

# NEFRC

## PERSONNEL, BUDGET & FINANCE POLICY COMMITTEE

Meeting

**February 2, 2023**  
**9:00 a.m.**

**Northeast Florida Regional Council**  
Hybrid Meeting  
Virtual & In-Person



100 Festival Park Avenue  
Jacksonville, FL 32202  
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## **MEMORANDUM**

**DATE:** FEBRUARY 2, 2023

**TO:** NEFRC PERSONNEL, BUDGET AND FINANCE POLICY COMMITTEE

**THRU:** ELIZABETH PAYNE, CHIEF EXECUTIVE OFFICER 

**FROM:** DONNA STARLING, <sup>DS</sup> CHIEF FINANCIAL OFFICER

**RE:** NEXT COMMITTEE MEETING

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The next Personnel, Budget & Finance Policy Committee meeting date is **March 2, 2023 at 9:00 a.m.** The meeting will be held at the Northeast Florida Regional Council office located at 100 Festival Park Avenue, Jacksonville, FL 32202.

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**PERSONNEL, BUDGET & FINANCE**  
**POLICY COMMITTEE**

**A G E N D A**

**Zoom Link:** <https://nefrc-org.zoom.us/j/87499770491>  
**Zoom Dial In #:** 1-786-635-1003 (or) 1-470-250-9358  
Meeting ID: 874 9977 0491

**THURSDAY, FEBRUARY 2, 2023**  
**9:00 a.m.**

**(ADDED OR MODIFIED ITEMS IN BOLD)**  
**(\*Denotes Action Required)**

**TAB**

1. Call to Order and Roll Call – Vice Chair Martin
2. Pledge of Allegiance and Welcome – Vice Chair Martin
3. Invitation to Speak – Vice Chair Martin

*Members of the public are welcome and encouraged to speak on any item brought before the Council and will be recognized during public comments.*

- \* 4. Approval of November 3, 2022 Meeting Minutes – Vice Chair Martin .....1
- \* 5. December 2022 Financial Report – Ms. Starling .....2
- \* 6. **Flagler County Vulnerability Assessment RFP – Ms. Payne** .....3
- \* 7. **Healthcare Coalition Request for Quotes – Ms. Payne** .....4
  - Continuity of Operations Planning (COOP) Workshops – six (6) responses
  - Pediatric Surge Tabletop Exercise – eight (8) responses
  - Virtual Tabletop Exercise Series – ten (10) responses
- \* 8. **FY 21/22 Audit – Zach Chalifour, James Moore & Company** .....5
9. Public Comment – LIMITED TO **3 MINUTES PER SPEAKER**
10. Next Meeting Date: **MARCH 2, 2023**
11. Adjournment

**\*Denotes Action Item**

# Agenda Item

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# NORTHEAST FLORIDA REGIONAL COUNCIL

Personnel, Budget & Finance Committee

November 3, 2022

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## MINUTES

A hybrid meeting of the Personnel, Budget & Finance Committee was held on Thursday, November 3, 2022 at 9:30 a.m. **Vice-Chair Martin** called the meeting to order with the following members present:

Members: James Bennett, John Martin, Joyce Morgan, Jim Renninger, David Sullivan and Christian Whitehurst

Excused: Randy DeFoor, Larry Harvey, and Darryl Register

Also Present: David Alfin

Staff: Eric Anderson, Kate Haigh, Tyler Nolen, Elizabeth Payne, Donna Starling, and Sheron Forde

### Invitation to Speak

**Vice-Chair Martin** announced that the public is welcome to speak on any item that is brought before the Committee.

### \* Approval of Minutes

**Vice-Chair Martin called for a motion on the October 6, 2022 Meeting Minutes. Commissioner Sullivan moved approval of the October 6, 2022 Meeting Minutes; seconded by Commissioner Renninger. Motion carried.**

### \* September 2022 Financial Report

Ms. Starling reported that the Council posted a net loss of \$21,532 in the month of September, with a year-to-date net income of \$94,852. The loss is due to payment of partnership agreements and cost of living increases for staff. She informed the Members that the audit is underway and is expected to be presented in February.

**Vice-Chair Martin called for a motion. Commissioner Bennett moved approval of the September 2022 Financial Report; seconded by Councilmember Morgan. Motion carried.**

### Public Comment

None.

Next Meeting Date: By consensus, the Committee moved the next meeting to Thursday, February 3, 2022

Adjournment: 9:38 a.m.

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John Martin  
Vice Chair

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Elizabeth Payne  
Chief Executive Officer

# Agenda Item

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## **MEMORANDUM**

**DATE:** JANUARY 25, 2023

**TO:** NORTHEAST FLORIDA REGIONAL COUNCIL BOARD OF DIRECTORS

**THRU:** ELIZABETH PAYNE, CHIEF EXECUTIVE OFFICER 

**FROM:** <sup>DS</sup> DONNA STARLING, CHIEF FINANCIAL OFFICER

**RE:** DECEMBER 2022 FINANCIAL REPORT

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The Northeast Florida Regional Council posted a Net Income of \$11,153 for the month of December and a Year-to-Date Net Income of \$21,445.

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Regional Council - Agencywide	Adopted Budget 22/23	December 2022	YTD	Represents 25% of Fiscal Year	Budget Variance
<b>Revenues</b>					
County Dues	\$ 694,757	57,896	173,689	25%	0%
Local Government Technical Assistance	\$ 37,000	16,115	49,075	133%	108%
Transportation Disadvantaged (TD)	\$ 176,015	14,791	46,574	26%	1%
Economic Development Administration (EDA)	\$ 70,000	17,501	31,158	45%	20%
Hazardous Analysis	\$ 8,556	-	17	0%	-25%
Local Emergency Preparedness Committee (LEPC)	\$ 70,000	6,446	20,181	29%	4%
Hazardous Materials Emergency Preparedness (HMEP) Program	\$ 66,000	12,825	12,825	19%	-6%
Small Quantity Generator (SQG) Program	\$ 5,000	-	-	0%	-25%
Healthcare Coalition	\$ 748,712	41,896	107,255	14%	-11%
CDBG North Florida Resiliency Plan	\$ 257,000	21,546	66,783	26%	1%
CDBG Mitigation Assessment and Planning	\$ 100,000	2,639	9,751	10%	-15%
Florida Hospital Association	\$ 73,500	-	-	0%	-25%
Department of Economic Opportunity (DEO)	\$ -	5,278	19,707	0%	-25%
Regional Leadership Academy (RLA)	\$ 4,900	-	-	0%	-25%
Other Revenue	\$ 100	3,071	3,303	0%	0%
<b>TOTAL REVENUES</b>	\$ 2,311,540	\$ 200,004	\$ 540,317	23%	
<b>TRANSFER FROM GENERAL FUND</b>	\$ 137,286	\$ (11,153)	\$ (21,445)		
<b>TOTAL REVENUE/GENERAL FUND</b>	\$ 2,448,826	\$ 188,851	\$ 518,872	21%	
<b>Expenses</b>					
Salaries and Fringe	\$ 1,494,146	116,229	372,877	25%	0%
Contract/Grant Direct Expenses	\$ 611,230	36,500	58,359	10%	-15%
Indirect - Allocated Expenses*	\$ 213,000	23,989	56,000	26%	1%
General Fund Expense*	\$ 130,450	12,134	31,636	24%	-1%
<b>TOTAL EXPENSES</b>	\$ 2,448,826	\$ 188,851	\$ 518,872	21%	
<b>Net Income (loss)</b>	\$ (137,286)	11,153	\$ 21,445		

Northeast Florida Regional Council  
Balance Sheet  
December 2022

	<b>FY 21/22</b> <b>December 2021</b>	<b>FY 22/23</b> <b>December 2022</b>
<b>ASSETS</b>		
Cash	2,487,274	2,427,805
Accounts Receivable	260,392	358,618
Pension Liability-Deferred Outflows	347,859	334,226
WJCT Security Deposit	7,400	7,400
<b>Total Current Assets</b>	<b>3,102,925</b>	<b>3,128,049</b>
<b>Property and Equipment:</b>		
Office Furniture and Equipment	243,116	277,765
Less Accumulated Depreciation	180,293	179,577
<b>Total Property and Equipment, net</b>	<b>62,823</b>	<b>98,188</b>
<b>Total Assets</b>	<b>3,165,748</b>	<b>3,226,238</b>
<b>LIABILITIES</b>		
Accounts Payable	13,512	16,199
Accrued Salaries and Leave	102,523	105,603
Deferred Revenue	300,099	274,368
Pension Liability	1,001,124	428,190
Pension Liability-Deferred Inflows	85,350	566,417
<b>Total Liabilities</b>	<b>1,502,608</b>	<b>1,390,777</b>
<b>EQUITY</b>		
<b>Equity and Other Credits:</b>		
Retained Earnings	1,663,140	1,835,461
<b>Total Equity and Other Credits</b>	<b>1,663,140</b>	<b>1,835,461</b>
<b>Total Liabilities, Equity and Other Credits</b>	<b>3,165,748</b>	<b>3,226,238</b>

