



NORTHEAST FLORIDA REGIONAL COUNCIL

REQUEST FOR PROPOSALS

FOR

AUDITING SERVICES

AUGUST 8, 2024

Northeast Florida Regional Council
40 East Adams Street, Jacksonville, FL 32202
Telephone: 904.279.0880
Website: <http://www.nefrc.org>

I. Introduction

A. Invitation

The Northeast Florida Regional Council (Council) requests written proposals from an independent certified public accounting firm, licensed in the State of Florida, to provide financial auditing services. The accounting firm should have an office in the State of Florida. The accounting firm should have a minimum of ten (10) years’ experience, with a minimum of five (5) years’ experience in governmental auditing. The firm must be a member of the American Institute of Certified Public Accountants and the Florida Institute of Certified Public Accountants.

B. List of Events (All times are Eastern Daylight Time)

Action	Deadlines
Request for Proposal (RFP)– Released/Published	Thursday, August 8, 2024
RFP questions from accounting firm due to the Council	Friday, August 23, 2024 @ 3:00 p.m. EDT
Council response to RFP questions published	Friday, August 30, 2024 @ 4:00 p.m. EDT
Proposals Due (Technical and Price)	Monday, September 23, 2024 @ 3:00 p.m. EDT
Council Approval of the Award	Thursday, October 3, 2024

RFP Questions and Response

To ensure consistent responses and provide correct information to all interested parties, questions regarding this Request for Proposals should be directed to Donna Starling at dstarling@nefrc.org no later than **Friday, August 23, 2024 @ 3:00 p.m. EDT**

The Council will post the responses to the RFP questions to the Council website <https://www.nefrc.org/> no later than **Friday, August 30, 2024 @ 4:00 p.m. EDT**.

II. Project Description

A. Purpose

This Request for Proposal is to contract for a financial audit and a compliance audit in accordance with generally accepted auditing standards; Government Auditing Standards; OMB Circular A-133, the Single Audit Act; the provisions of OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (codified at 2 C.F. R. Part 200); and all other applicable laws and regulations.

This RFP is to obtain the services of an independent certified public accounting firm, whose principal officers are independent certified public accountants, certified or licensed to practice in the State of Florida, hereinafter referred to as the “Auditing Firm” to perform a financial audit and a compliance audit of the Northeast Florida Regional Council.

B. Description of Entity

The Council is a dynamic network of local governance, serving seven counties – Baker, Clay, Duval, Flagler, Putnam, Nassau, and St. Johns – and 25 municipalities. The mission of the Council is to celebrate the unique assets of Northeast Florida and to engage its people, businesses, governments, and organizations. In doing so, the Council communicates issues, convenes stakeholders, collaborates with others, and calculates, analyzes, and constructs solutions.

The Northeast Florida Regional Council is a regional government agency created through the Florida Statutes. The Council is governed by a 35-member Board, two-thirds elected officials and one-third gubernatorial appointees. The Council receives funding from federal, state, and local governments.

Additionally, the Council provides administrative and management services to four 501c(3) organizations, the Northeast Florida Healthcare Coalition, North Central Florida Healthcare Coalition, Coalition for Health and Medical Preparedness (CHAMP) and the Regional Community Institute of Northeast Florida.

The Council's fiscal year is October 1st through September 30th. The Council uses Grants Management System (GMS) accounting software. The Council maintains one main operating checking account and a money market account. Total accounts payable and payroll checks issued throughout the year total approximately 1000. The current operating budget is \$3.3 million. The Council will require a single audit to be performed for each fiscal year. Administrative offices and all records are located at 40 East Adams Street, Suite 320, Jacksonville, FL 32202.

C. Required Auditing Standards To Be Followed

Audits shall be performed in accordance with the following:

- Generally accepted auditing standards in the United States of America;
- Government Auditing Standards, as issued by the Comptroller General of the United States;
- The requirements of the State of Florida and the rules and regulations of the Auditor General;
- OMB Circular A-133 and Section 215.97 Florida Statutes, Single Audit Act;
- Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); and
- Any other applicable Federal, State, and local laws or regulations.

D. Required Deliverables and Reports To Be Issued

The respondent will be required to complete the following deliverables:

- Conduct a financial audit and a compliance audit in accordance with auditing standards detailed in *Section II. C. Required Auditing Standards To Be Followed* above.
- Complete a report on the fair presentation of the financial statements in conformity with generally accepted accounting principles (GAAP).
- Complete a report on internal control over financial reporting and on compliance and other matters based on an audit of the financial statement performed in accordance with Governmental Auditing Standards and a communication of internal control matters identified in the audit to those charged with governance and management.
- Complete a report on compliance for each major federal program and on internal control over compliance required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General and the Florida Single Audit Act, Section 215.97, Florida Statutes, as applicable.
- Present the audit to the Council's Personnel, Budget and Finance Committee and Board of Directors.
- Print 35 report copies and provide one electronic copy of the final audit.
- Prepare the Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations as required by OMB Circular A-133.
- Serve as audit and accounting consultant to the Council throughout the agreement period and as such provide necessary information and assistance on an as needed basis.
- Prepare all required tax returns for the Council. The Council is required to file four 990 Return of Organization Exempt from Income Tax. The Northeast Florida Healthcare Coalition is currently the only 501(c)3 that is required to file a full Form 990. The other three 501(c)3's only files the e-Postcard, Form 990-N.
- If the Auditing Firm, due to one or more accounting and/or reporting deficiencies, is required to give advice, testimony, or other such activity not within the scope of rendering, confirming, or justifying a report of audit services rendered, such service will be made without an additional charge to the Council. The Auditing Firm will obtain corrective action and submit audit reports to appropriate agencies. Any preliminary findings of possible fraud, misapplication or misappropriation of funds shall be immediately reported to the Chief Executive Officer of the Council.

