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## AGENDA

### THE GULF CONSORTIUM Risk and Audit Committee Meeting

2:00 p.m. ET, Wednesday, January 22, 2020

**GoToMeeting**  
**Dial-in Number +1 (571) 317-3129**  
**Participant Passcode: 654-058-309**

#### Committee Members

**Robert Bender (Escambia County), Lane Lynchard (Santa Rosa), Heather Larson (Sarasota),  
Larry Jones (Walton County)**

#### Staff

Valerie Seidel, Richard Bernier

#### Guests

Auditor Name  
Angela Balent, CPA

#### **Item 1. Call to Order.**

Valerie Seidel will call the meeting to order

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#### **Item 2. Roll Call.**

Valerie Seidel will call the roll.

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#### **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 NOT on today's agenda. All comments regarding a specific agenda item will be considered following the Committee's discussion of that agenda item. *Please note: Individuals who have comments concerning a specific agenda item should fill out a speaker card or communicate with staff prior to that agenda item.*

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**Item 5. Audit Review**

The audit for 2019 is presented for Committee discussion and approval. Presented by auditor.

*(Please see back up attachment)*

RECOMMEND: Recommendation to full Board for Approval of 2019 Audit

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**Item 6. Future Audit Committee Meetings**

RECOMMEND: The Audit Committee establish future meeting dates to discuss whether to establish a follow up 2020 meeting for any findings provided by the auditors in the 2019 audit.

# **AGENDA ITEM 5**

**GULF CONSORTIUM**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

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**GULF CONSORTIUM  
TABLE OF CONTENTS  
SEPTEMBER 30, 2019**

<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	3
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>Government-Wide Financial Statements</b>	
Statement of Net Position	8
Statement of Activities	9
<b>Fund Financial Statements</b>	
<u>Governmental Fund – General Fund</u>	
Balance Sheet	10
Reconciliation of the Balance Sheet to the Statement of Net Position	11
Statement of Revenues, Expenditures and Changes in Fund Balance	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	13
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual	14
<b>Notes to the Financial Statements</b>	15
<b>COMPLIANCE SECTION</b>	
Schedule of Expenditures of Federal Awards	20
Notes to the Schedule of Expenditures of Federal Awards	21
Independent Accountants' Report on an Examination of Compliance Requirements in Accordance with Chapter 10.550, <i>Rules of the Auditor General</i>	22
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 <i>Government Auditing Standards</i>	23
Independent Auditors' Report on Compliance for a Federal Program and on Internal Control Over Compliance	25
Schedule of Findings and Questioned Costs	27
Summary Schedule of Prior Audit Findings	29
Management Letter	30

## 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, 2019, 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, 2019, 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 DATE, 2020, 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

DATE, 2020



**GULF CONSORTIUM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

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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, 2019. 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 \$52,652 (net position) and represents a decrease of \$79,694 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, 2019, were \$264,872, of which 74% was generated from a federal grant award and 26% from membership dues.
- Grant-funded expenses of \$194,847 consisted of services approved under task orders to provide grant management services and compilation of Florida's State Expenditure Plan.
- Other operating expense of \$149,719, 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 FY19.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Consortium is a public entity created in October 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 on June 29, 2012, and signed into law on July 6, 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.

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 Consortium entered into a Memorandum of Understanding ("MOU") with Florida Governor Rick Scott on June 6, 2013. The MOU outlines cooperation elements between the Governor's office and the Consortium. The MOU identifies the Consortium as the responsible party for the creation of the State Expenditure Plan.

**GULF CONSORTIUM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

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**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 government as a whole, except for its fiduciary activities. 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.

The Statement of Net Position presents information on the Consortium's assets and liabilities, with the difference between its assets and liabilities reported as net position. The Statement of Activities presents information showing how a government's net position changed during the fiscal year. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the Consortium is improving or deteriorating. Net position increases when revenues exceed expenses or there is an increase to assets without a corresponding increase to liabilities, which indicates an improved financial condition.

The governmental fund balance sheet presents information on the Consortium's assets and liabilities, with the difference between them reported as fund balance. The statement of governmental fund revenues, expenditures and changes in fund balances presents information showing how a government's fund balance changed during the fiscal year. Over time, increases or decreases in fund balance may serve as a useful indicator of whether the financial condition of the Consortium is improving or deteriorating. Fund balance increases when revenues exceed expenditures or there is an increase to assets without a corresponding increase to liabilities, which indicates an improved financial condition.

**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.

Required Supplementary Information, other than Management's Discussion and Analysis, is not applicable to the Consortium's form of government and related activities.