## YTD Comparison

	21/22 Net Income (Loss)	22/23 Net Income (Loss)	21/22 Cash Balance	22/23 Cash Balance
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### AGENCYWIDE

October	\$ 21,535	\$ 3,147	\$ 2,492,686	\$ 2,480,421
November	\$ 9,605	\$ 10,292	\$ 2,494,600	\$ 2,548,733
December	\$ 22,210	\$ 21,445	\$ 2,487,274	\$ 2,427,805
January	\$ 27,295		\$ 2,452,970	
February	\$ 63,350		\$ 2,623,570	
March	\$ 98,960		\$ 2,452,109	
April	\$ 125,273		\$ 2,340,155	
May	\$ 122,532		\$ 2,390,743	
June	\$ 153,422		\$ 2,247,173	
July	\$ 143,654		\$ 2,227,862	
August	\$ 116,384		\$ 2,466,138	
September	\$ 94,852		\$ 2,425,296	



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## MEMORANDUM

**DATE:** JANUARY 25, 2023  
**TO:** NORTHEAST FLORIDA REGIONAL COUNCIL BOARD OF DIRECTORS  
**THRU:** ELIZABETH PAYNE, CHIEF EXECUTIVE OFFICER  
**FROM:** <sup>DS</sup> DONNA STARLING, CHIEF FINANCIAL OFFICER  
**RE:** DECEMBER 2022 INVESTMENT REPORT

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### Bank Account Interest

	<u>FY 21/22</u>	<u>FY 22/23</u>
December Interest	\$ 9	\$ 9
Year to Date Interest	\$ 26	\$ 26

### Florida Local Government Investment Trust

	<u>FY 21/22</u>	<u>FY 22/23</u>
Current Balance	\$18,105	\$17,671

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# Agenda Item

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## **MEMORANDUM**

**DATE:** FEBRUARY 1, 2023

**TO:** NEFRC PERSONNEL, BUDGET AND FINANCE POLICY COMMITTEE

**THRU:** BETH PAYNE, CHIEF EXECUTIVE OFFICER 

**FROM:** FARA ILAMI, REGIONAL RESILIENCY MANAGER 

**RE:** CONSULTANT SELECTION FOR FLAGLER COUNTY VULNERABILITY ASSESSMENT

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The Northeast Florida Regional Council released a Request for Proposals on January 11, 2023, to solicit a consultant to conduct Flagler County's Vulnerability Assessment, which is funded by a grant from the Florida Department of Environmental Protection to the Council through Flagler County. Council staff is performing the public engagement and data gathering portion of the Vulnerability Assessment. The consultant will rectify any data gaps, perform the exposure and sensitivity analyses, and produce a final vulnerability assessment.

In total, the Council received three (3) responses. The proposal review committee included two Council staff members and two Flagler County staff members. Proposals were received from, in alphabetic order:

- Advanced Planning Consultants
- Halff Associates
- Weston and Sampson

The committee unanimously chose Halff Associates as being the most qualified for the project. Weston and Sampson scored second.

### Recommendation

**Authorize the CEO to negotiate and execute a contract with Halff Associates, not to exceed \$110,000. Should those negotiations fail, the CEO is authorized to negotiate and execute a contract with Weston and Sampson in an amount not to exceed \$110,000.**

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## Flagler Vulnerability Assessment RFP Aggregated Scores

Evaluation Criteria	Possible Points	Score
<b>1) Qualifications and Capabilities</b>	<b>(0-25)</b>	
Past project descriptions and references	0-10	
Summary of experience with similar work	0-10	
GIS and/or other certifications	0-5	
<b>Advanced Planning Consultants</b>		<b>14</b>
<b>Halff Associates</b>		<b>22.75</b>
<b>Weston and Sampson</b>		<b>19.25</b>

<b>2) Technical Approach</b>	<b>(0-40)</b>	
Address data gaps and plan development of VA	0-10	
Exposure analysis	0-10	
Sensitivity analysis	0-10	
Final VA	0-10	
<b>Advanced Planning Consultants</b>		<b>21.75</b>
<b>Halff Associates</b>		<b>36</b>
<b>Weston and Sampson</b>		<b>32.75</b>

<b>3) Local Experience and Knowledge</b>	<b>(0-25)</b>	
Knowledge of components of Florida VAs/RAs	0-10	
Knowledge about resilience planning	0-10	
Experience within the Northeast FL region	0-5	
<b>Advanced Planning Consultants</b>		<b>12</b>
<b>Halff Associates</b>		<b>23.25</b>
<b>Weston and Sampson</b>		<b>17.25</b>

<b>4) Staff Qualifications</b>	<b>(0-10)</b>	
Staff bios and resumes	0-5	
Project Manager years of experience	0-3	
Organizational chart	0-2	
<b>Advanced Planning Consultants</b>		<b>6.5</b>
<b>Halff Associates</b>		<b>9.5</b>
<b>Weston and Sampson</b>		<b>9.5</b>

<b>TOTAL POINTS</b>	<b>0-100</b>	
<b>Advanced Planning Consultants</b>		<b>54.25</b>
<b>Halff Associates</b>		<b>91.5</b>
<b>Weston and Sampson</b>		<b>78.75</b>

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## **MEMORANDUM**

**DATE:** JANUARY 31, 2023

**TO:** NEFRC PERSONNEL, BUDGET AND FINANCE POLICY COMMITTEE

**THRU:** ELIZABETH PAYNE, CHIEF EXECUTIVE OFFICER *EP*

**FROM:** LEIGH WILSEY, HEALTHCARE COALITION PROGRAM MANAGER *LW*

**RE:** VENDOR SELECTIONS FOR THE HEALTHCARE COALITIONS IN REGION 3

The Northeast Florida Regional Council published three Request for Quotes on January 9, 2023 to solicit vendors to provide workshops and exercises for the three Healthcare Coalitions (HCC) in Region 3 – Northeast Florida HCC, North Central Florida HCC and CHAMP (Marion County). The requests were for 1) Continuity of Operations Planning Workshops; 2) a Pediatric Surge Tabletop Exercise; and 3) a Series of Virtual Tabletop Exercises that will be provided in FY 2022-2023 and FY 2023-2024, which is the end of the existing contract period (June 30, 2024).

In total, the Council received twenty-four (24) responses. The proposal review committee included three Council staff members.

- Continuity of Operations Planning (COOP) Workshops – six (6) responses
- Pediatric Surge Tabletop Exercise – eight (8) responses
- Virtual Tabletop Exercise Series – ten (10) responses

Staff respectfully recommends the following:

1. Authorize the CEO to negotiate and execute a contract with Bold Planning for four (4) **COOP Planning Workshops** and annual Platform Licensing Fees, not to exceed \$58,836. Should those negotiations fail, staff will readvertise for these services.
2. Authorize the CEO to negotiate and execute a contract with All Clear Emergency Management Group to provide one (1) **Pediatric Surge Tabletop Exercise**, not to exceed \$12,250. Should those negotiations fail, the CEO is authorized to negotiate and execute a contract with Innovative Emergency Management in an amount not to exceed \$28,116.
3. Authorize the CEO to negotiate and execute a contract with All Clear Emergency Management Group to provide a series of four (4) scenario **Virtual Tabletop Exercises**, not to exceed \$56,000. Should those negotiations fail, the CEO is authorized to negotiate and execute a contract with Critical Integrated Solutions in an amount not to exceed \$58,797.

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## Scoring Sheet for the Healthcare Coalition Proposals Received- January 31, 2023

### COOP Workshops

Vendor	Total Possible/Total Score	Price	Note
<b>Bold Planning</b>	<b>300/285</b>	<b>58,836</b>	<b>Selected Vendor</b>
All Clear	300/233	35,500	
Innovative Emergency Management	300/229	31,440	
Sentinel Solutions	300/170	10,000	
Response Systems	Not Scored	70,000	Exceeded Budget Parameters
Jogan Health	Not Scored	139,680	Exceeded Budget Parameters

Staff recommends using **Bold Planning** for this project. The vendor offers members access to an online, interactive platform to manage the individual facility's COOP plan. Following the training workshop, the vendor offers a Help Desk available to all members to complete the planning process. The NEFRC will receive regular reports on the completion progress of each facility participating. All other vendors offered training and a paper template for a plan.