E. Technical Qualifications

The Consultant, in the proposal, shall, as a minimum, include the following:

1) Prior Auditing Experience

The Auditing Firm should describe its prior auditing experience including the names, addresses, contact persons, and telephone numbers of prior organizations audited over the past ten (10) years. Experience should include the following categories:

- A. Prior experience with performing audits in accordance with the auditing standards detailed *Section II. C. Required Auditing Standards To Be Followed*.
- B. Prior experience auditing similar multi-funded programs funded by the State of Florida and the Federal Government.
- C. Prior experience auditing computerized systems that allocate indirect costs.

Auditing Firm must include a copy of the most recent peer review report, the related letters of comments, and the firm's response to the letter of comments.

2) Organization, Size, and Structure

- A. The Auditing Firm should describe its organization, size (in relation to the audit to be performed) and structure.
- B. State whether the firm is local, regional, or national. Provide the location of the office from which the work is to be performed.
- C. Indicate, if appropriate, if the firm is a small or minority-owned business.

3) Staff Qualifications

The Auditing Firm should describe the qualifications of staff to be assigned to the audits. Descriptions should include:

- A. Team composition and certifications
- B. Prior experience of the audit team members.

The Auditing Firm should identify the person who will serve as the Auditing Firm's contact with the Council, along with the person's mailing address, telephone number, and email address.

Include resume(s) of the certified public accountant(s) (CPA) who will be responsible for ensuring that all financial auditing services are provided in accordance with state of Florida requirements for public entities, as well as requirements for public entities receiving federal appropriations. Provide a copy

of the CPA license(s). Resume(s) should highlight qualifications that meet Council's objectives to perform all tasks listed in this RFP.

4) Understanding of Work to be Performed

Provide a statement of the Auditing Firm's understanding of the work to be performed. Include time estimates for completion of the audit.

F. Required Certifications

1) Public Entity Crimes Certification

In accordance with Florida Statutes section 287.133(3) (a), the Consultant will complete and return as part of the RFP the Public Entity Crimes Certification form.

2) Drug-Free Workplace Certification

In accordance with Florida Statutes section 287.087, the Consultant will complete and return as part of the RFP the Drug-Free Workplace Certification form.

G. Insurance Requirement

The Auditing Firm awarded the contract shall secure, maintain, and present insurance coverage reflecting the minimum insurance requirements by the State of Florida for general liability, professional liability, and worker's compensation to include employer's liability limits as required by the State of Florida.

The firm must also name the Council as an additional insured on the general liability and professional liability.

III. Terms of Agreement

It is expected that the contract shall be a three-year fixed-price contract. The contract is for audits of fiscal years 2024, 2025, and 2026. At the discretion of the Council, this audit contract can be renewed for up to three additional years. The cost for the optional periods will be negotiated at renewal.

The Auditing Firm shall complete its audit and render thirty-five (35) printed audit report copies and one electronic copy of the audit report at least seven (7) business days prior to the February 6, 2025, Council meeting. In subsequent fiscal years, the audit should be completed in February of the year following the end of the fiscal year.

IV. Proposal Details

1) Closing Submission Date

Proposals must be submitted no later than **Monday, September 23 at 3:00 p.m. EDT.**

2) Inquiries

To ensure consistent responses and to ensure consistent and correct information to all interested parties, potential respondents must submit all questions and requests for clarification in writing to dstarling@nefrc.org. All questions and answers will be posted at www.nefrc.org. **No questions will be accepted after 3:00 p.m. EDT on Friday, August 23, 2024.**

Except for as provided above and for current business, during the bidding process, all prospective proposers are hereby prohibited from contacting any member of the Northeast Florida Regional Council's Board of Directors or employees in any respect during the solicitation and evaluation period. The violation of this rule shall result in the automatic disqualification of any response to a bid solicitation submitted by the violator.

3) Conditions of Proposal

All costs incurred in the preparation of a proposal responding to this RFP will be the responsibility of the Auditing Firm and will not be reimbursed by the Council.

4) Price

Please include a cost breakdown of the Auditing Firm's price to complete this project, for example, the Auditing Firm should indicate the estimated number of hours by staff level, hourly rates, and total cost by staff level. Any out-of-pocket expenses should be indicated.

The price should reflect the cost of performing the services detailed in *Section II. D. Required Deliverables and Reports To Be Issued* for each fiscal year 2024, 2025 and 2026.

5) Applicable Laws and Regulations

The selected Auditing Firm shall comply with all federal, State, and local laws, rules, and regulations.

6) Right to Reject

The Council reserves the right to reject all proposals received in response to this RFP. A contract for the accepted proposal will be based on the factors described in this RFP. The Council may request additional information from any proposer.

7) Public Records

Information supplied by the Auditing Firm to the Council is subject to the Florida Public Records Law. Florida law provides that municipal records shall at all times be open for personal inspection by any person, Section 119.01, F.S., The Public Records Law. Information and materials received by the Council in connection with all Auditing Firm responses shall be deemed to be public records subject to public inspection upon award, recommendation for award, or 30 days after bid opening, whichever occurs first. Section 119.071, F.S.

V. Submission of Proposals

All proposals submitted shall contain two parts and be marked as follows:

Part I- Technical and Price Proposal

Part II- Signed Certification Forms

All proposals shall include two copies (one hard copy and one PDF/electronic version on a flash drive) of the Technical and Price Proposal and the signed Drug-Free Workplace Certification and the Public Entity Crimes Certification.

One (1) Hard copy - original

One (1) PDF/electronic version on a flash drive

The proposal should be addressed as follows:

Northeast Florida Regional Council
40 East Adams Street, Suite 320
Jacksonville, FL 32202
Attention: Donna Starling

Proposals can be delivered or mailed to the address above. **All proposals must be received by Monday, September 23 @ 3:00 p.m. EDT.**

It is important that all copies of Parts I and II of the Auditing Firm's proposal be submitted in a sealed envelope clearly marked with the following information:

Sealed Proposal **For Audit Services**

It is the responsibility of the Auditing Firm to ensure that the proposal is received by the Council by the date and time specified above.

Late proposals will not be considered.

