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AGENDA

THE GULF CONSORTIUM
Risk and Audit Committee Meeting

Wednesday, May 31, 2023 1:00 p.m. ET,

GoToMeeting
United States: +1 (646) 749-3129
Access Code: 114-113-981
<https://meet.goto.com/114113981>

Committee Members

Richard Arthur (Charlotte County), Robert Bender (Escambia), Philip Griffitts (Bay), Helen Gornes (Hernando),

Staff

Valerie Seidel, Richard Bernier, Dan Dourte (The Balmoral Group)
Lynn Hoshihara, Evan Rosenthal (NGN)

Guests

Adam Nelson, CPA
Warren Averett

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.

Item 4. Public Comments.

The public is invited to provide comments on issues that are on today's agenda. *(Please see backup pages 3-4)*

Item 5. Consortium Audit.

A summary of the audit will be provided verbally to the Audit Committee. Adam Nelson from

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Warren Averett will present the audit results for the year.

(Please see backup pages 5-50)

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

Item 6. Public Comments.

The public is invited to provide comments on relevant issues. *(Please see backup pages 51-52)*

Item 7. Committee Member Comments.

Members of the Gulf Consortium Audit Committee are invited to provide comments on relevant issues *(Please see backup pages 53-54)*

Item 8. Next Meetings.

n/a

Item 9. Adjourn.

AGENDA ITEM 4

Gulf Consortium Audit Committee Meeting

May 31, 2023

**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:

Richard Bernier
The Balmoral Group
Controller
On: May 18, 2023

**Gulf Consortium Audit Committee Meeting
May 31, 2023**

**Agenda Item 5
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 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, 2022

Prepared by:

Richard Bernier
The Balmoral Group
On: May 18, 2023

Action Taken:

Motion to: _____, Made by: _____;

Seconded by: _____.

Approved____; Approved as amended____; Defeated_____.

GULF CONSORTIUM

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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**GULF CONSORTIUM
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INDEPENDENT AUDITORS' REPORT

To the Honorable Members of
Gulf Consortium

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Gulf Consortium's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Consortium, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Gulf Consortium's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Gulf Consortium'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 Gulf Consortium'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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Consortium's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated [REPORT DATE], on our consideration of the Gulf 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 Gulf Consortium's internal control over financial reporting and compliance.

Fort Walton Beach, Florida

[REPORT DATE]

**GULF CONSORTIUM
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

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, 2022. 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 \$46,682 (net position) and represents a increase of \$31,519 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, 2022, were \$9,579,132, of which 99% was generated from a federal grant award and 1% from membership dues.
- Grant-funded expenses of \$9,455,010 consisted of direct project costs and services approved to provide grant management services.
- Other operating expense of \$92,603, which was paid from membership dues and prior year unrestricted resources related to the Consortium's 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 FY22.

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. The Consortium meets regularly to carry out its duties in administering the oil spill funds.

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 (SEP), 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, 2022**

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, 2022**

FINANCIAL ANALYSIS

Table 1 focuses on net position. The Consortium's net position was \$46,682 as of September 30, 2022. Unrestricted net position is intended to cover the Consortium's on-going operating expenses. During the year ended September 30, 2022, planning grant funds and SEP 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 \$9,455,010, consisted of direct project costs and services approved to provide grant management services. Other operating expenses of \$92,603, 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, 2022 AND 2021**

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 42,451	\$ 6,251
Due from other governments	60,761	99,473
Prepaid Expenses	16,184	15,865
TOTAL ASSETS	119,396	121,589
LIABILITIES		
Accounts payable	72,714	106,426
TOTAL LIABILITIES	72,714	106,426
NET POSITION		
Unrestricted	46,682	15,163
TOTAL NET POSITION	\$ 46,682	\$ 15,163

