. As a public entity, the Consortium must meet all government transparency requirements in Florida, including open public records and meetings, ethics, and state auditing obligations. Since its inception, the Consortium has held several committee meetings to begin developing Florida's State Expenditure Plan.

The Consortium entered into a Memorandum of Understanding (MOU) with Florida Governor Rick Scott in 2013 to foster the development of the State Expenditure Plan, to enhance coordination and also to ensure consistency with the goals and objectives of the Gulf Coast Ecosystem Restoration Council's Draft Initial Comprehensive Plan: Restoring the Gulf Coast's Ecosystem and Economy. The MOU outlines cooperation elements between the Governor's office and the Consortium and identifies the Consortium as the responsible party for the creation of the State Expenditure Plan.

**GULF CONSORTIUM
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS – CONTINUED

Governmental financial statements – The governmental financial statements are designed to provide readers with a broad overview of the Consortium's finances.

Government-wide and Fund Financial Statements

The basic financial statements of the Consortium are composed of the following:

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to Financial Statements

Government-wide Financial Statements (the Statement of Net Position and the Statement of Activities) report information on the reporting entity as a whole. The Consortium only has governmental activity and does not engage in any business-type activities.

The *government-wide financial statements* are designed to provide readers with a broad overview of the Consortium's finances, in a manner similar to a private-sector business. The *statement of net position* presents information on all of the Consortium's assets, deferred outflows (if any), liabilities, and deferred inflows (if any), with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Consortium is improving or deteriorating. The *statement of activities* presents information showing how the Consortium'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 the cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The accounts of the Consortium are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. The Consortium only maintains a general fund and is presented in separate fund financial statements. Governmental fund financial statements are prepared on a modified basis using current financial resources measurement focus. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets.

The Consortium adopts an annual budget for the general fund. A budgetary comparison has been presented for the general fund as part of the basic financial statements, which compares not only the actual results to budget but also the original adopted budget to final budget.

Notes to financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The Management's Discussion and Analysis is the only required supplementary information applicable to the Consortium's form of government and related activities.

**GULF CONSORTIUM
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

FINANCIAL ANALYSIS

Table 1 focuses on net position. The Consortium's net position was \$22,883 as of September 30, 2020. Unrestricted net position is intended to cover the Consortium's on-going operating expenses. During the year ended September 30, 2020, the state grant funds were available to the Consortium to pay for any grant-related costs.

Table 2 focuses on the change in net position. Operating revenues consist of membership dues paid by each of the 23 participating counties and grant funds earned from the Oil Spill Impact Program. Grant-funded expenses of \$1,314,946, consisted of services approved under task orders to provide grant management services and compilation of Florida's State Expenditure Plan and direct project costs. Other operating expenses of \$136,555, which were paid from membership dues and prior year unrestricted resources related to the Consortium's management, legal, audit, meeting and travel and other operating expenses.

**TABLE 1
GULF CONSORTIUM
STATEMENTS OF NET POSITION
AS OF SEPTEMBER 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 42,053	\$ 78,666
Due from other governments	<u>31,482</u>	<u>47,304</u>
TOTAL ASSETS	73,535	125,970
LIABILITIES		
Accounts payable	<u>50,652</u>	<u>73,318</u>
TOTAL LIABILITIES	<u>50,652</u>	<u>73,318</u>
NET POSITION		
Unrestricted	<u>22,883</u>	<u>52,652</u>
TOTAL NET POSITION	<u><u>\$ 22,883</u></u>	<u><u>\$ 52,652</u></u>

**GULF CONSORTIUM
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

**TABLE 2
GULF CONSORTIUM
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
REVENUES		
Operating grants and contributions	\$ 1,421,732	\$ 264,872
TOTAL REVENUES	1,421,732	264,872
EXPENSES		
Governmental activities		
General government		
Grant-funded expenses	1,314,946	194,847
Not-grant funded expenses	136,555	149,719
TOTAL EXPENSES	1,451,501	344,566
CHANGE IN NET POSITION	(29,769)	(79,694)
NET POSITION, BEGINNING OF YEAR	52,652	132,346
NET POSITION, END OF YEAR	<u>\$ 22,883</u>	<u>\$ 52,652</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The fiscal year 2020 budget included the expectation to receive grant revenues relating to the Planning State Expenditure Plan, Stand-up State Expenditure Plan, Adaptive Planning Grant and Florida State Expenditure Plan. During fiscal year 2020 approximately 14 grant awards were made to 12 Florida counties totaling \$16.2 million. The projects are intended to substantially improve water resources across the Gulf and restore areas of habitat. An additional 12 grants for \$27.1 million are pending approval at September 30, 2020.