Nonresponsive Proposals

The Council reserves the right to waive any immaterial inconsistencies in a proposal that might otherwise appear to make said proposal nonresponsive. Proposals may be judged nonresponsive and removed from further consideration if any of the following occur:

- The proposal is not received timely in accordance with the terms of this RFP.
- The proposal does not include all the required documentation.
- The proposal does not address the Scope of Work.

VI. Evaluation Criteria

Evaluation of each proposal will be based on the following criteria:

<u>Factors</u>	<u>Point Range</u>
1) Prior Auditing Experience:	
a. Experience with auditing standards	0-10
b. Experience auditing similar organizations	0-10
c. Experience with auditing allocated indirect costs	0-10
d. Peer Review	0-10
Experience	Up to 40 points
2) Organization, size, and structure of Consulting Firm	
a. Organization structure	0-5
b. Location in Northeast Florida	0-5
c. Small and/or Minority-Owned Businesses	0-5
Organization Type	Up to 15 points
3) Team composition and relevant experience of team members will be considered.	
a. Team composition and certifications	0-10
b. Experience of team members	0-10
Team Composition	Up to 20 points
4) Understanding of work to be performed	Up to 10 points
5) Proposal Price	Up to 15 points
Maximum Possible Points	100

VII. Review and Notification Process

The Council may, at its discretion, request presentations from the top three scorers to clarify or negotiate modifications to the Firm's proposals.

The Council considers the contract award to the responsible Auditing Firm with the highest total points. However, the Council reserves the right to award without further discussing the proposals submitted. Therefore, proposals should be submitted initially on the most favorable terms, from both technical and price standpoints, which the Auditing Firm can propose.

The Council considers the contract award to the responsible Auditing Firm with the highest total points. The Council reserves the right to segment proposals or accept portions of proposals as is in the best interest of the program and the Council. Final price negotiation will result from the selection of all or part of the most successful proposal.

In accordance with Florida Statutes Section 120.57, any person adversely affected by the agency decision or intended decision shall file a notice of protest in writing within 72 hours after the posting of the notice of decision or intended decision. With respect to a protest of the terms, conditions, and specifications contained in a solicitation, including any provisions governing the methods for ranking bids, proposals, or replies, awarding contracts, reserving rights of further negotiation, or modifying or amending any contract, the notice of protest shall be filed in writing within 72 hours after the posting of the solicitation.

The formal written protest shall be filed within ten days after the notice of protest. Failure to file a notice of protest or a formal written protest shall constitute a waiver of proceedings under this chapter. The formal written protest shall state with particularity the facts and law upon which the protest is based. Saturdays, Sundays, and state holidays shall be excluded from the computation of the 72-hour periods provided by this paragraph.

ATTACHMENT 1

**SWORN STATEMENT UNDER SECTION 287.133 (3) (a),
FLORIDA STATUTES, ON PUBLIC ENTITY CRIMES**

THIS FORM MUST BE SIGNED IN THE PRESENCE OF A NOTARY PUBLIC OR OTHER
OFFICIAL AUTHORIZED TO ADMINISTER OATHS.

1. This sworn statement is submitted for _____.
2. This sworn statement is submitted by _____
Whose business address is: _____
and (if applicable) its Federal Employer Identification Number (FEIN) is _____.
(If entity has no FEIN, include the Social Security Number of the individual signing this sworn
statement: _____)
3. My name is _____ and my relationship to the entity named
above is _____
4. I understand that a “public entity crime” as defined in Section 287.133(1)(g), Florida Statutes,
means a violation of any state or federal law by a person with respect to and directly related to
the transaction of business with any public entity or with an agency or political subdivision of
any other state or of the United States, including, but not limited to, any bid or contract for
goods or services to be provided to any public entity or an agency or political subdivision of any
other state or of the United States and involving antitrust, fraud, theft, bribery, collusion,
racketeering, conspiracy, or material misrepresentation.
5. I understand that “convicted” or “conviction” as defined in Section 287.133 (1) (b), Florida
Statutes, means a finding of guilt or a conviction of a public entity crime, with or without
adjudication of guilt, in any federal or state trial court of record, relating to charges brought by
indictment or information after July 1, 1989, as a result of a jury verdict, non-jury trial, or entry
of a plea of guilty or nolo contendere.
6. I understand that an “affiliate” as defined in Section 287.133(1) (a), Florida Statutes, means: (1)
A predecessor or successor of a person convicted of a public entity crime; or (2) An entity under
the control of any natural person who is active in the management of the entity and who has
been convicted of a public entity crime. The term “affiliate” includes those officers, directors,
executives, partners, shareholders, employees, members, and agents who are active in the
management of an affiliate. The ownership by one person of shares constituting a controlling
interest in another person, or a pooling of equipment or income among persons when not for fair
market value under an arm’s length agreement, shall be a prima facie case that one person
controls another person. A person who knowingly enters into a joint venture with a person who
has been convicted of a public entity crime in Florida during the preceding 36 months shall be
considered an affiliate.
7. I understand that a “person” as defined in Section 287.133(1) (e), Florida Statutes, means any
natural person or entity organized under the laws of any state or of the United States with the
legal power to enter into a binding contract and which bids or applies to bid on contracts for the

provision of goods or services let by a public entity, or which otherwise transacts or applies to transact business with a public entity. The term "person" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in management of an entity.

8. Based on information and belief, that statement which I have marked below is true in relation to the entity submitting this sworn statement. [Please indicate which statement applies.]

_____ Neither the entity submitting this sworn statement, nor one or more of the officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, nor any affiliate of the entity, has been charged with and convicted of public entity crime subsequent to July 1, 1989.

_____ There has been a proceeding concerning the conviction before a hearing officer of the State of Florida, Division of Administrative Hearings. The final order entered by the hearing officer did not place the person or affiliate on the convicted vendor list. [Please attach a copy of the Final Order.]