**GULF CONSORTIUM
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

**TABLE 2
GULF CONSORTIUM
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022 AND 2021**

	2022	2021
REVENUES		
Operating grants and contributions	\$ 9,579,132	\$ 964,969
TOTAL REVENUES	9,579,132	964,969
EXPENSES		
Governmental activities		
General government		
Grant-funded expenses	9,455,010	858,182
Not-grant funded expenses	92,603	114,507
TOTAL EXPENSES	9,547,613	972,689
CHANGE IN NET POSITION	31,519	(7,720)
NET POSITION, BEGINNING OF YEAR	15,163	22,883
NET POSITION, END OF YEAR	\$ 46,682	\$ 15,163

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The fiscal year 2022 budget included the expectation to receive grant revenues relating to the Adaptive Planning Grant and Florida State Expenditure Plan. During fiscal year 2022 approximately 8 grant awards were awarded to 7 Florida counties totaling \$24,552,994. The projects are intended to substantially improve water resources across the Gulf and restore areas of habitat.

The Consortium's budgeted expenses for fiscal year 2023 total approximately \$50.7 million. The 2023 budget includes approximately \$106,000 of general operating expenses to be funded with membership dues and carry over funds from the previous year, \$109,000 of grant compliance related expenses, and \$50.5 million in expenses for economic and environmental recovery projects in the Gulf Coast of Florida.

**GULF CONSORTIUM
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

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, 2022. 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.

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BASIC FINANCIAL STATEMENTS

**GULF CONSORTIUM
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 42,451
Due from other governments	60,761
Prepaid expenses	<u>16,184</u>
TOTAL ASSETS	119,396
LIABILITIES	
Accounts payable and accrued liabilities	<u>72,714</u>
NET POSITION	
Unrestricted	<u><u>\$ 46,682</u></u>

See notes to the financial statements.

**GULF CONSORTIUM
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Program Revenues</u>			<u>Net Revenue and Change in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities					
General government	<u>\$ 9,547,613</u>	<u>\$ -</u>	<u>\$ 9,579,132</u>	<u>\$ -</u>	\$ 31,519
			NET POSITION AT BEGINNING OF YEAR		<u>15,163</u>
			NET POSITION AT END OF YEAR		<u>\$ 46,682</u>

See notes to the financial statements.

**GULF CONSORTIUM
GOVERNMENTAL FUND – GENERAL FUND
BALANCE SHEET
SEPTEMBER 30, 2022**

ASSETS

Cash and cash equivalents	\$ 42,451
Due from other governments	60,761
Prepaid expenses	<u>16,184</u>

TOTAL ASSETS

\$ 119,396

LIABILITIES

Accounts payable and accrued liabilities	\$ 72,714
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FUND BALANCE

Nonspendable	16,184
Unassigned	<u>30,498</u>

TOTAL FUND BALANCE

46,682

TOTAL LIABILITIES AND FUND BALANCE

\$ 119,396

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, 2022**

Fund balance, general fund	\$ 46,682
Amounts reported for governmental activities in the statement of net position are not different	<u>-</u>
Net position of governmental activities	<u><u>\$ 46,682</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, 2022**

REVENUES

Intergovernmental:	
Planning grants	\$ 50,509
SEP grants	9,404,501
Membership dues	<u>124,122</u>
Total revenues	<u>9,579,132</u>

EXPENDITURES

Current	
General government	
Membership expenditures	
Management fees	63,744
Legal and other professional fees	22,125
Meetings and other operating	<u>6,734</u>
Total membership expenditures	92,603
Grant expenditures	
Planning grants	50,509
SEP grants	<u>9,404,501</u>
Total grants expenditures	<u>9,455,010</u>
Total expenditures	<u>9,547,613</u>
NET CHANGE IN FUND BALANCE	31,519
FUND BALANCE AT BEGINNING OF YEAR	<u>15,163</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ 46,682</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, 2022**