### Pediatric Tabletop Exercise

Vendor	Total Possible/Total Score	Price	Note
<b>All Clear</b>	<b>300/270</b>	<b>12,250</b>	<b>Selected Vendor</b>
Innovative Emergency Management	300/228	28,116	
Sentinel Solutions	300/203	7,500	
Preparedness Solutions	300/170	17,000	
Response Systems	300/129	24,750	
Chloeta	Not Scored	34,818	Exceeded Budget Parameters
iParamedics	Not Scored	52,732	Exceeded Budget Parameters
Jogan Health	Not Scored	63,800	Exceeded Budget Parameters

Staff recommends contracting with **All Clear Emergency Management** as the vendor for the Pediatric Surge Tabletop Exercise. The vendor has experience providing pediatric surge exercises for Healthcare Coalitions around the country.

### Virtual Tabletop Exercise Series

Vendor	Total Possible/Total Score	Price	Note
<b>All Clear</b>	<b>300/295</b>	<b>56,000</b>	<b>Selected Vendor</b>
Critical Integrated Solutions	300/280	58,797	
Sentinel Solutions	300/239	40,000	
Preparedness Solutions	300/214	18,000	
Response Systems	300/186	36,000	
Advanced Planning Consultants	Not Scored	94,360	Exceeded Budget Parameters
Katmai Solutions	Not Scored	97,820	Exceeded Budget Parameters
Innovative Emergency Management	Not Scored	144,000	Exceeded Budget Parameters
iParamedics	Not Scored	216,780	Exceeded Budget Parameters
Jogan Health	Not Scored	588160	Exceeded Budget Parameters

Staff recommends selecting **All Clear Emergency Management** as the vendor for the Virtual Tabletop Exercise Series. All Clear has significant experience providing virtual tabletop exercises for the NEFRC and Healthcare Coalitions across Florida.

### Proposal Review Committee:

Leigh Wilsey, Healthcare Coalition Program Manager; Eric Anderson, Training and Exercise Manager; and Annie Sieger, Healthcare Coalition Program Planner

# Agenda Item

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## **MEMORANDUM**

**DATE:** JANUARY 25, 2023

**TO:** NORTHEAST FLORIDA REGIONAL COUNCIL BOARD OF DIRECTORS

**THRU:** PERSONNEL, BUDGET & FINANCE POLICY COMMITTEE

**FROM:** <sup>DS</sup>  
DONNA STARLING, CHIEF FINANCIAL OFFICER

**RE:** FISCAL YEAR 2021/2022 AUDIT

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The fiscal year 2021/2022 audit is currently being finalized and will be presented at the February 2023 board meeting by our auditors, James Moore and Company.

If you have any questions, please feel free to contact me. Thank you.

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**NORTHEAST FLORIDA REGIONAL COUNCIL**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2022**

**NORTHEAST FLORIDA REGIONAL COUNCIL  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors,  
Northeast Florida Regional Council:

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities and the general fund of the Northeast Florida Regional Council (the Council), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and general fund of the Council as of September 30, 2022, and the respective changes in financial position and the respective budgetary comparison for the General fund 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

The Council's 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 Council's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, 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 Councils' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of an additional analysis and is not required parts of the basic financial statements.

The schedule of expenditures of federal awards 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. Such 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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 financial statements. The other information comprises the cost allocation but does not include the financial statements and our auditors' report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude than an uncorrected 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 February 2, 2023, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

Daytona Beach, Florida  
February 2, 2023



**NORTHEAST FLORIDA REGIONAL COUNCIL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

As management of the Northeast Florida Regional Council (Council), we offer readers of the Council's financial statements this narrative overview and analysis of the financial activities of the Council for the fiscal year 2021-2022. We encourage readers to read the information presented here in conjunction with additional information furnished in the Council's financial statements, which follow this narrative.

**FINANCIAL HIGHLIGHTS**

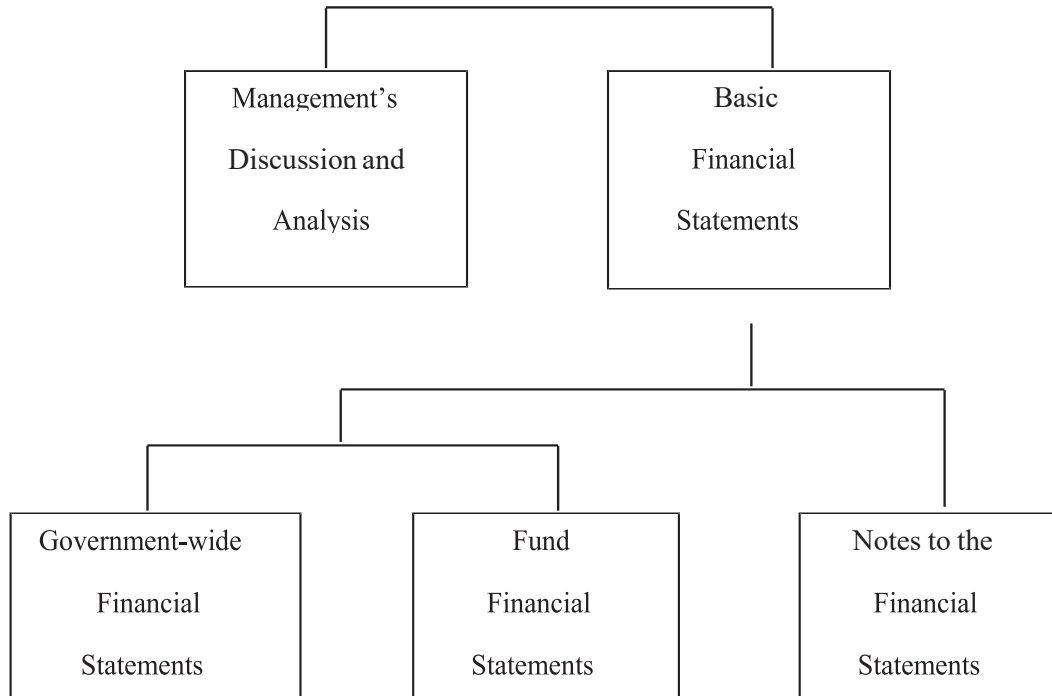
- The assets and deferred outflow of resources of the Council exceeded its liabilities and deferred inflow of resources at the close of the fiscal year by \$1,770,069.
- The Council's net position increased by \$50,907.
- The Council's total assets increased by \$7,826.
- The Council's total liabilities increased by \$572,015.
- Clay County rejoined the Council in fiscal year 2021-2022 which resulted in an increase in local government county dues revenue.
- The Council continued work on a four-year Community Development Block Grant Mitigation (CDBG-MIT) grant to develop a North Florida Resiliency Plan for Health and Medical Lifeline totaling \$700,000.
- The Council received a three-year contract totaling \$280,270 from East Central Florida Regional Planning Council to work on a project titled – Advanced Mitigation Assessment and Planning through Regional Collaboration. This is part of a CDBG Mitigation grant with the other Regional Councils in Florida.
- The Healthcare Coalition's contract with the Florida Department of Health was renewed in June 2022 for two additional years providing a \$145,554 increase in funding for a total two-year contract amount of \$1,566,026. During the 2021-22 fiscal year through the Healthcare Coalition's contract with the Florida Department of Health, the Council provided \$205,640 in project funding to healthcare and emergency preparedness facilities.
- The Council completed \$131,500 in Florida Department of Economic Development (DEO) funding projects to update the Council's Affordable Housing Needs Plan and assist several of our local governments with planning and economic development projects.
- The Council completed \$122,525 in emergency preparedness-related exercise services for the State of Florida, First Coast Disaster Council, and our local governments.
- The Council worked through the Town of Baldwin to develop a Regional Resilience Priority Analysis in Northeast Florida through a \$125,000 Department of Environmental Protection grant.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The Council's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the Council using government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information to enhance the reader's understanding of the financial condition of the Council.