_____ The person or affiliate was placed on the convicted vendor list. There has been a subsequent proceeding before a hearing officer of the State of Florida, Division of Administrative Hearings. The final order entered by the hearing officer determined that it was in the public interest to remove the person or affiliate from the convicted vendor list. [Please attach a copy of the Final Order.]

_____ The person or affiliate has not been placed on the convicted vendor list. [Please describe any action taken by or pending with the Department of General Services.]

Date: _____ Signature: _____

STATE OF: _____

COUNTY OF: _____

PERSONALLY APPEARED BEFORE ME, the undersigned authority,
who after first being sworn by me, affixed his/her signature in the space provided above on this
_____ day of _____, in the year _____.

My commission expires:

Notary Public

Print, Type, or Stamp of Notary Public

Personally known to me, or Produced Identification:

Type of ID

ATTACHMENT 2

DRUG FREE WORKPLACE FORM

The undersigned vendor in accordance with Florida Statute 287.087 hereby certifies that

_____ does:
(Name of Business)

1. Publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace and specifying the actions that will be taken against employees for violations of such prohibition.
2. Inform employees about the dangers of drug abuse in the workplace, the business's policy of maintaining a drug-free workplace, any available drug counseling, rehabilitation, and employee assistance programs, and the penalties that may be imposed upon employees for drug abuse violations.
3. Give each employee engaged in providing the commodities or contractual services that are under bid a copy of the Drug-Free statement.
4. Notify the employees that as a condition of working on the commodities or contractual services that are under bid, the employee will abide by the terms of the statement and will notify the employer of any conviction of, or plea of guilty or nolo contendere to, any state, for a violation occurring in the workplace no later than five (5) days after such conviction.
5. Impose a sanction on, or require the satisfactory participation in a drug abuse assistance or rehabilitation program if such is available in the employee's community, by any employee who is so convicted.
6. Make a good faith effort to continue to maintain a drug-free workplace through implementation of this section.

As the person authorized to sign the statement, I certify that this firm complies fully with the above requirements.

Authorized Signature

Print Name

Date

ATTACHMENT 3

NORTHEAST FLORIDA REGIONAL COUNCIL

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

**NORTHEAST FLORIDA REGIONAL COUNCIL
TABLE OF CONTENTS
SEPTEMBER 30, 2023**

Independent Auditors’ Report.....	1 - 3
Management’s Discussion and Analysis.....	4 - 10
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	12
Statement of Activities.....	13
Fund Financial Statements	
Balance Sheet—Governmental Fund.....	14
Reconciliation of the Balance Sheet – Governmental Fund to the Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund	
Balances—Governmental Fund	16
Reconciliation of the Statement of Revenues, Expenditures and	
Changes in Fund Balances of Governmental Fund to the Statement of Activities	17
Notes to Financial Statements	18 - 30
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances –	
Budget and Actual – General Fund	31
Schedule of Proportionate Share of Net Pension Liability – FRS/HIS.....	32
Schedule of Contributions – FRS/HIS	33
Other Information	
Cost Allocation.....	34 - 35
Detail for Statement of Revenues, Expenditures and Changes in	
Fund Balances—Governmental Fund	36 - 38
Single Audit	
Schedule of Expenditures of Federal Awards.....	39
Notes to the Schedule of Expenditures of Federal Awards.....	40
Schedule of Findings and Questioned Costs.....	41
Independent Auditors’ Report on Compliance for Each Major Federal Program and Report on	
Internal Control over Compliance in Accordance with Uniform Guidance	42 - 44
Other Reports	
Independent Auditors’ Report on Internal Control over Financial Reporting and On Compliance	
and Other Matters Based on an Audit of Financial Statements in Accordance with	
<i>Government Auditing Standards</i>	45 - 46



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, 2023, 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, 2023, 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.

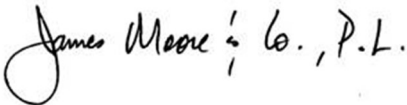
Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the cost allocation and detail for schedule of revenues, expenditures and changes in fund balance 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 1, 2024, 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 1, 2024



**NORTHEAST FLORIDA REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

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 2022-2023. 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