**GULF CONSORTIUM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

**FINANCIAL ANALYSIS**

Table 1 focuses on net position. The Consortium's net position was \$52,652 as of September 30, 2019. Unrestricted net position is intended to cover the Consortium's on-going operating expenses. During the year ended September 30, 2019, the Planning 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 \$194,847, consisted of services approved under task orders to provide grant management services and compilation of Florida's State Expenditure Plan. Other operating expenses of \$149,719, 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, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 78,666	\$ 200,955
Due from other governments	<u>47,304</u>	<u>145,766</u>
<b>Total Assets</b>	125,970	346,721
<b>Liabilities</b>		
Accounts payable	<u>73,318</u>	<u>214,375</u>
<b>Total Liabilities</b>	<u>73,318</u>	<u>214,375</u>
<b>Net position</b>		
Unrestricted	<u>52,652</u>	<u>132,346</u>
<b>Total net position</b>	<u>\$ 52,652</u>	<u>\$ 132,346</u>

**GULF CONSORTIUM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

**Table 2  
GULF CONSORTIUM  
STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>REVENUES</b>		
Operating grants and contributions	\$ 264,872	\$ 2,031,917
<b>Total Revenues</b>	264,872	2,031,917
<b>EXPENSES</b>		
Governmental activities		
General government		
Grant-funded expenses	194,847	1,891,867
Not-grant funded expenses	149,719	99,762
<b>Total Expenses</b>	344,566	1,991,629
<b>CHANGE IN NET POSITION</b>	(79,694)	40,288
<b>NET POSITION, BEGINNING OF YEAR</b>	132,346	92,058
<b>NET POSITION, END OF YEAR</b>	\$ 52,652	\$ 132,346

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The fiscal year 2019 budget included the expectation to receive grant revenues relating to the Planning State Expenditure Plan, Stand-Up State Expenditure Plan and Florida State Expenditure Plan. However, funding for the the Florida State Expenditure Plan did not occur during fiscal year 2019. In September 2019 the first SEP project of approximately \$118,000 was awarded. An additional 11 grants for \$11.1 million are pending approval as of September 30, 2019. The projects are intended to substantially improve water resources across the Gulf and restore area of habitat.

The Consortium's budgeted expenses for fiscal year 2020 totals approximately \$17.4 million. The 2020 budget includes approximately \$159,000 of general operating expenses to be funded with membership dues, \$64,000 of grant compliance related expenses, \$16.8 million expenses for economic and environmental recovery projects in the Gulf Coast of Florida, and \$406,000 of expenses for grant management to be funded by the federal RESTORE Council Oil Spill Impact grant program.

**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 that ended September 30, 2019. 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

**GULF CONSORTIUM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

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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**

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**GULF CONSORTIUM  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2019**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 78,666
Due from other governments	47,304
<b>TOTAL ASSETS</b>	125,970
<b>LIABILITIES</b>	
Accounts payable	73,318
<b>NET POSITION</b>	
Unrestricted	\$ 52,652

See notes to the financial statements.



**GULF CONSORTIUM  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Change in Net Position</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	\$ 344,566	\$ -	\$ 264,872	\$ -	\$ (79,694)
					<b>CHANGE IN NET POSITION</b>
					(79,694)
					<b>NET POSITION AT BEGINNING OF YEAR</b>
					132,346
					<b>NET POSITION AT END OF YEAR</b>
					\$ 52,652

See notes to the financial statements.

**GULF CONSORTIUM  
GOVERNMENTAL FUND – GENERAL FUND  
BALANCE SHEET  
SEPTEMBER 30, 2019**

**ASSETS**

Cash and cash equivalents	\$ 78,666
Due from other governments	47,304
	<hr/>
Total assets	<u>\$ 125,970</u>

**LIABILITIES**

Accounts payable	\$ 73,318
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**FUND BALANCE**

Unassigned	<hr/> 52,652
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<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 125,970</u></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, 2019**

Fund balance, general fund	\$	52,652
Amounts reported for governmental activities in the statement of net position are not different.		-
Net position of governmental activities	\$	<u>52,652</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, 2019**

<b>REVENUES</b>		
Intergovernmental:		
Planning grants	\$	194,847
Membership dues		<u>70,025</u>
Total revenues		<u>264,872</u>
<b>EXPENDITURES</b>		
Current		
General government		
Membership expenditures		
Management fees		81,771
Legal and other professional fees		41,641
Meetings and other operating		<u>26,307</u>
Total membership expenditures		149,719
Grant expenditures		
Planning grants implementation		<u>194,847</u>
Total expenditures		<u>344,566</u>
<b>NET CHANGE IN FUND BALANCE</b>		(79,694)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>		<u>132,346</u>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$</b>	<u><u>52,652</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, 2019**