**NORTHEAST FLORIDA REGIONAL COUNCIL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022  
(Continued)**

Required Components of Annual Financial Report



**Government-wide financial statements.** The government-wide financial statements are designed to provide the reader with a broad overview of the Council's finances. Similar in format to financial statements of a private-sector business, the government-wide statements provide short and long-term information about the Council's financial status as a whole.

The statement of net position (Page 11) presents information on all of the Council's assets, liabilities, and deferred inflows and outflows of resources with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the Council's financial position.

The statement of activities (Page 12) presents information showing how the Council's net position changed during the most recent fiscal year. All changes in net position are reported using the accrual basis of accounting. Therefore, all current year's revenues and expenses are taken into account regardless of when the cash is received or expenses are paid.

**Fund financial statements.** The fund financial statements (Pages 13-16) provide a more detailed look at the Council's most significant activities. A fund is a grouping of related accounts used to maintain control over resources established for the purpose of carrying on activities or attaining objectives in accordance with specific regulations, restrictions or limitations. For financial statement presentation, funds with similar characteristics are grouped into generic fund types as required by generally accepted accounting principles (GAAP). The Council's sole fund is the General Fund, classified as a governmental fund.

**NORTHEAST FLORIDA REGIONAL COUNCIL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022  
(Continued)**

**Governmental Funds.** The Council's basic activities are accounted for in a governmental fund. These funds focus on how assets can readily be converted into cash and what monies are left at year-end that will be available for spending in the next year. As of the close of the current fiscal year, the Council's governmental fund reported an unassigned fund balance of approximately \$2.4 million. Governmental funds financial statements give the reader a detailed short-term view to help them determine if there are more or less financial resources available to finance the Council's programs.

**Notes to financial statements.** The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 17-28 of the report.

**Government-Wide Financial Analysis**

For fiscal year 2021-2022, the Council was compliant with the Government Accounting Standard Board (GASB) Statement No. 34 reporting model:

	<b>Governmental Activities</b>		
	<b>2022</b>	<b>2021</b>	<b>Difference</b>
Assets			
Current assets	\$2,722,757	\$2,753,230	\$ (30,473)
Capital assets	108,771	70,472	38,299
Total assets	<u>2,831,528</u>	<u>2,823,702</u>	<u>7,826</u>
Deferred outflows of resources	<u>439,576</u>	<u>334,226</u>	<u>105,350</u>
Liabilities			
Current liabilities	299,657	381,343	(81,686)
Noncurrent liabilities	<u>1,144,707</u>	<u>491,006</u>	<u>653,701</u>
Total liabilities	<u>1,444,364</u>	<u>872,349</u>	<u>572,015</u>
Deferred inflows of resources	<u>56,671</u>	<u>566,417</u>	<u>(509,746)</u>
Net Position			
Net investment in capital assets	108,771	70,472	38,299
Unrestricted	<u>1,661,298</u>	<u>1,648,690</u>	<u>12,608</u>
Total net position	<u>\$1,770,069</u>	<u>\$1,719,162</u>	<u>\$ 50,907</u>

As shown above, net position may serve over time as a useful indicator of a government's financial condition. The assets and deferred outflow of resources of the Council exceeded liabilities and deferred inflows of resources by \$1,770,069 in fiscal year 2021-2022. Also in fiscal year 2021-2022, the Council's net position increased by \$50,907. The change in net position is primarily due to the following:

- An increase in total assets due to a decrease in cash and an increase in capital assets, net of accumulated depreciation.
- An increase in total liabilities resulting from an increase in net pension liability.

**NORTHEAST FLORIDA REGIONAL COUNCIL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022  
(Continued)**

Governmental activities increased the Council's net position by \$50,907, as shown below. Factors that attributed to the change are as follows:

- Federal revenues increased mainly due to an increase in emergency preparedness and Healthcare Coalition revenues.
- State revenues decreased due to the completion of the statewide Regional Evacuation Study in fiscal year 2021.
- Local government revenues increased resulting from an increase in local technical assistance contracts for resiliency and emergency preparedness.
- Other revenues decreased due to a decrease in emergency preparedness exercises and asset disposals.
- Personnel service increased with the addition of staff during the fiscal year.
- Direct charges decreased in large part due to a reduction in statewide Regional Evacuation Study expenditures with the completion of the Study in fiscal year 2021.
- Indirect expenses increased with an increase in operational and staffing costs.

**Analysis of the Organization's Operations**

The following table provides a summary of the Organization's operations for the years ended September 30.

	<b>Governmental Activities</b>		
	<b>2022</b>	<b>2021</b>	<b>Difference</b>
Revenues:			
Program Revenues:			
Federal grants	\$1,169,736	\$ 920,023	\$ 249,713
State grants	423,979	1,922,762	(1,498,783)
Local government	204,772	61,593	143,179
Regional Leadership Academy	4,550	1,750	2,800
Other	42,479	105,873	(63,394)
General Revenues:			-
County assessments	694,757	607,823	86,934
Total revenues	<u>2,540,273</u>	<u>3,619,824</u>	<u>(1,079,551)</u>
Expenses:			
Personnel service	1,118,688	908,195	210,493
Direct charges	966,232	2,178,036	(1,211,804)
Indirect charges	404,140	368,274	35,866
Total expenses	<u>2,489,060</u>	<u>3,454,505</u>	<u>(965,445)</u>
Increase (decrease) in net position	51,213	165,319	(114,106)
Beginning fund balance	<u>2,371,887</u>	<u>2,206,568</u>	<u>165,319</u>
Ending fund balance	<u>\$2,423,100</u>	<u>\$2,371,887</u>	<u>\$ 51,213</u>

**Financial Analysis of Council Funds.** The Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Council has one governmental fund, the General Fund.

**NORTHEAST FLORIDA REGIONAL COUNCIL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022  
(Continued)**

**Governmental Funds.** The Council's basic activities are accounted for in a governmental fund. These fund types focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds' financial statements give the reader a detailed short-term view to help him or her determine if there are more or less financial resources available to finance the Council's programs.

**General Fund Budgetary Highlights**

The variances in revenue between the budget and final revenues received are the result of unrealized revenues or additional funding acquired during the fiscal year, but not available for inclusion at the time the budget was prepared.

The variance between the budget and actual revenues and expenses is primarily attributable to unrealized revenues and a decrease in estimated expenditures.

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Difference</u>
REVENUES				
County assessments	\$ 607,823	\$ 694,757	\$ 694,757	\$ -
Federal grants	1,545,828	1,225,885	1,169,736	(56,149)
State grants	270,839	442,032	423,979	(18,053)
Local government	30,000	200,718	204,772	4,054
Regional Leadership Academy	2,800	4,900	4,550	(350)
Interest income (loss)	-	-	(601)	(601)
Other	172,400	48,400	43,080	(5,320)
Total revenues	<u>2,629,690</u>	<u>2,616,692</u>	<u>2,540,273</u>	<u>(76,419)</u>
EXPENDITURES				
Current:				
Personnel service	996,730	1,112,792	1,118,688	(5,896)
Direct charges	1,077,240	932,897	966,232	(33,335)
Indirect charges	440,306	449,131	404,140	44,991
Total expenditures	<u>2,514,276</u>	<u>2,494,820</u>	<u>2,489,060</u>	<u>5,760</u>
Net change in fund balances	<u>\$ 115,414</u>	<u>\$ 121,872</u>	<u>\$ 51,213</u>	<u>\$ (70,659)</u>

**NEFRC Financial Analysis**

Total assets increased due to a decrease in cash and an increase in capital assets, net of accumulated depreciation. Total liabilities increased due to an increase in pension liability.

The Council had an overall decrease in revenues for the year with a decrease in state revenues. Personnel service increased with the addition of staff, direct charges decreased in large part due to a decrease in expenditures for contracts and grants, and indirect expenditures increased due to higher operational and staffing costs.

**NORTHEAST FLORIDA REGIONAL COUNCIL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022  
(Continued)**

**NEFRC Capital Assets**

The Council's investment in capital assets for fiscal year 2021-2022 is \$108,771, net of accumulated depreciation of \$168,994.

	<b>2022</b>	<b>2021</b>
Equipment, furniture, and equipment	\$ 277,765	\$ 243,116
Accumulated depreciation	(168,994)	(172,644)
Capital assets, net	<u>\$ 108,771</u>	<u>\$ 70,472</u>

Additional information on the Council's capital assets can be found in Note 4 of the Notes to the Financial Statements.