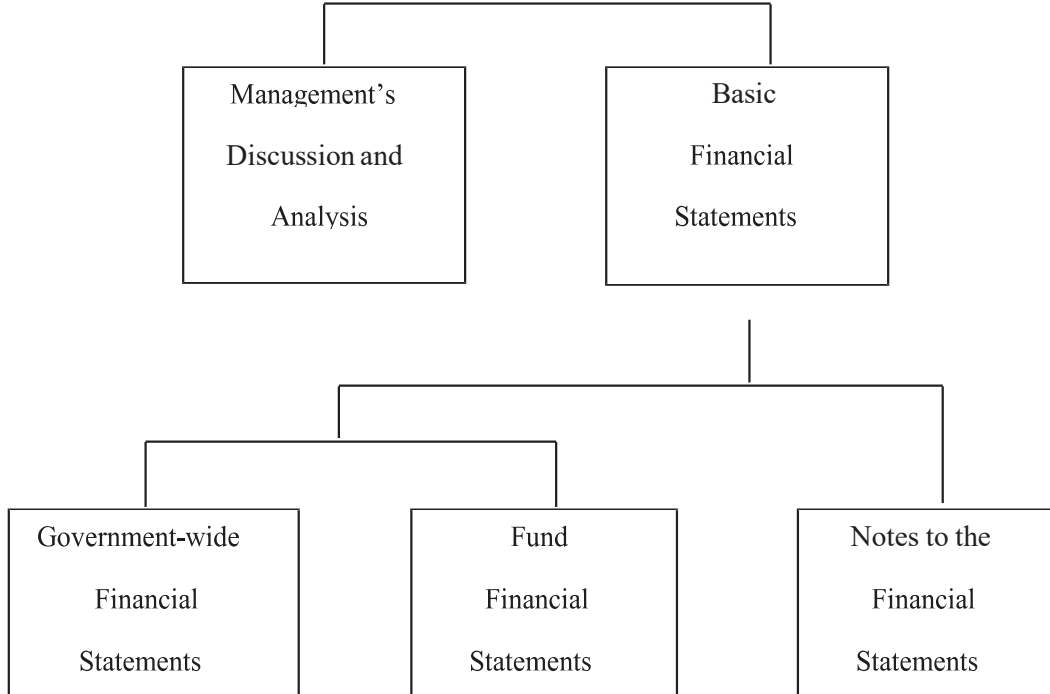
- The assets and deferred outflow of resources of the Council exceeded its liabilities and deferred inflow of resources at the close of the fiscal year by \$1,577,263.
- The Council's net position decreased by \$192,806 .
- The Council's total assets increased by \$216,584.
- The Council's total liabilities decreased by \$402,801.
- The Council received \$475,000 in funding from Baker and Flagler County to assist the counties with the development of a Comprehensive Vulnerability Assessment. Funding was provided to the counties by the Resilient Florida program of the Florida Department of Environmental Protection (FDEP).
- The Council received a \$275,000 contract from the FDEP for work related to the Resilient First Coast Collaborative, a Regional Resiliency Entity that will provide technical assistance for our local governments in completing various resiliency planning activities.
- The Council continued work on two multi-year Community Development Block Grant Mitigation (CDBG-MIT) programs totaling \$ 980,270 to develop a North Florida Resiliency Plan for Health and Medical Lifeline and to develop a statewide approach to inland resilience planning through collaboration with East Central Florida Regional Planning Council and other regional councils across the state.
- During fiscal year 2023 the Healthcare Coalition provided \$291,240 in project funding to healthcare and emergency preparedness facilities through contracts with the Florida Department of Health and the Florida Hospital Association.
- The Healthcare Coalition received \$86,952 in additional funding from the Florida Department of Health which the Coalition used to purchase pediatric restraints for fire rescue departments in the Healthcare Coalition's 18 county region.
- The Economic Development Administration awarded the Council a grant for \$190,176 to hire a Disaster Recovery Coordinator to assist the North Florida region with impacts from Hurricanes Ian and Nicole.
- The Council completed \$101,678 in Florida Department of Economic Development (DEO)funding projects to assist several of our local governments with planning and economic development projects.
- The Council completed \$97,000 in emergency preparedness-related exercise services for the State of Florida, and our local governments.

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, 2023
(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 12) 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 13) 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 14-17) 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, 2023
(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 \$2.5 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 18-30 of the report.

Government-Wide Financial Analysis

For fiscal year 2022-2023, the Council was compliant with the Government Accounting Standard Board (GASB) Statement No. 34 reporting model:

	Governmental Activities		
	2023	2022	Difference
Assets			
Current assets	\$ 2,750,763	\$2,722,757	\$ 28,006
Capital assets	297,349	108,771	188,578
Total assets	<u>3,048,112</u>	<u>2,831,528</u>	<u>216,584</u>
Deferred outflows of resources	<u>425,550</u>	<u>439,576</u>	<u>(14,026)</u>
Liabilities			
Current liabilities	326,334	299,657	26,677
Noncurrent liabilities	<u>1,520,831</u>	<u>1,144,707</u>	<u>376,124</u>
Total liabilities	<u>1,847,165</u>	<u>1,444,364</u>	<u>402,801</u>
Deferred inflows of resources	49,234	56,671	(7,437)
Net Position			
Net investment in capital assets	101,251	108,771	(7,520)
Unrestricted	<u>1,476,012</u>	<u>1,661,298</u>	<u>(185,286)</u>
Total net position	<u>\$ 1,577,263</u>	<u>\$1,770,069</u>	<u>\$ (192,806)</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 \$1,577,263 in fiscal year 2022-2023. Also in fiscal year 2022-2023, the Council's net position decreased by \$192,806. The change in net position is primarily due to the following:

- An increase in total assets is the result of new lease recognition reporting requirements, an increase in accounts receivable and a decrease in capital assets, net of accumulated depreciation and amortization.
- The increase in total liabilities is due to an increase in pension liability and the recognition of lease liability as required by new lease reporting requirements.

**NORTHEAST FLORIDA REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(Continued)**

Governmental activities decreased the Council's net position by \$192,806, as shown below. Factors that attributed to the change are as follows:

- Charges for services increased resulting from an increase in local technical assistance contracts for resiliency and emergency preparedness programs.
- Operating grants/contributions increased due to an increase in federal and state revenues for emergency preparedness, economic development and resiliency programs.
- Expenditures increased as a result of an increase in pension expense, the addition of employees and an increase in program expenditures for the fiscal year.

Analysis of the Organization's Operations

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

	Governmental Activities		
	2023	2022	Difference
Revenues:			
Program Revenues:			
Charges for services	\$ 323,605	\$ 245,450	\$ 78,155
Operating grants/contributions	1,792,935	1,593,715	199,220
General Revenues:			
Membership Dues	694,757	694,757	-
Interest income (loss)	12,023	(601)	12,624
Miscellaneous	10,162	3,442	6,720
Gain (loss) on sale of assets	-	3,510	(3,510)
Total revenues	<u>2,833,482</u>	<u>2,540,273</u>	<u>293,209</u>
Expenses:			
Financial and administration	722,653	488,870	233,783
Planning and growth management	801,730	823,174	(21,444)
Emergency preparedness	1,463,625	1,164,083	299,542
Regional Leadership Academy	7,354	10,410	(3,056)
Regional Community Institute	30,926	2,829	28,097
Total expenses	<u>3,026,288</u>	<u>2,489,366</u>	<u>536,922</u>
Increase (decrease) in net position	(192,806)	50,907	(243,713)
Beginning fund balance	<u>1,770,069</u>	<u>1,719,162</u>	<u>50,907</u>
Ending fund balance	<u>\$ 1,577,263</u>	<u>\$1,770,069</u>	<u>\$ (192,806)</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.

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.