The Consortium's budgeted expenses for fiscal year 2021 total approximately \$40.2 million. The 2021 budget includes approximately \$117,000 of general operating expenses to be funded with membership dues and carry over funds from the previous year, \$64,000 of grant compliance related expenses, and \$40 million in expenses for economic and environmental recovery projects in the Gulf Coast of Florida.

**GULF CONSORTIUM
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

REQUESTS FOR INFORMATION

This financial report is designed to provide a narrative overview and analysis of the financial activities of the Consortium for the fiscal year ended September 30, 2020. Management's Discussion and Analysis is designed to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Consortium's financial activities, (c) identify changes in the Consortium's financial position, and (d) identify individual fund issues or concerns of the Consortium's financial activity. Questions concerning any of the information provided in the report or requests for additional information should be addressed to the President, The Balmoral Group, LLC, 165 Lincoln Avenue, Winter Park, Florida 32789.

BASIC FINANCIAL STATEMENTS

**GULF CONSORTIUM
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 42,053
Due from other governments	<u>31,482</u>
TOTAL ASSETS	73,535
LIABILITIES	
Accounts payable and accrued liabilities	<u>50,652</u>
NET POSITION	
Unrestricted	<u><u>\$ 22,883</u></u>

See notes to the financial statements.

**GULF CONSORTIUM
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

		Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
	Expenses				
Governmental activities					
General government	<u>\$ 1,451,501</u>	<u>\$ -</u>	<u>\$ 1,421,732</u>	<u>\$ -</u>	\$ (29,769)
NET POSITION AT BEGINNING OF YEAR					<u>52,652</u>
NET POSITION AT END OF YEAR					<u>\$ 22,883</u>

See notes to the financial statements.

**GULF CONSORTIUM
GOVERNMENTAL FUND – GENERAL FUND
BALANCE SHEET
SEPTEMBER 30, 2020**

ASSETS

Cash and cash equivalents	\$ 42,053
Due from other governments	<u>31,482</u>

TOTAL ASSETS	<u>\$ 73,535</u>
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LIABILITIES

Accounts payable and accrued liabilities	50,652
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FUND BALANCE

Unassigned	<u>22,883</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 73,535</u>
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See notes to the financial statements.

**GULF CONSORTIUM
GOVERNMENTAL FUND – GENERAL FUND
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

Fund balance, general fund	\$ 22,883
Amounts reported for governmental activities in the statement of net position are not different.	<u>-</u>
Net position of governmental activities	<u><u>\$ 22,883</u></u>

See notes to the financial statements.

**GULF CONSORTIUM
GOVERNMENTAL FUND – GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

REVENUES

Intergovernmental:	
Planning grants	\$ 46,862
Stand-up grants	17,386
State grants	1,250,694
Membership dues	<u>106,790</u>
Total revenues	<u>1,421,732</u>

EXPENDITURES

Current	
General government	
Membership expenditures	
Management fees	85,760
Legal and other professional fees	29,613
Meetings and other operating	<u>21,182</u>
Total membership expenditures	136,555
Grant expenditures	
Planning grants	46,863
Stand-up grants	17,386
State grants	<u>1,250,697</u>
Total grants expenditures	<u>1,314,946</u>
TOTAL EXPENDITURES	<u>1,451,501</u>
NET CHANGE IN FUND BALANCE	(29,769)
FUND BALANCE AT BEGINNING OF YEAR	<u>52,652</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ 22,883</u></u>

See notes to the financial statements.

**GULF CONSORTIUM
GOVERNMENTAL FUND – GENERAL FUND
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Net change in fund balance – general fund	\$ (29,769)
Amounts reported for governmental activities in the statement of activities are not different.	<u>-</u>
Change in net position of governmental activities	<u><u>\$ (29,769)</u></u>

See notes to the financial statements.