Net change in fund balance – general fund	\$ 31,519
Amounts reported for governmental activities in the statement of activities are not different	<u>-</u>
Change in net position of governmental activities	<u>\$ 31,519</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, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental:				
Planning grants	\$ 191,860	\$ 191,860	\$ 50,509	\$ (141,351)
State expenditure plan (SEP)	104,764,553	104,764,553	9,404,501	(95,360,052)
Membership dues	124,120	124,120	124,122	2
TOTAL REVENUES	105,080,533	105,080,533	9,579,132	(95,501,401)
EXPENDITURES				
Membership expenditures				
Management fees	78,925	78,925	63,744	15,181
Legal and other professional fees	30,500	30,500	22,125	8,375
Meetings and other operating	14,695	14,695	6,734	7,961
Total management expenditures	124,120	124,120	92,603	31,517
Grant expenditures				
Planning grants implementation	63,950	63,950	50,509	13,441
SEP implementation (county projects)	52,382,277	52,382,277	9,404,501	42,977,776
Total grant expenditures	52,446,227	52,446,227	9,455,010	42,991,217
TOTAL EXPENDITURES	52,570,347	52,570,347	9,547,613	43,022,734
EXCESS DEFICIENCY OF REVENUES OVER (UNDER) EXPENDITURES	52,510,186	52,510,186	31,519	(52,478,667)
FUND BALANCE AT BEGINNING OF YEAR	15,163	15,163	15,163	-
FUND BALANCE AT END OF YEAR	\$ 52,525,349	\$ 52,525,349	\$ 46,682	\$(52,478,667)

See notes to the financial statements.

**GULF CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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 the Interlocal Agreement among 23 Florida Gulf Coast affected counties, the Consortium was created on November 19, 2012, to 1) develop Florida's State Expenditure Plan (FSEP), 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 the 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 \$1.6 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 FSEP was submitted to the Restoration Council and was subsequently approved. The Consortium's FSEP was approved in September 2018 and the Consortium's Board of Directors (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, 2022, 31 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, 2022, 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, 2022**

**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, 2022**

**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 Interlocal 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.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid expense. Prepaid items are recognized as expenditures on the consumption method in the general fund.

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 GAAP 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, 2022, the reported amount of the deposits and the bank balance was \$42,451.

3. DUE FROM OTHER GOVERNMENTS

The Consortium's receivable from other governments as of September 30, 2022, is \$60,761, which is due from the Restoration Council.

**GULF CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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 FSEP, which will be certified, if appropriate, by the governor to the 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 FSEP. 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 the Consortium's 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 \$175 per hour, not to exceed \$100,000 per fiscal year. Non-grant related expenses under this contract for the year ended September 30, 2022, totaled \$63,744. 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 \$175 per hour, not to exceed \$350,000 per fiscal year. Management expenses relating to grant related activity for the year ended September 30, 2022, totaled \$233,633. In January 2021, the contract was extended through April 30, 2024.

Leon County, Florida Procurement Services

The Consortium has an interlocal 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, 2022, 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 FSEP. Effective March of 2019, the Clerk performs these responsibilities for three (3) basis points on each transaction processed. For the year ending September 30, 2022, \$2,770 of fees have been charged.

**GULF CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

5. CONCENTRATIONS

The Consortium's revenue is generated from two sources: membership dues and federal grant funds relating to the Restoration Council Oil Spill Impact Program. During the year ended September 30, 2022, 1% of the Consortium's revenue was generated from membership dues and 99% 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:

Nonspendable Fund Balance – represents amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, prepaid items. There was a \$16,184 nonspendable fund balance at September 30, 2022.

Unassigned Fund Balance – represents all spendable amounts available for general use of the Consortium. There was a \$30,498 unassigned fund balance at September 30, 2022. The deficit will be eliminated as the prepaid items are consumed.