**NORTHEAST FLORIDA REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(Continued)**

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	\$ 694,757	\$ 694,757	\$ 694,757	\$ -
Federal grants	1,215,212	1,347,556	1,354,169	6,613
State grants	259,571	429,542	438,766	9,224
Local government	25,000	220,200	239,954	19,754
Regional Leadership Academy	4,900	4,200	3,850	(350)
Interest income (loss)	-	-	12,023	12,023
Other	112,100	113,892	89,963	(23,929)
Total revenues	<u>2,311,540</u>	<u>2,810,147</u>	<u>2,833,482</u>	<u>23,335</u>
EXPENDITURES				
Current:				
Personnel service	1,222,852	1,257,980	1,254,944	3,036
Direct charges	717,680	1,030,169	1,061,664	(31,495)
Indirect charges	466,293	435,347	426,678	8,669
Capital outlay - office lease	-	-	267,824	(267,824)
Total expenditures	<u>2,406,825</u>	<u>2,723,496</u>	<u>3,011,110</u>	<u>(287,614)</u>
Excess (deficiency) of revenues over expenditures	<u>(95,285)</u>	<u>86,651</u>	<u>(177,628)</u>	<u>(264,279)</u>
Other financing sources (uses)				
Issuance of lease	-	-	267,824	(267,824)
Total other financing sources (uses)	-	-	267,824	(267,824)
Net change in fund balances	<u>\$ (95,285)</u>	<u>\$ 86,651</u>	<u>\$ 90,196</u>	<u>\$ (3,545)</u>

NEFRC Financial Analysis

Total assets increased due to lease reporting requirements, an increase in accounts receivable, and a decrease in capital assets, net of accumulated depreciation and amortization. Total liabilities increased due to an increase in pension liability and the recognition of lease liability as required by new lease reporting requirements.

The Council had an overall increase in revenues for the year. Expenditures also increased in correlation to the increase in revenues as well as an increase in pension expense and the addition of employees for the fiscal year.

**NORTHEAST FLORIDA REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(Continued)**

NEFRC Capital Assets

The Council's investment in capital assets for fiscal year 2022-2023 is \$297,349, net of accumulated depreciation and amortization of \$277,321.

	Governmental Activities	
	<u>2023</u>	<u>2022</u>
Furniture, equipment, and improvements	\$ 306,846	\$ 277,765
Right-to-use office lease	267,824	-
Accumulated depreciation and amortization	<u>(277,321)</u>	<u>(168,994)</u>
Capital assets, net	<u>\$ 297,349</u>	<u>\$ 108,771</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, 2023, the Council's long-term obligations consisted of compensated absences, right-to-use office lease, 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 2023-2024

The Council foresees a slight increase in state emergency preparedness funding with an increase in Local Emergency Preparedness Committee (LEPC) and Hazard Analysis contract funding. Also, the number of emergency preparedness exercises is expected to remain constant as local governments and partner agencies maintain training and exercise requirements.

Funding for resiliency planning is expected to continue to grow in fiscal year 2024. The Council also received a Florida Department of Environmental Protection (FDEP) contract that is anticipated to be completed in June 2024 to continue the work of Resilient First Coast, a Regional Resilience Entity, including the development of a Regional Action Plan.

The current funding for the Healthcare Coalition will end in June 2024. However, the Council anticipates receiving a new five-year contract with level funding in July 2024. The Council also expects to spend the remaining Florida Hospital Association (FHA) funding in fiscal year 2024.

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 2024.

Federal funding from the Department of Commerce Economic Development Administration (EDA) for the Economic Development District will continue in fiscal year 2024. The Council also received a two-year EDA grant in April 2023 to assist the North Florida region with impacts from Hurricanes Ian and Nicole. That grant will continue into fiscal year 2025.

**NORTHEAST FLORIDA REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(Continued)**

The Council anticipates continued local government revenues in fiscal year 2024 to assist local governments with the completion of vulnerability assessments that are required to be completed by 2025. The Council also assisted some of our local governments with substance abuse disorder services in fiscal year 2023. The Council expects to continue those services for our local governments in fiscal year 2024 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, 2023**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,137,575
Accounts receivable	605,788
Prepays	7,400
Capital assets, net of accumulated depreciation and amortization	297,349
Total assets	\$ 3,048,112
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	\$ 425,550
 LIABILITIES	
Accounts payable and accrued liabilities	\$ 41,004
Accrued salaries	24,143
Unearned revenues	172,320
Noncurrent liabilities:	
Due within one year:	
Compensated absences	58,050
Lease liability	88,867
Due in more than one year:	
Lease liability	107,231
Net pension liability	1,355,550
Total liabilities	\$ 1,847,165
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	\$ 49,234
 NET POSITION	
Net investment in capital assets	\$ 101,251
Unrestricted	1,476,012
Total net position	\$ 1,577,263

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, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
Financial and administration	\$ 722,653	\$ -	\$ -	\$ (722,653)
Planning and growth management	801,730	260,459	383,296	(157,975)
Emergency preparedness	1,463,625	59,296	1,409,639	5,310
Regional Leadership Academy	7,354	3,850	-	(3,504)
Regional Community Institute	30,926	-	-	(30,926)
Total governmental activities	<u>\$ 3,026,288</u>	<u>\$ 323,605</u>	<u>\$ 1,792,935</u>	<u>(909,748)</u>
General revenues:				
Membership dues				694,757
Interest income (loss)				12,023
Miscellaneous				10,162
Total general revenues				<u>716,942</u>
Change in net position				(192,806)
Net position - beginning of year				1,770,069
Net position - ending of year				<u>\$ 1,577,263</u>

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

**NORTHEAST FLORIDA REGIONAL COUNCIL
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2023**

	General Fund
ASSETS	
Cash and cash equivalents	\$ 2,137,575
Receivables, net	605,788
Prepaid items	7,400
Total assets	\$ 2,750,763
LIABILITIES	
Accounts payable and accrued liabilities	\$ 41,004
Accrued salaries	24,143
Unearned revenues	172,320
Total liabilities	237,467
FUND BALANCES	
Nonspendable:	
Prepaid items	7,400
Unassigned	2,505,896
Total fund balances	2,513,296
Total liabilities and fund balances	\$ 2,750,763