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Net change in fund balance - general fund	\$	(79,694)
Amounts reported for governmental activities in the statement of activities are not different.		-
Change in net position of governmental activities	<u>\$</u>	<u>(79,694)</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  
SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental:				
Planning grants	\$ 221,038	\$ 248,417	\$ 194,847	\$ (53,570)
State expenditure plan (SEP)	10,477,540	79,783,376	-	(79,783,376)
Membership dues	70,025	70,025	70,025	-
Total Revenues	10,768,603	80,101,818	264,872	(79,836,946)
<b>EXPENDITURES</b>				
Membership expenditures				
Management fees	41,000	41,000	81,771	(40,771)
Legal and other professional fees	50,000	50,000	41,641	8,359
Meetings and other operating	14,000	14,000	26,307	(12,307)
Total management expenditures	105,000	105,000	149,719	(44,719)
Grant expenditures				
Planning grants implementation	221,038	248,418	194,847	53,571
SEP implementation	10,477,540	79,903,446	-	79,903,446
Total grant expenditures	10,698,578	80,151,864	194,847	79,957,017
Total Expenditures	10,803,578	80,256,864	344,566	79,912,298
<b>EXCESS DEFICIENCY OF REVENUES OVER (UNDER) EXPENDITURES</b>	(34,975)	(155,046)	(79,694)	75,352
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	132,346	132,346	132,346	-
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 97,371</u>	<u>\$ (22,700)</u>	<u>\$ 52,652</u>	<u>\$ 75,352</u>

See notes to the financial statements.

**GULF CONSORTIUM  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

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## **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 to be 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.

On September 29, 2015, the Restoration Council published its proposed 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 proposed allocation of the Spill Impact component for the State of Florida was 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. The Restoration Council subsequently approved \$4.64 million of the planning grant application. The performance period of the grant is August 23, 2014 to March 31, 2020.

### **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, 2019, 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, 2019**

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**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, except for its fiduciary activities. 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, 2019**

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**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, 2019, the reported amount of the deposits and the bank balance was \$78,666.

**3. DUE FROM OTHER GOVERNMENTS**

The Consortium's receivable from other governments as of September 30, 2019, is \$47,304. Of which \$43,169 is due from the Gulf Coast Ecosystem Restoration Council and \$4,135 is due from one of the participating Counties.

**GULF CONSORTIUM  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

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#### **4. RELATED PARTIES AND CONTRACT COMMITMENTS**

##### **State of Florida**

On June 12, 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 establishes the process of coordinating 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 will consult with the State on the development of the Plan and provide the Plan to the Governor for review prior to submission to the Restoration Council.

##### **The Balmoral Group, LLC**

On May 1, 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 \$7,642 per month. 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. The contract term will continue until April 30, 2020. The contract can be extended at the sole option of the Consortium for one additional year. Management expenses relating to general operations and grant management for the year ended September 30, 2019, totaled \$188,562.

##### **Leon County, Florida Procurement Services**

The Consortium has an inter-local agreement with Leon County, Florida to provide all necessary personnel to develop a competitive procurement policy and procurement services as needed. The level of effort related to these services was not significant during the year ended September 30, 2019, 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 agrees to perform these responsibilities for three (3) basis points on each transaction processed. The level of effort related to these services was not significant during the year ended September 30, 2019, and as such, no expenses or related in-kind revenue have been recorded.

**GULF CONSORTIUM  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

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## **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, 2019, 26% of the Consortium's revenue was generated from membership dues and 74% 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 \$52,652 unassigned fund balance at September 30, 2019.

## **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.

**COMPLIANCE SECTION**

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**GULF CONSORTIUM**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

<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>
<b>FEDERAL AWARDS</b>				
<b>Gulf Coast Ecosystem Restoration Council (RESTORE Council)</b>				
Gulf Coast Ecosystem Restoration Council Oil Spill Impact Program	87.052	GNTSP16FL0021	\$ 194,847	\$ -
<b>TOTAL FEDERAL AWARDS</b>			<u>\$ 194,847</u>	<u>\$ -</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, 2019**

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**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, 2019. 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*.

**D. PROGRAM SPECIFIC AUDIT**

Since the Consortium's total federal expenditures are less than \$750,000, an audit under Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is not required. However, the Consortium elected to have a program specific audit on the Consortium's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its Gulf Coast Ecosystem Restoration Council Oil Spill Impact Program for the year ended September 30, 2019.

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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, 2019.

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, 2019.

Fort Walton Beach, Florida  
DATE, 2020

**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, 2019, and the related notes to the financial statements, which collectively comprise the Consortium's basic financial statements and have issued our report thereon dated **DATE**, 2020.

**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 our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 determination of financial statement amounts. 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.

Fort Walton Beach, Florida

**DATE,** 2020

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR A FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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, 2019.

### ***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, 2019.

**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.

Fort Walton Beach, Florida  
DATE, 2020

**GULF CONSORTIUM  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**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:

<b>CFDA Number/ Name of Federal Program or Cluster</b>	<b>Federal CFDA Number</b>
Gulf Coast Ecosystem Restoration Council Oil Spill Impact Program	87.052

**GULF CONSORTIUM  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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**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.

**C. 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, 2019**

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There were no findings for the fiscal year ended September 30, 2018, 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.

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## 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, 2019, and the related notes to the financial statements, and have issued our report thereon dated **DATE**, 2020.

### 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 Each Major Federal Program and Report on Internal Control over Compliance; 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, which are dated **DATE**, 2020, 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 that we address noncompliance with provisions of contracts or grant agreements or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which 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

**DATE**, 2020