7. CONTINGENCY

Amounts received or receivable from the grantor agency are 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, 2022**

8. GRANT COMMITMENTS

As of September 30, 2022, the Consortium had outstanding federal grant awards of \$49,441,835 for approved projects by the Restoration Council (also 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)	Award Identification Number	Award Amount	Funds Expended to Date	Award Funds Remaining
Adaptive Planning	GNSSP21FL0020	\$ 191,860	\$ 124,396	\$ 67,464
Manatee	GNSSP21FL0022	689,687	18,222	671,465
Pinellas	GNSSP21FL0023	2,085,262	16,401	2,068,861
Escambia	GNSSP21FL0025	1,121,773	14,527	1,107,246
Manatee	GNSSP21FL0028	352,266	11,601	340,665
Franklin	GNSSP21FL0029	6,107,397	5,024,867	1,082,530
Manatee	GNSSP21FL0030	4,538,586	18,598	4,519,988
Citrus	GNSSP22FL0034	5,988,821	15,126	5,973,695
Santa Rosa	GNSSP22FL0036	3,460,834	10,742	3,450,092
Taylor	GNSSP22FL0037	1,075,161	10,644	1,064,517
Wakulla	GNSSP22FL0039	7,721,441	12,716	7,708,725
Okaloosa	GNSSP22FL0040	1,431,554	10,985	1,420,569
Pasco	GNSSP22FL0041	5,090,277	10,181	5,080,096
Manatee	GNSSP22FL0044	2,039,612	9,188	2,030,424
Taylor	GNSSP23FL0046	383,665	-	383,665
Citrus	GNSSP23FL0047	1,246,249	-	1,246,249
Pasco	GNTSP19FL0086	117,905	10,769	107,136
Santa Rosa, Okaloosa, Citrus and Charlotte	GNTSP20FL0088	1,150,464	708,446	442,018
Wakulla	GNTSP20FL0089	81,004	58,598	22,406
Okaloosa	GNTSP20FL0090	1,066,139	278,798	787,341
Pinellas	GNTSP20FL0091	1,237,121	1,037,243	199,878
Sarasota	GNTSP20FL0092	1,107,192	16,092	1,091,100

**GULF CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

8. GRANT COMMITMENTS – CONTINUED

Grantee(s)	Federal Award Identification Number	Award Amount	Funds Expended to Date	Award Funds Remaining
Collier	GNTSP20FL0097	\$ 820,516	\$ 184,570	\$ 635,946
Bay	GNTSP20FL0098	545,139	186,401	358,738
Walton	GNTSP20FL0105	679,029	17,680	661,349
Jefferson	GNTSP20FL0106	1,236,271	62,944	1,173,327
Citrus	GNTSP20FL0107	1,359,099	179,128	1,179,971
Hernando	GNTSP20FL0110	778,622	38,653	739,969
Hillsborough	GNSSP20FL0012	5,027,488	3,315,963	1,711,525
Levy	GNSSP20FL0013	2,080,054	26,228	2,053,826
Gulf	GNSSP20FL0010	194,413	133,359	61,054
Totals		<u>\$ 61,004,901</u>	<u>\$ 11,563,066</u>	<u>\$ 49,441,835</u>

COMPLIANCE SECTION

**GULF CONSORTIUM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

<u>Federal Grantor/Pass-Through Grantor/ State Grantor/Program Title</u>	<u>Assistance Listing 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	\$ 85,083	\$ 58,126
Oil Spill Impact Program	87.052	GNSSP20FL0012	3,304,918	3,290,720
Oil Spill Impact Program	87.052	GNSSP20FL0013	15,385	-
Oil Spill Impact Program	87.052	GNSSP21FL0020	50,509	-
Oil Spill Impact Program	87.052	GNSSP21FL0022	7,934	-
Oil Spill Impact Program	87.052	GNSSP21FL0023	7,446	-
Oil Spill Impact Program	87.052	GNSSP21FL0025	4,550	-
Oil Spill Impact Program	87.052	GNSSP21FL0029	5,007,932	5,000,000
Oil Spill Impact Program	87.052	GNSSP21FL0030	7,333	-
Oil Spill Impact Program	87.052	GNTSP20FL0088	210,690	196,240
Oil Spill Impact Program	87.052	GNTSP20FL0089	37,993	30,932
Oil Spill Impact Program	87.052	GNTSP20FL0090	157,684	151,889
Oil Spill Impact Program	87.052	GNTSP20FL0105	15,269	-
Oil Spill Impact Program	87.052	GNTSP20FL0091	7,360	-
Oil Spill Impact Program	87.052	GNTSP20FL0097	104,781	101,000
Oil Spill Impact Program	87.052	GNTSP20FL0098	80,053	67,210
Oil Spill Impact Program	87.052	GNTSP20FL0106	46,081	47,190
Oil Spill Impact Program	87.052	GNTSP20FL0107	175,779	169,351
Oil Spill Impact Program	87.052	GNTSP20FL0110	22,960	17,119
Oil Spill Impact Program	87.052	GNSSP21FL0028	11,601	-
Oil Spill Impact Program	87.052	GNSSP22FL0034	15,124	-
Oil Spill Impact Program	87.052	GNSSP22FL0036	10,742	-
Oil Spill Impact Program	87.052	GNSSP22FL0037	10,644	-
Oil Spill Impact Program	87.052	GNSSP22FL0039	12,716	-
Oil Spill Impact Program	87.052	GNSSP22FL0040	10,985	-
Oil Spill Impact Program	87.052	GNSSP22FL0041	10,181	-
Oil Spill Impact Program	87.052	GNSSP22FL0044	9,188	-
Oil Spill Impact Program	87.052	GNTSP20FL0092	14,089	-
			<u>\$ 9,455,010</u>	<u>\$ 9,129,777</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, 2022