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, 2023**

Fund balances - total governmental fund		\$ 2,513,296
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	574,670	
Less: accumulated depreciation and amortization	(277,321)	297,349
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	(1,355,550)	
Deferred outflows related to pensions	425,550	
Deferred inflows related to pensions	(49,234)	(979,234)
Long-term liabilities, including leases 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:		
Lease obligations		(196,098)
Compensated absences		(58,050)
Net position of governmental activities		\$ 1,577,263

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, 2023**

	General Fund
Revenues	
County assessments	\$ 694,757
Federal grants	1,354,169
State grants	438,766
Local government	239,954
Regional Leadership Academy	3,850
Interest income (loss)	12,023
Miscellaneous	89,963
Total revenues	2,833,482
Expenditures	
Personnel services	1,254,944
Direct charges	1,329,488
Indirect charges	426,678
Total expenditures	3,011,110
Excess (deficiency) of revenues over expenditures	(177,628)
Other financing sources (uses)	
Issuance of leases	267,824
Total other financing sources (uses)	267,824
Net change in fund balances	90,196
Fund balances, beginning of year	2,423,100
Fund balances, end of year	\$ 2,513,296

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, 2023**

Net change in fund balances - total governmental fund	\$ 90,196
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	299,468
Depreciation and amortization expense	(110,890)
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	(274,905)
Lease and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of lease and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the Statement of Activities.	
Issuance of lease	(267,824)
Change in lease liability	71,726
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	(577)
Change in net position of governmental activities	<u>\$ (192,806)</u>

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

NORTHEAST FLORIDA REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(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. Net investment in capital assets consist of capital assets, including leased assets, net of accumulated depreciation and amortization, reduced by outstanding balances of any debt and lease liabilities that is attributable to those assets.

NORTHEAST FLORIDA REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(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, 2023

(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 and amortization are provided using the straight-line method over the estimated useful lives of the various classes of depreciable and intangible 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) **Leases**—The Council leases office space, and determines if an arrangement is a lease at inception. The Council recognizes intangible right-to-use (RTU) assets and corresponding lease liabilities for all leases that are not considered short-term. RTU assets represent the Council’s right to use an underlying asset for the lease term and lease liabilities represent the Council’s obligation to make lease payments arising from the lease. RTU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

Basis of lease classification – Leases that meet the following requirements will not be considered short term: (1) the maximum possible lease term(s) is non-cancelable by both lessee and lessor, and (2) is more than 12 months.

Discount Rate – Unless explicitly stated in the lease agreement, known by the Council, or the Council is able to determine the rate implicit within the lease, the discount rate used to calculate lease right-to-use assets and liabilities will be the Council’s tax exempt market borrowing rate for 30 year fixed terms at the end of each year, which will be the rate utilized for the next calendar year. The Council elected to use its incremental borrowing rate (IBR) of 3% as of September 30, 2022 for leases entered into beginning October 1, 2022.

NORTHEAST FLORIDA REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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

(l) **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.

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.

(m) **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.

(n) **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.

NORTHEAST FLORIDA REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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

(o) **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 (9).

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 (9).

(p) **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.

(q) **Implementation of new accounting pronouncements**—The Council implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, in the current year and noted no agreements that met the criteria for recognition.

(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.

**NORTHEAST FLORIDA REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(3) Cash and Investments:

At September 30, 2023, 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 depositories are covered by applicable deposit insurance, sale of securities pledge 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, 2023, the Council had investments with the Florida Local Government Investment Trust, an external investment pool, sponsored by the State of Florida, of \$18,138. The carrying value equals the fair value at September 30, 2023. The Trust is rated AA+ by Standard and Poor and has an average maturity of 1.76 years.

(4) Capital Assets:

Capital asset activity for the fiscal year ended September 30, 2023 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	244,236	31,644	(2,563)	273,317
Leasehold improvements	31,008	-	-	31,008
Right-to-use office lease	-	267,824	-	267,824
Total capital assets, being depreciated or amortized	277,765	299,468	(2,563)	574,670
Accumulated depreciation/ amortization	(168,994)	(110,890)	2,563	(277,321)
Governmental activities capital assets, net	<u>\$ 108,771</u>	<u>\$ (188,578)</u>	<u>\$ -</u>	<u>\$ 297,349</u>

During the year ended September 30, 2023, depreciation expense of \$39,164 and amortization expense of \$71,726 were charged to the Financial and administration function of the Council.

**NORTHEAST FLORIDA REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(5) **Leases:**

(a) **Council as Lessee**—The Council is the lessee in one lease agreement for eleven office spaces. A lease liability and a right-to-use asset was recorded for this lease in that fund.

In 2019, the Council entered into a 36 month lease agreement with WJCT, INC valued at \$267,824. The initial lease expired in December 2022 and was renewed for an additional three-year period. A right-to-use asset and initial lease liability was recorded by the Council during fiscal year 2023. As of September 30, 2023, the value of the lease liability was \$196,098. The Council is required to make annual principal and interest payments of \$93,668. The Council's incremental borrowing rate (IBR) was calculated at 3.0% at September 30, 2022, and was the discount rate utilized in the current year for this lease. The office space has a three-year useful life. The value of the right-to-use assets as of September 30, 2023 was \$267,824 and had accumulated amortization of (\$71,726).