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**GULF CONSORTIUM
GOVERNMENTAL FUND – GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET TO ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Intergovernmental:				
Planning grants	\$ 191,860	\$ 191,860	\$ 46,862	\$ (144,998)
State expenditure plan (SEP)	56,183,640	56,183,640	1,268,080	(54,915,560)
Membership dues	106,790	106,790	106,790	-
TOTAL REVENUES	56,482,290	56,482,290	1,421,732	(55,060,558)
EXPENDITURES				
Membership expenditures				
Management fees	88,740	88,740	85,760	2,980
Legal and other professional fees	22,000	22,000	29,613	(7,613)
Meetings and other operating	48,050	48,050	21,182	26,868
Total management expenditures	158,790	158,790	136,555	22,235
Grant expenditures				
Planning grants implementation	63,950	63,950	46,863	17,087
SEP implementation (county projects)	16,763,589	16,763,589	1,268,083	15,495,506
Total grant expenditures	16,827,539	16,827,539	1,314,946	15,512,593
TOTAL EXPENDITURES	16,986,329	16,986,329	1,451,501	15,534,828
EXCESS DEFICIENCY OF REVENUES OVER (UNDER) EXPENDITURES	39,495,961	39,495,961	(29,769)	(39,525,730)
FUND BALANCE AT BEGINNING OF YEAR	52,000	52,000	52,652	652
FUND BALANCE AT END OF YEAR	<u>\$ 39,547,961</u>	<u>\$ 39,547,961</u>	<u>\$ 22,883</u>	<u>\$ (39,525,078)</u>

See notes to the financial statements.

**GULF CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF DISTRICT

Description of District

The Gulf Consortium (the Consortium) was created in response to the United States Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012 (RESTORE Act). The RESTORE Act was established as a mechanism for providing funding to the Gulf Coast region to restore ecosystems and rebuild local economies damaged by the Deepwater Horizon Oil Spill, which occurred on April 20, 2010. The RESTORE Act established the Gulf Coast Ecosystem Restoration Council (the Restoration Council), an independent entity, which is composed of certain federal officials and the Governors of Alabama, Florida, Mississippi, Louisiana, and Texas. The RESTORE Act charges the Restoration Council with developing a comprehensive plan for ecosystem restoration in the Gulf Coast region ("Council Comprehensive Plan") that identifies projects and programs aimed at restoring and protecting the natural resources and ecosystems of the Gulf Coast Region. The projects and programs are funded from a portion of the Gulf Coast Restoration Trust Fund. For Florida, the RESTORE Act, under 33 U.S.C. Chapter 1321(t)(3)(2012), requires a consortia of local political subdivisions to develop a State Expenditure Plan, for which the RESTORE Act provides for Trust Fund expenditures that would fund projects, programs and activities that will improve the ecosystems or economy of the Gulf Coast region that meet the criteria specified in the RESTORE Act. Therefore, pursuant to Section 163.01, *Florida Statutes*, by Inter-local Agreement among 23 Florida Gulf Coast affected counties, the Consortium was created on November 19, 2012, to: 1) develop Florida's State Expenditure Plan, 2) prepare and process proposals for funding under the competitive program to be processed and administered by the Restoration Council, and 3) act as a resource and advocate for Consortium members.

In 2015, the Restoration Council published its final rule on the RESTORE Act, Spill Impact component state allocation formula. The Spill Impact component represents 30% of a portion of civil fines and administrative penalties derived from the Clean Water Act and is expected to be \$1.60 billion. The allocation of the Spill Impact component for the State of Florida is 18.36% of the total designated or approximately \$242 million.

During the year ended September 30, 2015, the Consortium planning grant application to prepare Florida's State Expenditure Plan (FSEP) was submitted to the Restoration Council and was subsequently approved. The Consortium's State Expenditure Plan was approved in September, 2018 and the Board received approval to commence implementation activities in February, 2019. The Board approved the first group of grant applications in March, 2019. In September, 2019 the first project was awarded. As of September 30, 2020, 14 projects have been awarded.

The Reporting Entity

The Consortium was incorporated as an independent special district, under the laws and regulations of the State of Florida. Membership of the Consortium is limited to the counties that were impacted by the Deepwater Horizon Oil Spill. As of September 30, 2020, the Consortium's membership consisted of the 23 Florida counties with frontage to the Gulf of Mexico. Each member appoints one Director of the Consortium to act as a representative on its behalf. The Consortium operates independently and is not subject to the oversight of any individual governmental unit, and therefore, is not a component unit of another primary government.

**GULF CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION
OF DISTRICT – CONTINUED**

Government-wide and Fund Financial Statements

The basic financial statements of the Consortium are composed of the following:

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to Financial Statements

Government-wide Financial Statements (the Statement of Net Position and the Statement of Activities) report information on the reporting government as a whole. The Consortium only has governmental activity and does not engage in any business-type activities.

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 reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter to pay liabilities of the current period. For this purpose, the Consortium considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to claims and judgments are recorded only when payment is due.