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, 2022. 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 Honorable Members of
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, 2022.

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, 2022.

Fort Walton Beach, Florida

[REPORT DATE]

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

To the Honorable Members of
Gulf Consortium

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Gulf Consortium (the Consortium), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Consortium's basic financial statements, and have issued our report thereon dated [REPORT DATE].

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 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.

Fort Walton Beach, Florida

[REPORT DATE]

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

To the Honorable Members of
Gulf Consortium

Report on Compliance for the Oil Spill Impact Program

Opinion on the Oil Spill Impact Program

We have audited the Gulf Consortium’s (the Consortium) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Gulf Consortium’s Oil Spill Impact Program (the Program) for the year ended September 30, 2022.

In our opinion, the Gulf 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 Program for the year ended September 30, 2022.

Basis for Opinion on the Oil Spill Impact Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors’ Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Gulf Consortium and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Gulf Consortium’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 Gulf Consortium’s federal programs.

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Gulf Consortium'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 Gulf Consortium's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Gulf Consortium'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.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Fort Walton Beach, Florida

[REPORT DATE]

**GULF CONSORTIUM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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:

Name of Federal Program or Cluster	Assistance Listing Num.
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?	<u>X</u> Yes ___ No

**GULF CONSORTIUM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

B. FINANCIAL STATEMENT FINDINGS

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

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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, 2022**

There were no findings for the fiscal year ended September 30, 2021, 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, 2022, and the related notes to the financial statements and have issued our report thereon dated [REPORT DATE].

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 Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance 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 [REPORT DATE], 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 findings or recommendations made in the preceding financial audit report.

Official Title and Legal Authority

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

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 make any such recommendations to improve financial management.

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

- a. No Consortium employees compensated in the last pay period of the district's fiscal year.
- b. No independent contractors to whom nonemployee compensation was paid in the last month of the Consortium's fiscal year.
- c. No compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency.
- d. No compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency.
- e. No construction projects.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes is reflected in the Consortium's basic financial statements.

Additional Matters

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

Purpose of This Letter

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

Fort Walton Beach, Florida

[REPORT DATE]

AGENDA ITEM 6

Gulf Consortium Audit Committee Meeting

May 30, 2018

**Agenda Item 6
Public Comments**

Statement of Issue:

The public is invited to provide comments on relevant issues.

Attachments:

None

Prepared by:

Richard Bernier
The Balmoral Group
Controller
On: May 18, 2023

AGENDA ITEM 7

**Gulf Consortium Audit Committee Meeting
May 30, 2023**

**Agenda Item 7
Audit Committee Member Comments**

Statement of Issue:

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

Attachments:

None

Prepared by:

Richard Bernier
The Balmoral Group
Controller
On: May 18, 2023