**NEFRC Long-Term Obligations**

As of September 30, 2022, the Council's long-term obligations consisted of compensated absences and net pension liability. Additional information regarding the Council's long-term obligations can be found in Note (5) of the Notes to the Financial Statements.

**NEFRC Budget Forecast for Fiscal Year Ending 2021-2022**

The Council anticipated a slight increase in state emergency preparedness funding with an increase in Hazard Analysis contract funding. Also, the number of emergency preparedness exercises is expected to remain constant as local governments and partner agencies conduct training and exercises post-pandemic.

Funding for the Healthcare Coalition will increase in fiscal year 2023 since the two-year contract renewal in June 2022 also provided additional funding for the program. The Council also anticipates spending the remaining Florida Hospital Association (FHA) funding in fiscal year 2023.

The implementation of deliverables associated with the two multi-year Community Development Block Grant (CDBG) programs to perform mitigation and resiliency planning in our region and across the State of Florida will continue into fiscal year 2023. Also, the Council once again was awarded several Florida Department of Economic Development (DEO) and Florida Department of Environmental Protection (DEP) contracts to assist our local governments with planning, economic development, and vulnerability assessment projects.

Direct federal revenues are expected to decrease with the completion of the Department of Commerce Economic Development Administration (EDA) CARES Act grant in June 2022. However, the Economic Development District grant funding provided by EDA is anticipated to continue throughout the fiscal year with the possibility of a funding increase for the grant in a future year.

The Council assisted some of our local governments with substance abuse disorder services in fiscal year 2022. The Council anticipates continuing those services for our local governments in fiscal year 2023 which could lead to additional local government funding.

**REQUESTS FOR INFORMATION**

This report is designed to provide an overview of the Council's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Chief Executive Officer, Northeast Florida Regional Council, 100 Festival Park Avenue, Jacksonville, FL 32202.

## **BASIC FINANCIAL STATEMENTS**

These basic financial statements contain Government-wide Financial Statements, Fund Financial Statements and Notes to the Financial Statements.

**NORTHEAST FLORIDA REGIONAL COUNCIL  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2022**

	<b><u>Governmental Activities</u></b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,425,296
Accounts receivable	290,061
Prepays	7,400
Capital assets, net of accumulated depreciation	108,771
Total assets	<u><u>\$ 2,831,528</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	<u><u>\$ 439,576</u></u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 26,963
Accrued salaries	21,176
Unearned revenues	251,518
Noncurrent liabilities:	
Due within one year:	
Compensated absences	57,473
Net pension liability	1,087,234
Total liabilities	<u><u>\$ 1,444,364</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	<u><u>\$ 56,671</u></u>
<b>NET POSITION</b>	
Net investment in capital assets	\$ 108,771
Unrestricted	1,661,298
Total net position	<u><u>\$ 1,770,069</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**NORTHEAST FLORIDA REGIONAL COUNCIL  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Financial and administration	\$ 488,870	\$ -	\$ -	\$ (488,870)
Planning and growth management	823,174	183,154	505,044	(134,976)
Emergency preparedness	1,164,083	57,746	1,088,671	(17,666)
Regional Leadership Academy	10,410	4,550	-	(5,860)
Regional Community Institute	2,829	-	-	(2,829)
Total governmental activities	<u>\$ 2,489,366</u>	<u>\$ 245,450</u>	<u>\$ 1,593,715</u>	<u>(650,201)</u>
General revenues:				
Membership dues				694,757
Interest income (loss)				(601)
Miscellaneous				3,442
Gain on sale of asset				3,510
Total general revenues				<u>701,108</u>
Change in net position				50,907
Net position - beginning of year				1,719,162
Net position - ending of year				<u>\$ 1,770,069</u>

The accompanying notes to financial statements are an integral part of this statement.

**NORTHEAST FLORIDA REGIONAL COUNCIL  
BALANCE SHEET  
GOVERNMENTAL FUND  
SEPTEMBER 30, 2022**

	<u><b>General Fund</b></u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,425,296
Receivables, net	290,061
Prepaid items	7,400
<b>Total assets</b>	<u><u>\$ 2,722,757</u></u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 26,963
Accrued salaries	21,176
Unearned revenues	251,518
<b>Total liabilities</b>	<u>299,657</u>
<b>FUND BALANCES</b>	
Nonspendable:	
Prepaid items	7,400
Unassigned	2,415,700
<b>Total fund balances</b>	<u>2,423,100</u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 2,722,757</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**NORTHEAST FLORIDA REGIONAL COUNCIL  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2022**

<b>Fund balances - total governmental fund</b>		\$ 2,423,100
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Total governmental capital assets	277,765	
Less: accumulated depreciation	<u>(168,994)</u>	108,771
On the governmental fund statements, a net pension liability is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the Statement of Net Position, the Council's net pension liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.		
Net pension liability	(1,087,234)	
Deferred outflows related to pensions	439,576	
Deferred inflows related to pensions	<u>(56,671)</u>	(704,329)
Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities, deferred outflows, and other debt-related deferred charges consist of the following:		
Compensated absences		(57,473)
<b>Net position of governmental activities</b>		<u><u>\$ 1,770,069</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**NORTHEAST FLORIDA REGIONAL COUNCIL  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u><b>General Fund</b></u>
<b>Revenues</b>	
County assessments	\$ 694,757
Federal grants	1,169,736
State grants	423,979
Local government	204,772
Regional Leadership Academy	4,550
Interest income (loss)	(601)
Miscellaneous	<u>43,080</u>
Total revenues	<u>2,540,273</u>
<b>Expenditures</b>	
Personnel services	1,118,688
Direct charges	966,232
Indirect charges	<u>404,140</u>
Total expenditures	<u>2,489,060</u>
<b>Net change in fund balances</b>	<u>51,213</u>
<b>Fund balances, beginning of year</b>	2,371,887
<b>Fund balances, end of year</b>	<u><u>\$ 2,423,100</u></u>

The accompanying notes to financial statements are an integral part of this statement

**NORTHEAST FLORIDA REGIONAL COUNCIL  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

<b>Net change in fund balances - total governmental fund</b>	<b>\$ 51,213</b>
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Differences in amounts reported for governmental activities in the statement of activities are:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Capital outlay expenditures	73,504
Depreciation expense	(35,205)

Governmental funds report contributions to defined benefit pension plans as expenditures.

However, in the Statement of Activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the Statement of Activities are amounts required to be amortized.

Change in net pension liability and deferred inflows/outflows related to pensions	(43,948)
-----------------------------------------------------------------------------------	----------

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:

Change in compensated absences liability	5,343
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<b>Change in net position of governmental activities</b>	<b><u>\$ 50,907</u></b>
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The accompanying notes to financial statements are an integral part of this statement.

**NORTHEAST FLORIDA REGIONAL COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**(1) Summary of Significant Accounting Policies:**

The financial statements of the Northeast Florida Regional Council (the Council), have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the Council's significant accounting policies:

(a) **Reporting entity**—The Council was organized pursuant to Chapter 186 of the Florida Statutes, as amended, and specifically created by an interlocal agreement pursuant to Chapter 163, Florida Statutes, in order to provide local governments with a means of conducting a regional planning process to ensure orderly and balanced growth and development within the Northeast Florida Region (including the counties of Baker, Clay, Duval, Flagler, Nassau, Putnam, and St. Johns).

In evaluating how to define the Council for financial purposes, management has considered all potential component units. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the purpose and activities of the potential component unit benefit the government and/or its citizens, or whether they are conducted within the geographic boundaries of the Council and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. In evaluating the Council as a reporting entity, management has addressed all potential component units that may or may not fall within the Council's oversight and control, and thus, be included in the Council's financial statements. There are no component units included.

(b) **Government-wide and fund financial statements**—The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information on all of the nonfiduciary activities of the primary government as a whole. As part of the consolidation process, all interfund activities are eliminated from these statements.

Net position, the difference between assets, deferred outflows, liabilities and deferred inflows, as presented in the statement of net position, are subdivided into three categories: net investment in capital assets, unrestricted net position and restricted net position. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation.

**NORTHEAST FLORIDA REGIONAL COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

(1) **Summary of Significant Accounting Policies:** (Continued)

The statement of activities presents a comparison between the direct and indirect expenses of a given function or segment and its program revenues, and displays the extent to which each function or segment contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function or segment. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.

Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function or segment.

The focus of governmental fund financial statements is on major funds. Therefore, major funds are reported as separate columns in the fund financial statements. Reconciliations are provided that convert the results of governmental fund accounting to the government-wide presentation.