Intergovernmental revenues during the current fiscal period are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The Consortium reports the following major governmental fund:

General Fund – The General Fund is the general operating fund of the Consortium and is used to account for all financial resources, except for those required to be accounted for in another fund.

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

**GULF CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION
OF DISTRICT – CONTINUED**

Intergovernmental Revenues

The Consortium's intergovernmental revenues consist of dues and revenues received per the Inter-local Agreement and federal grant funding.

Cash and Cash Equivalents

The Consortium's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments purchased within three months of maturity.

Budgetary Requirement and Basis

Expenditures are controlled by appropriations in accordance with the budget requirements set forth in the Consortium's Board policy. The budgeted revenues and expenditures reflect all amendments approved by the Board. Budgetary control is required at the fund (or grant) level. The budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

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.

2. CASH

Deposits at year-end were held by financial institutions designated as a "qualified public depository" by the State Treasurer. All deposits were fully insured through a combination of federal depository insurance and participation of the financial institution in the multiple financial institution collateral pool as specified in Chapter 280, Florida Statutes. At September 30, 2020, the reported amount of the deposits and the bank balance was \$42,053.

3. DUE FROM OTHER GOVERNMENTS

The Consortium's receivable from other governments as of September 30, 2020, is \$31,482, which is due from the Gulf Coast Ecosystem Restoration Council.

**GULF CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

4. RELATED PARTIES AND CONTRACT COMMITMENTS

State of Florida

In 2013, the Consortium entered into a Memorandum of Understanding (MOU) with the Governor of the State of Florida to collaborate for the benefit of the Gulf of Mexico and the State of Florida with a focus on maximizing Florida's attainment of funds under the RESTORE Act to restore the Gulf Coast resources and energize the economic recovery in the region. The MOU requires coordination with the Governor's office on projects in the State Expenditure Plan for Florida, which will be certified, if appropriate, by the Governor to the Gulf Coast Ecosystem Restoration Council for approval (see Note 1 for information on the Restoration Council). As part of the MOU, the Governor shall appoint six individuals to provide input and guidance to the Consortium on policies and criteria used to determine projects, activities and programs for consideration in the State Expenditure Plan (the Plan). Additionally, the Consortium consults with the State on the development of the Plan and provides the Plan to the Governor for review prior to submission to the Restoration Council.

The Balmoral Group, LLC

In 2017, The Balmoral Group, LLC was contracted to serve as the Consortium's full-time manager. Services provided include administration of Consortium operations, as well as other administrative duties, including financial management, accounting services and the annual budget preparation. The compensation for these services is at a rate of \$170 per hour not to exceed \$91,704 per fiscal year. Non-grant related expenses under this contract for the year ended September 30, 2020 totaled \$85,760. The contract also recognizes certain management services may be eligible for grant reimbursement which can also be billed to the grant at a rate of \$170 per hour not to exceed \$299,880 per fiscal year. Management expenses relating to grant-related activity for the year ended September 30, 2020, totaled \$60,189. In January 2021, the contract was extended through April 30, 2024, with an automatic one year renewal.

Leon County, Florida Procurement Services

The Consortium has an inter-local agreement with Leon County, Florida to provide competitive procurement services as needed. The level of effort related to these services was not significant during the year ended September 30, 2020, and as such, no expenses or related in-kind revenue have been recorded.

Leon County, Florida Fiscal Management Services

The Consortium has an interlocal agreement with the Leon County Clerk of Circuit Court and Comptroller (Clerk) to provide distribution and paying agent services for payment of costs and expenses associated with developing and implementing the State Expenditure Plan. Effective March of 2019, the Clerk performs these responsibilities for three (3) basis points on each transaction processed. For the year ending September 30, 2020, \$745 of fees have been charged.

**GULF CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

5. CONCENTRATIONS

The Consortium's revenue is generated from two sources: membership dues and federal grant funds relating to the Gulf Coast Ecosystem Restoration Council Oil Spill Impact Program. During the year ended September 30, 2020, 7% of the Consortium's revenue was generated from membership dues and 93% from federal grant awards. The Consortium is fiscally dependent upon the federal grant funding and membership revenue sources.

6. FUND BALANCE

The Consortium's fund balance is classified as follows:

Unassigned Fund Balance – represents all spendable amounts available for general use of the Consortium. There was a \$22,883 unassigned fund balance at September 30, 2020.

7. CONTINGENCY

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 Consortium. 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 Consortium.