(c) **Measurement focus, basis of accounting, and financial statement presentation**—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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 Council 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 compensated absences and claims and judgments, are recorded only when payment is due.

The Council reports the following major governmental fund:

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

(d) **Budget**—An annual budget is adopted for the General Fund by the Council by the July meeting preceding the fiscal year, using the accrual bases of accounting. All annual appropriations lapse at the fiscal year end. Mid-year and year-end amendments are made to the budget as necessary. The budget is prepared and controlled at the project activity level.

(e) **Cash and cash equivalents**—The Council defines cash and cash equivalents as cash on hand, demand deposits and short-term investments that are readily convertible to known amounts of cash. Investments with original maturities of three months or less are considered to be cash equivalents.

(f) **Investments**—Investments are stated at fair value.

**NORTHEAST FLORIDA REGIONAL COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

(1) **Summary of Significant Accounting Policies:** (Continued)

(g) **Receivables**—After reviewing the individual account balances, the Council’s management has determined that 100% of receivables are fully collectible as all amounts receivable consist of grants and other governmental revenues. Therefore, no allowance for doubtful accounts has been provided.

(h) **Capital assets**—All purchased capital assets are recorded at cost where historical records are available and at estimated cost where no historical records exist and are reported in the government-wide financial statements. Donated fixed assets are valued at their estimated fair value on the date received. Generally, capital assets costing more than \$500 and having a useful life of more than one year are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is provided using the straight-line method over the estimated useful lives of the various classes of depreciable assets. The estimated useful lives range from 3 – 7 years.

(i) **Unearned revenue**—The amount recorded as unearned revenue relates to the projects for which funding was received prior to the performance of the service. The amounts will be recognized as revenue when the related service is performed.

(j) **Compensated absences**—Council employees may accumulate earned annual leave benefits (compensated absences) at various rates within limits specified in the personnel manual. This liability reflects amounts attributable to employee services already rendered, cumulative, probable for payment, and reasonable estimated. At their option, employees may receive payment for accrued annual leave for hours in excess of 160. This payout option is allowed a maximum of twice a year.

No liability is recorded for non-vesting, accumulated sick pay benefits. The compensated absences liability is determined based on current pay.

(k) **Fund equity**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Council is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

*Nonspendable* – Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. “Not in spendable form” includes items that are not expected to be converted to cash (inventories, prepaid expenditures) and items such as long-term amount of loans, property acquired for resale, as well as unrealized gains.

*Restricted* – Amounts that have externally enforceable limitations on use of resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed* – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Council Board of Directors, the Council’s highest level of decision making authority. Commitments may only be removed or changed by the Council Board of Directors taking the same formal action (resolution) that imposed the constraint originally.

*Assigned* – Amounts that are constrained by the Council’s intent to be used for specific purposes that are neither considered restricted or committed. The authority to assign fund balance lies with the Council Chief Executive Officer.

**NORTHEAST FLORIDA REGIONAL COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

(1) **Summary of Significant Accounting Policies:** (Continued)

*Unassigned* – The residual classification for the General Fund resources. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The Council would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

(l) **Reserve policy**—The Council’s goal is to maintain a minimum of three months of operating expenditures in reserves, based on the Council’s unrestricted fund balance relative to annual operating expenditures. The Council will strive to transfer 15% to 20% annually of the previous fiscal year’s audited net income to reserves. The amount to be transferred will be reviewed and approved by the Personnel, Budget, and Finance Committee.

(m) **Net position flow assumption**—Sometimes the Council will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the Council’s policy to consider restricted net position to have been used before unrestricted net position is applied.

(n) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The Council has one item, deferred outflows related to pensions, which qualifies for reporting in this category. Deferred outflows related to pensions are discussed further in Note (8).

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Council has one item, deferred inflows related to pensions in the government-wide statement of net position, which qualifies for reporting in this category. Deferred inflows related to pensions are discussed further in Note (8).

(o) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

**NORTHEAST FLORIDA REGIONAL COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**(2) Reconciliation of Government-Wide and Fund Financial Statement:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

**(3) Cash and Investments:**

At September 30, 2022, the Council's cash on deposit in its bank accounts was placed on deposit with financial institutions in the form of demand deposit accounts, time deposit accounts, and certificates of deposit, and is defined as public deposits. The Council's public deposits are held in qualified public depositories pursuant to Florida Statutes, Chapter 280, "Florida Security of Public Deposits Act", and are covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the Act. Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits, times the depository's collateral pledging level.

The pledging level may range from 50% to 125% depending upon the depository's financial condition and establishment period. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. Any losses to the public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the deposit in default.

The Council is authorized to invest in certificates of deposit, money market certificates, and obligations of the U.S. Treasury, its agencies and instrumentalities, repurchase agreements collateralized by U.S. securities, the Florida Counties Investment Trust, and the Local Government Surplus Funds Trust Fund. No derivative or similar investment transactions were used, held, or written by the Council during the fiscal year. As of September 30, 2022, the Council had investments with the Florida Local Government Investment Trust, an external investment pool, sponsored by the State of Florida, of \$17,509. The carrying value equals the fair value at September 30, 2022. The Trust is rated AA+ by Standard and Poor and has an average maturity of 1.76 years.

**NORTHEAST FLORIDA REGIONAL COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**(4) Capital Assets:**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, being depreciated –				
Office furniture	\$ 2,521	\$ -	\$ -	\$ 2,521
Office equipment	209,587	73,504	(38,855)	244,236
Leasehold improvements	31,008	-	-	31,008
Total capital assets, being depreciated	243,116	73,504	(38,855)	277,765
Accumulated depreciation	(172,644)	(35,205)	38,855	(168,994)
Governmental activities capital assets, net	<u>\$ 70,472</u>	<u>\$ 38,299</u>	<u>\$ -</u>	<u>\$ 108,771</u>

During the year ended September 30, 2022, depreciation expense of \$35,205 was charged to the Financial and administration function of the Council.

**(5) Long-Term Liabilities:**

Long-term liability activity for the year ended September 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Compensated absences	\$ 62,816	\$ 65,183	\$ (70,526)	\$ 57,473	\$ 57,473

**(6) Risk Management:**

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Council purchases commercial insurance. There have been no significant reductions in insurance coverage during fiscal year 2022. There have been no settlements in excess of insurance coverage in the last three years.

**(7) Commitments and Contingencies:**

During the ordinary course of its operations, the Council is party to various claims, legal actions and complaints. Some of these matters are covered by the Council insurance program. While the ultimate effect of any litigation cannot be ascertained at this time, management believes, based on the advice of legal counsel, that there will be no material effect on the Council's financial position and/or that the Council has sufficient insurance coverage to cover any claims.

The Council participates in various federal and state assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal and state regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from federal or state audit may become a liability of the Council.

**NORTHEAST FLORIDA REGIONAL COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**(7) Commitments and Contingencies:** (Continued)

The Council is required to comply with various federal and state regulations issued by the U.S. Office of Management and Budget if such agency or department is a recipient of federal and state grants, contract, or their sponsored agreements. Failure to comply may result in questions concerning the allocability of related direct and indirect charges pursuant to such agreements. It is believed that the ultimate disallowance pertaining to these regulations, if any, will be immaterial to the overall financial condition of the Council.

**(8) Florida Retirement System:**

**Plan Description and Administration**

The Council participates in the Florida Retirement System (FRS), a multiple-employer, cost-sharing defined public employee retirement system which covers all of the Council's eligible employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the Council are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

**NORTHEAST FLORIDA REGIONAL COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**(8) Florida Retirement System:** (Continued)

**Benefits Provided and Employees Covered**

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

**Financial Statements**

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site ([www.myfloridacfo.com](http://www.myfloridacfo.com)). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services  
Division of Retirement  
P.O. Box 9000  
Tallahassee, FL 32315-9000  
850-488-5706 or toll free at 877-377-1737

**NORTHEAST FLORIDA REGIONAL COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**(8) Florida Retirement System:** (Continued)

**Contributions**

The Council participates in certain classes of FRS membership. Each class had descriptions and contribution rates in effect during the year ended September 30, 2022, as follows (contribution rates are in agreement with the actuarially determined rates):

<u>FRS Membership Plan &amp; Class</u>	<u>Through June 30, 2022</u>	<u>After June 30, 2022</u>
Regular Class	10.82%	11.91%
Senior Management (SMSC)	29.01%	31.57%
DROP from FRS	18.34%	18.60%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll, which are included in the above rates.