**GULF CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

8. GRANT COMMITMENTS

As of September 30, 2020, the Consortium had outstanding Federal grant awards of \$7,980,436 for approved projects by the RESTORE Council. The Federal grant funds are not available to the Consortium until expenses are incurred and therefore, are not recorded as receivables. The grant expenses are subject to audit to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as the result of these audits is not believed to be material by management.

Grantee(s)	Federal Award Identification Number	Award Amount	Funds Expended to Date	Award Funds Remaining
Pasco	GNTSP19FL0086	\$ 117,905	\$ 3,557	\$ 114,348
Santa Rosa, Okaloosa, Citrus and Charlotte	GNTSP20FL0088	1,150,464	178,848	971,616
Wakulla	GNTSP20FL0089	81,004	4,757	76,247
Okaloosa	GNTSP20FL0090	1,066,139	4,007	1,062,132
Pinellas	GNTSP20FL0091	1,237,121	1,016,355	220,766
Sarasota	GNTSP20FL0092	1,107,192	2,003	1,105,189
Collier	GNTSP20FL0097	820,516	5,750	814,766
Bay	GNTSP20FL0098	545,139	16,730	528,409
Walton	GNTSP20FL0105	525,288	2,411	522,877
Jefferson	GNTSP20FL0106	1,236,271	5,869	1,230,402
Citrus	GNTSP20FL0107	695,024	3,024	692,000
Hernando	GNTSP20FL0110	453,807	3,263	450,544
Gulf	GNSSP20FL0010	194,413	3,273	191,140
Totals		\$ 9,230,283	\$ 1,249,847	\$ 7,980,436

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COMPLIANCE SECTION

GULF CONSORTIUM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

<u>Federal Grantor/Pass-Through Grantor/ State Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Contract Number</u>	<u>Expenditures</u>	<u>Pass-Through to Subrecipients</u>
FEDERAL AWARDS				
Gulf Coast Ecosystem Restoration Council (RESTORE Council)				
Gulf Coast Ecosystem Restoration Council				
Oil Spill Impact Program	87.052	GNSSP20FL0010	\$ 3,273	\$ 3,273
Oil Spill Impact Program	87.052	GNTSP16FL0021	56,137	56,137
Oil Spill Impact Program	87.052	GNTSP19FL0077	22,573	22,573
Oil Spill Impact Program	87.052	GNTSP19FL0086	3,558	3,558
Oil Spill Impact Program	87.052	GNTSP20FL0088	178,848	178,848
Oil Spill Impact Program	87.052	GNTSP20FL0089	4,757	4,757
Oil Spill Impact Program	87.052	GNTSP20FL0090	4,007	4,007
Oil Spill Impact Program	87.052	GNTSP20FL0091	1,006,746	1,006,746
Oil Spill Impact Program	87.052	GNTSP20FL0092	2,003	2,003
Oil Spill Impact Program	87.052	GNTSP20FL0097	5,750	5,750
Oil Spill Impact Program	87.052	GNTSP20FL0098	4,210	4,210
Oil Spill Impact Program	87.052	GNTSP20FL0105	2,411	2,411
Oil Spill Impact Program	87.052	GNTSP20FL0106	5,869	5,869
Oil Spill Impact Program	87.052	GNTSP20FL0107	3,024	3,024
Oil Spill Impact Program	87.052	GNTSP20FL0110	3,263	3,263
TOTAL FEDERAL AWARDS			<u>\$ 1,306,429</u>	<u>\$ 1,306,429</u>

The accompanying notes are an integral part of this schedule.

GULF CONSORTIUM
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

A. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal award activity of Gulf Consortium (the Consortium) under programs of the federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Consortium, it is not intended to and does not present the net position or changes in net position of the Consortium.

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, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

C. DE MINIMIS INDIRECT COST RATE ELECTION

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

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

To the Members of the Gulf Consortium

We have examined the Gulf Consortium's (the Consortium) compliance with Florida Statute 218.415, in regard to investments for the year ended September 30, 2020.

Management is responsible for the Consortium's compliance with those requirements. Our responsibility is to express an opinion on the Consortium'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 Consortium complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Consortium complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Consortium's compliance with specified requirements.

In our opinion, the Consortium complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

Warren Averett, LLC

Fort Walton Beach, Florida
May 27, 2021

**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 Members of the Gulf Consortium

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 Gulf Consortium (the Consortium), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Consortium's basic financial statements and have issued our report thereon dated May 27, 2021.

Internal Control over Financial Reporting

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

Compliance and Other Matters

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

A handwritten signature in black ink that reads "Warren Averett, LLC". The signature is written in a cursive, flowing style.