For the plan year ended June 30, 2022, actual contributions made for Council employees participating in FRS and HIS were as follows:

Council Contributions – FRS	\$ 94,172
Council Contributions – HIS	15,202
Employee Contributions – FRS	27,473

**Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions**

At September 30, 2022, the Council reported a liability related to FRS and HIS as follows:

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 821,141
HIS	266,093
Total	<u>\$ 1,087,234</u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Council's proportion of the net pension liability was based on a projection of the Council's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2022 and June 30, 2021, the Council's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2022</u>	<u>2021</u>
FRS	0.002206892%	0.001990438%
HIS	0.002512300%	0.002264990%

For the plan year ended June 30, 2022, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ 147,942
HIS	15,874
Total	<u>\$ 163,816</u>

**NORTHEAST FLORIDA REGIONAL COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**(8) Florida Retirement System:** (Continued)

*Deferred outflows/inflows related to pensions:*

At September 30, 2022, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>FRS</b>		<b>HIS</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 38,999	\$ -	\$ 8,077	\$ (1,171)
Changes of assumptions	101,127	-	15,253	(41,164)
Net difference between projected and actual investment earnings	54,220	-	385	-
Change in Council's proportionate share	132,896	-	53,959	(14,336)
Contributions subsequent to measurement date	29,565	-	5,095	-
	<u>\$ 356,807</u>	<u>\$ -</u>	<u>\$ 82,769</u>	<u>\$ (56,671)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from Council contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	<b>FRS</b>	<b>HIS</b>	<b>Total</b>
2023	\$ 84,926	\$ 3,862	\$ 88,788
2024	55,363	6,933	62,296
2025	15,772	7,401	23,173
2026	158,397	3,742	162,139
2027	12,784	(121)	12,663
Thereafter	-	(814)	(814)
Total	<u>\$ 327,242</u>	<u>\$ 21,003</u>	<u>\$ 348,245</u>

*Actuarial assumptions:*

The Actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. During 2021, the discount rate was 6.80%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

**NORTHEAST FLORIDA REGIONAL COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**(8) Florida Retirement System:** (Continued)

Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.54% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 2.16%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details.

*Long-term expected rate of return:*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2022, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.6%
Fixed income	19.8%	4.4%
Global equities	54.0%	8.8%
Real estate	10.3%	7.4%
Private equity	11.1%	12.0%
Strategic investments	3.8%	6.2%
Total	<u>100.0%</u>	

*Sensitivity of the net pension liability to changes in the discount rate:*

The following presents the proportionate shares of the FRS and HIS net pension liability of the Council calculated using the current discount rates, as well as what the Council's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.70%	\$ 1,420,107	\$ 821,141	\$ 320,334
HIS	3.54%	304,432	266,093	234,368

**NORTHEAST FLORIDA REGIONAL COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**(9) Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (“GASB”) has issued pronouncements that have effective dates that may impact future financial statements. The Organization has considered the new pronouncements that altered accounting principles generally accepted in the United States of America, and other than as disclosed in the notes to the financial statements, does not believe that any other new or modified principles will have a material impact on the Organization’s reported financial position or operations in the near term.

- (a) GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB Statement No. 101 amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability. In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023.

**NORTHEAST FLORIDA REGIONAL COUNCIL**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
County assessments	\$ 607,823	\$ 694,757	\$ 694,757	\$ -
Federal grants	1,545,828	1,225,885	1,169,736	(56,149)
State grants	270,839	442,032	423,979	(18,053)
Local government	30,000	200,718	204,772	4,054
Regional Leadership Academy	2,800	4,900	4,550	(350)
Interest income (loss)	-	-	(601)	(601)
Other	172,400	48,400	43,080	(5,320)
Total revenues	<u>2,629,690</u>	<u>2,616,692</u>	<u>2,540,273</u>	<u>(76,419)</u>
<b>Expenditures</b>				
Current:				
Personnel service	996,730	1,112,792	1,118,688	(5,896)
Direct charges	1,077,240	932,897	966,232	(33,335)
Indirect charges	440,306	449,131	404,140	44,991
Total expenditures	<u>2,514,276</u>	<u>2,494,820</u>	<u>2,489,060</u>	<u>5,760</u>
Net change in fund balances	<u>115,414</u>	<u>121,872</u>	<u>51,213</u>	<u>(70,659)</u>
<b>Fund balances, beginning of year</b>	2,371,887	2,371,887	2,371,887	-
<b>Fund balances, end of year</b>	<u><u>\$ 2,487,301</u></u>	<u><u>\$ 2,493,759</u></u>	<u><u>\$ 2,423,100</u></u>	<u><u>\$ (70,659)</u></u>

See accompanying notes to financial statements.

**NORTHEAST FLORIDA REGIONAL COUNCIL  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
LAST 10 FISCAL YEARS  
(UNAUDITED)**

	As of the Plan Year Ended June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Florida Retirement System (FRS)</b>									
Proportion of the net pension liability	0.002206892%	0.001990438%	0.001743019%	0.001649535%	0.001360205%	0.001349838%	0.001336984%	0.001959446%	0.003150059%
Proportionate share of the net pension liability	\$ 821,141	\$ 150,355	\$ 755,450	\$ 568,077	\$ 409,701	\$ 399,273	\$ 337,590	\$ 253,088	\$ 192,200
Covered payroll	915,755	802,026	698,481	744,002	666,484	627,342	604,442	725,188	909,820
Proportionate share of the net pension liability as a percentage of covered payroll	89.67%	18.75%	108.16%	76.35%	61.47%	63.65%	55.85%	34.90%	21.13%
Plan fiduciary net position as a percentage of the total pension liability	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%
<b>Health Insurance Subsidy Program (HIS)</b>									
Proportion of the net pension liability	0.002512300%	0.002264990%	0.002012098%	0.002224140%	0.002040122%	0.001968129%	0.001957952%	0.002390364%	0.003070042%
Proportionate share of the net pension liability	\$ 266,093	\$ 277,835	\$ 245,674	\$ 248,859	\$ 215,929	\$ 210,441	\$ 228,191	\$ 243,780	\$ 287,056
Covered payroll	915,755	802,026	698,481	744,002	666,484	627,342	604,442	725,188	909,820
Proportionate share of the net pension liability as a percentage of covered payroll	29.06%	34.64%	35.17%	33.45%	32.40%	33.54%	37.75%	33.62%	31.55%
Plan fiduciary net position as a percentage of the total pension liability	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

**NORTHEAST FLORIDA REGIONAL COUNCIL  
SCHEDULE OF CONTRIBUTIONS  
LAST 10 FISCAL YEARS  
(UNAUDITED)**

	For the Fiscal Year Ended September 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Florida Retirement System (FRS)</b>									
Contractually required contribution	\$ 102,960	\$ 79,203	\$ 57,913	\$ 51,147	\$ 38,765	\$ 35,140	\$ 32,605	\$ 47,773	\$ 69,000
Contributions in relation to the contractually required contribution	102,960	79,203	57,913	51,147	38,765	35,140	32,605	47,773	69,000
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,018,498	\$ 821,334	\$ 698,481	\$ 744,002	\$ 666,484	\$ 627,342	\$ 604,442	\$ 725,188	\$ 909,820
Contributions as a percentage of covered payroll	10.11%	9.64%	8.29%	6.87%	5.82%	5.60%	5.39%	6.59%	7.58%
<b>Health Insurance Subsidy Program (HIS)</b>									
Contractually required contribution	\$ 16,907	\$ 13,634	\$ 11,595	\$ 12,350	\$ 11,064	\$ 10,416	\$ 10,036	\$ 9,137	\$ 10,517
Contributions in relation to the contractually required contribution	16,907	13,634	11,595	12,350	11,064	10,416	10,036	9,137	10,517
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,018,498	\$ 821,334	\$ 698,481	\$ 744,002	\$ 666,484	\$ 627,342	\$ 604,442	\$ 725,188	\$ 909,820
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.26%	1.16%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

**NORTHEAST FLORIDA REGIONAL COUNCIL  
COST ALLOCATION  
SEPTEMBER 30, 2022**

**COST ALLOCATION**

The following is a summary of significant cost allocation policies and results used in the preparation of the financial statements.