Fort Walton Beach, Florida
May 27, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR A FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Members of the Gulf Consortium

Report on Compliance for Oil Spill Impact Program

We have audited the compliance of Gulf Consortium (the Consortium) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Consortium's Oil Spill Impact Program (the Program) for the year ended September 30, 2020.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal and state awards applicable to the Program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Consortium's Program based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the Program occurred. An audit includes examining, on a test basis, evidence about the Consortium's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Consortium's Oil Spill Impact Program. However, our audit does not provide a legal determination of the Consortium's compliance with those requirements.

Opinion on Major Federal Program

In our opinion, the Consortium complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Oil Spill Impact Program for the year ended September 30, 2020.

Report on Internal Control over Compliance

Management of the Consortium is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the internal control over compliance with requirements that could have a direct and material effect on the Program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for its Program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Consortium's 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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

Warren Averett, LLC

Fort Walton Beach, Florida

May 27, 2021

**GULF CONSORTIUM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

A. 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 that is/are
not considered to be material weaknesses? ___ Yes X None
Reported
- Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal control over federal program:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) identified that is/are
not considered to be material weaknesses? ___ Yes X None
Reported

Type of auditors' report issued on compliance for federal program: Unmodified

- Any audit findings disclosed that are required to be
reported in accordance with the Uniform Guidance? ___ Yes X No

Identification of federal program:

<u>CFDA Number/ Name of Federal Program or Cluster</u>	<u>Federal CFDA Number</u>
Gulf Coast Ecosystem Restoration Council Oil Spill Impact Program	87.052
Dollar threshold used to distinguish between type A and type B programs for federal awards?	<u>\$750,000</u>
Auditee qualified as low-risk auditee for federal awards?	___ Yes <u>X</u> No

**GULF CONSORTIUM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

B. FINDINGS – FINANCIAL STATEMENTS

There were no findings, which were required to be reported in accordance with government auditing standards generally accepted in the United States of America.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM

There were no findings, which were required to be reported in accordance with the Uniform Guidance.

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**GULF CONSORTIUM
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

There were no findings for the fiscal year ended September 30, 2019, which were required to be reported in accordance with government auditing standards generally accepted in the United States of America and in accordance with the Uniform Guidance.

MANAGEMENT LETTER

To the Members of the Gulf Consortium

Report on the Financial Statements

We have audited the financial statements of the Gulf Consortium (the Consortium), as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated May 27, 2021.

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 the Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Florida Auditor General*.

Other Reporting Requirements

We have also issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance of a Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an Examination of Compliance Requirements in Accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated May 27, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The official title and legal authority for the Consortium has been disclosed in Note 1 to the financial statements. The Consortium has no component units.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether the Consortium has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, the results of our tests did not indicate that the Consortium met any of the conditions described in Section 218.503(1), Florida Statutes.

Financial Condition and Management – Continued

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the Consortium's financial condition, and our financial condition assessment was based, in part, on representations made by management and the review of financial information provided by same.

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

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we identified the following control deficiency.

Recommendation 2020-001

At the prior direction of their grantor, the Consortium recognizes a receivable and a liability upon their awarding of a grant. The Consortium provides grant funds, as a pass-through entity, to other local governments through cost-reimbursements grants, and as such, the Consortium should recognize revenue and receivable only up to the amount of eligible expenditures incurred and accrued. Because of existing guidance, a large reclassification audit entry was required to remove the amount of grant funds awarded and yet to be paid as of year-end. In discussion with management, renewed grantor guidance was sought on this matter.

In addition, adjustments for timing differences relative to grant expenses, revenues, receivables and liabilities relating to prior year accruals had to be recorded to bring the Consortium's financial statements to generally accepted accounting principles of the United States of America. The two items in question were reconciling items and not considered a recurring issue.

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, members of the Consortium, 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 27, 2021

AGENDA ITEM 7

Gulf Consortium Audit Committee Meeting

June 23, 2021

**Agenda Item 7
Public Comments**

Statement of Issue:

The public is invited to provide comments on relevant issues.

Attachments:

None

Prepared by:

Ashantee Webb
The Balmoral
Group
General Manager
On: June 16, 2021

AGENDA ITEM 8

**Gulf Consortium Audit Committee Meeting
June 23, 2021**

**Agenda Item 8
Audit Committee Member Comments**

Statement of Issue:

Members of the Audit Committee are invited to provide comments on relevant issues.

Attachments:

None

Prepared by:

Ashantee Webb
The Balmoral Group
General Manager
On: June 7, 2021