Cost allocation operates in accordance with an Indirect Costs Allocation Proposal (the Proposal) developed annually. Although the Council receives direct federal funding, it does not rise to the dollar amount defining a "Major local government"; therefore, under the guidelines established by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), approval of the Indirect Costs Allocation Proposal and Rate is not mandated. The Proposal identifies shared costs and the financial bases for cost sharing. It also identifies various non-financial bases for allocating certain joint or common costs as direct costs. The concepts in the Proposal are utilized in the accounting system and produced the following actual results shown below for the fiscal year.

Leave benefits consist of accrued annual leave and other types of leave granted (i.e., sick, holiday, and administrative leave). Leave costs are accumulated in an organizational leave pool and distributed to activities based on year-to-date regular time salary costs. This resulted in all activities bearing an equitable share of leave costs and diminishes the circumstantial effects of timing associated with leave usage.

Actual leave costs and the leave rate percentage for the year ended September 30, 2022, are shown below:

Annual leave taken	\$ 66,062
Sick leave taken	36,259
Holiday leave granted	44,009
Personal leave taken	6,157
Administrative leave granted	3,542
Net change in accrued leave liability	(4,963)
Total leave costs	<u>\$ 151,066</u>
Leave benefit costs	<u>\$ 151,066</u>
In-service salaries	<u>\$ 849,926</u>

Actual leave rates by employee classification (which reflect leave eligibility) are developed and applied to the year-to-date base of regular time salaries in each project to determine its share of leave costs. In the aggregate, \$151,066, accounting for 17.77% of in-service salaries, was charged among all programs operated during the fiscal year. Separate classifications are necessary because leave benefit eligibility differs among employees.

Employee fringe benefit costs are accumulated in an organization pool as they are incurred. Fringe benefit costs are prorated by employee's proportionate share of salaries to total year-to-date organizational salaries. The classification of costs conforms to the organization's Proposal for the year in which the final rate of 34.86% was computed.

**NORTHEAST FLORIDA REGIONAL COUNCIL  
COST ALLOCATION  
SEPTEMBER 30, 2022**

The fringe benefits actual cost and final rates for the year ended September 30, 2022, are as shown in the following table:

FICA	\$ 75,261
FRS	136,522
Health insurance	127,745
Life insurance	1,155
Disability insurance	5,369
Workers compensation	2,857
Unemployment compensation	1,826
Total fringe benefit costs	<u>\$ 350,735</u>
 Total base salaries	 <u>\$ 1,005,987</u>
 Total rate	 <u>34.86%</u>

The final rate was applied to the year-to-date salaries base in each project to determine its share of fringe benefit costs. In the aggregate, \$350,735 was charged among all programs operated during the fiscal year. The use of the pool and year-to-date financial activity results in an equitable distribution among all activities regardless of individual contract periods or monthly expenditure levels.

Indirect costs consist of occupancy and central management cost that support all programs. Indirect costs are allocated among programs on the basis of salary and fringe costs. The classification of costs conforms to the organization's Indirect Costs Allocation Proposal for the year in which a 44.18% Provisional Indirect Cost Rate was used for budgeting purposes.

Indirect costs were accumulated in an organizational pool and distributed to activities/programs based on salaries and fringe benefits in conformity with the organization's Indirect Costs Allocation Proposal. Actual indirect costs and the final rate for the year ended September 30, 2022 are as follows:

Indirect cost rate (final)	<u>37.62%</u>
 Actual year-to date indirect costs	 <u>\$ 418,947</u>
 Base (salaries and fringe costs)	 <u>\$ 1,113,725</u>

The final rate was applied to the year-to-date base in each project to determine its share of indirect costs. In the aggregate, actual costs of \$418,947 were charged among all programs operated during the fiscal year. The use of year-to-date financial information applies costs equitably regardless of individual contract periods or monthly expenditure levels.

Financial Report projects completed during the fiscal year may have reported interim costs to grantor agencies pending the determination of final costs at September 30, 2022. Interim reports may show higher or lower allocated costs which reflect changing rates after project termination. Final costs for completed projects can only be determined at the end of the organization's fiscal year.

**NORTHEAST FLORIDA REGIONAL COUNCIL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Federal Grantor / Pass-Through Grantor Program or Cluster Title, Contract No.	Assistance Listing Number	Grant or Contract Number	Expenditures
<b>FEDERAL AGENCY</b>			
<b>Department of Commerce Economic Development Administration</b>			
Direct:			
Economic Development Support for Planning Organization-CEDS	11.302	ED20ATL3020001	\$ 52,295
Economic Adjustment Assistance-CARES Act	11.307	ED20ATL3070070	200,403
Total Economic Development Cluster			<u>200,403</u>
Total Department of Commerce Economic Development Administration			<u>252,698</u>
<b>Department of Health and Human Services</b>			
Passed through Florida Department of Health:			
National Bioterrorism Hospital Preparedness Program-Health Care Coalition FY 18-22	93.889	COPAK	586,015
National Bioterrorism Hospital Preparedness Program-Health Care Coalition FY 23-24	93.889	COPBH	85,455
Passed through Florida Hospital Association			
National Bioterrorism Hospital Preparedness Program-FHA-HCC	93.889	6 U3REP200642-01-05	50,688
Total Department of Health and Human Services			<u>722,158</u>
<b>Department of Housing and Urban Development</b>			
Passed through the Florida Department of Economic Opportunity:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii-HCC CDE	14.228	MT024	102,794
Total Department of Housing and Urban Development			<u>102,794</u>
<b>Department of Transportation</b>			
Passed through the Florida Division of Emergency Preparedness:			
Interagency Hazardous Materials Public Sector Training and Planning Grant-HMEP 20/21	20.703	T0109	92,086
Total Department of Transportation			<u>92,086</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 1,169,736</u></u>

The accompanying notes to schedule of expenditures of federal awards are an integral part of this schedule.

**NORTHEAST FLORIDA REGIONAL COUNCIL  
NOTES TO THE SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**(1) Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Northeast Florida Regional Council (the Council), and is presented on the modified accrual basis of accounting. 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 Council, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Council.

**(2) Summary of Significant Accounting Policies:**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

**(3) Subrecipients:**

During the fiscal year ended September 30, 2022, no amounts were passed through to subrecipients.

**(4) De Minimis Indirect Cost Rate Election:**

The Council did not elect to use the 10% de minimis indirect cost rate as covered in §200.414, *Indirect (F&A) costs*, of the Uniform Guidance.

**NORTHEAST FLORIDA REGIONAL COUNCIL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**A. Summary of Auditors' Results:**

***Financial Statements:***

Type of audit report issued on the basic financial statements: *Unmodified.*

Internal Control over Financial Reporting:

Material weakness(es) identified? \_\_\_\_\_ yes      X   no

Significant deficiency(ies) identified? \_\_\_\_\_ yes      X   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes      X   no

***Federal Awards:***

Internal Control over Major Programs:

Material weakness(es) identified? \_\_\_\_\_ yes      X   no

Significant deficiency(ies) identified? \_\_\_\_\_ yes      X   none reported

Type of report issued on compliance for each major federal program: *Unmodified.*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes      X   none reported

Auditee qualified as a low-risk auditee?   X   yes    \_\_\_\_\_ no

Dollar threshold used to distinguish between type A and type B programs:           \$750,000          

Major program identification:

Assistance Listing Number	Program Name
93.889	National Bioterrorism Hospital Preparedness Program

**B. Financial Statement Findings:** None.

**C. Federal Award Findings and Questioned Costs:** None.

**D. Summary Schedule of Prior Audit Findings:** Not applicable; no prior year findings reported.

**E. Corrective Action Plan:** Not applicable as no findings have been reported.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Governing Board,  
Northeast Florida Regional Council:

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Northeast Florida Regional Council's (the Council) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the Council's major federal programs for the year ended September 30, 2022. The Council's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Council complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of 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 Council and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Council's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Council's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Council's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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 the Council's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 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 the Council's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Council's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

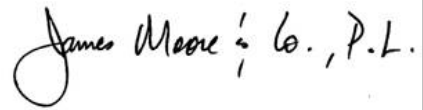
### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. 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.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style. The "J" is large and loops around the "M". The "Co." is written with a stylized "o" and a period. The "P.L." is written in a similar cursive style.

Daytona Beach, Florida  
February 2, 2023

**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 Governing Board,  
Northeast Florida Regional Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Northeast Florida Regional Council (the Council), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated February 2, 2023.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

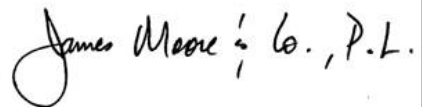
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large, looped initial "J".

Daytona Beach, Florida  
February 2, 2023