Lease expense for the right-to-use asset for the year ended September 30, 2023, was as follows:

Amortization expense	\$ 71,726
Interest on lease liabilities	6,146
Total	\$ 77,873

The principal and interest requirements to maturity for the lease liability as of September 30, 2023, is as follows:

Governmental Activities				
Year Ending September 30,	Principal	Interest	Total Payments	
2024	\$ 88,867	\$ 4,800	\$ 93,668	
2025	91,677	1,990	93,668	
2026	15,553	59	15,611	
Total future minimum lease payments	\$ 196,098	\$ 6,849	\$ 202,947	

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

Long-term liability activity for the year ended September 30, 2023, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Right-to-use lease	\$ -	\$ 267,824	\$ (71,726)	\$ 196,098	\$ 88,867
Compensated absences	57,473	66,961	(66,384)	58,050	53,925
Total long-term liabilities	\$ 57,473	\$ 334,785	\$ (138,110)	\$ 254,148	\$ 142,792

(7) **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 2023. There have been no settlements in excess of insurance coverage in the last three years.

**NORTHEAST FLORIDA REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

(8) 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.

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.

(9) 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, 2023, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45 and the maximum payment is \$225 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, 2023**

(9) **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). 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, 2023**

(9) **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, 2023, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Through June 30, 2023	After June 30, 2023
Regular Class	11.91%	13.57%
Senior Management (SMSC)	31.57%	34.52%
DROP from FRS	18.60%	21.13%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll through June 30, 2023, and 2.00% thereafter, which are included in the above rates.

For the plan year ended June 30, 2023, actual contributions made for Council employees participating in FRS and HIS were as follows:

Council Contributions – FRS	\$ 110,518
Council Contributions – HIS	18,230
Employee Contributions – FRS	32,946

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

At September 30, 2023, the Council reported a liability related to FRS and HIS as follows:

Plan	Net Pension Liability
FRS	\$ 915,424
HIS	440,126
Total	\$ 1,355,550

The net pension liability was measured as of June 30, 2023, 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, 2023 and June 30, 2022, the Council's proportionate share of the FRS and HIS net pension liabilities were as follows:

Plan	2023	2022
FRS	0.002297357%	0.002206892%
HIS	0.002771343%	0.002512300%

For the plan year ended June 30, 2023, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$	232,371
HIS		178,198
Total	\$	410,569

NORTHEAST FLORIDA REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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

Deferred outflows/inflows related to pensions:

At September 30, 2023, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 85,950	\$ -	\$ 6,443	\$ (1,033)
Changes of assumptions	56,675	-	11,571	(38,138)
Net difference between projected and actual investment earnings	38,231	-	227	-
Change in Council's proportionate share	115,816	-	66,062	(10,063)
Contributions subsequent to measurement date	35,415	-	6,160	-
	<u>\$ 335,087</u>	<u>\$ -</u>	<u>\$ 90,463</u>	<u>\$ (49,234)</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:

	FRS	HIS	Total
2024	\$ 67,533	\$ 10,341	\$ 77,874
2025	26,564	10,943	37,507
2026	175,501	7,147	182,648
2027	24,530	2,952	27,482
2028	5,544	2,587	8,131
Thereafter	-	1,099	1,099
Total	<u>\$ 299,672</u>	<u>\$ 35,069</u>	<u>\$ 334,741</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%. This rate is consistent with the prior year rate of 6.70%. 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, 2023**

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

Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.65% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.54%. 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 2023, 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%	2.9%
Fixed income	19.8%	4.5%
Global equities	54.0%	8.7%
Real estate	10.3%	7.6%
Private equity	11.1%	11.9%
Strategic investments	3.8%	6.3%
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%	\$ 1,563,731	\$ 915,424	\$ 373,038
HIS	3.65%	502,115	440,126	388,741

NORTHEAST FLORIDA REGIONAL COUNCIL
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(10) **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.

(b) GASB issued Statement No. 102, *Certain Risk Disclosures*, in June 2022. GASB Statement No. 102 requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. The provisions for GASB 102 are effective for fiscal years beginning after June 15, 2024.

NORTHEAST FLORIDA REGIONAL COUNCIL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues				
County assessments	\$ 694,757	\$ 694,757	\$ 694,757	\$ -
Federal grants	1,215,212	1,347,556	1,354,169	6,613
State grants	259,571	429,542	438,766	9,224
Local government	25,000	220,200	239,954	19,754
Regional Leadership Academy	4,900	4,200	3,850	(350)
Interest income (loss)	-	-	12,023	12,023
Other	112,100	113,892	89,963	(23,929)
Total revenues	<u>2,311,540</u>	<u>2,810,147</u>	<u>2,833,482</u>	<u>23,335</u>
Expenditures				
Current:				
Personnel service	1,222,852	1,257,980	1,254,944	3,036
Direct charges	717,680	1,030,169	1,061,664	(31,495)
Indirect charges	466,293	435,347	426,678	8,669
Capital outlay - office lease	-	-	267,824	(267,824)
Total expenditures	<u>2,406,825</u>	<u>2,723,496</u>	<u>3,011,110</u>	<u>(287,614)</u>
Excess (deficiency) of revenues over expenditures	<u>(95,285)</u>	<u>86,651</u>	<u>(177,628)</u>	<u>(264,279)</u>
Other financing sources (uses)				
Issuance of lease	-	-	267,824	(267,824)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>267,824</u>	<u>(267,824)</u>
Net change in fund balances	<u>(95,285)</u>	<u>86,651</u>	<u>90,196</u>	<u>(3,545)</u>
Fund balances, beginning of year	2,423,100	2,423,100	2,423,100	-
Fund balances, end of year	<u>\$ 2,327,815</u>	<u>\$ 2,509,751</u>	<u>\$ 2,513,296</u>	<u>\$ (3,545)</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,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Florida Retirement System (FRS)										
Proportion of the net pension liability	0.002297357%	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	\$ 915,424	\$ 821,141	\$ 150,355	\$ 755,450	\$ 568,077	\$ 409,701	\$ 399,273	\$ 337,590	\$ 253,088	\$ 192,200
Covered payroll	1,098,216	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	83.36%	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	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%
Health Insurance Subsidy Program (HIS)										
Proportion of the net pension liability	0.002771343%	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	\$ 440,126	\$ 266,093	\$ 277,835	\$ 245,674	\$ 248,859	\$ 215,929	\$ 210,441	\$ 228,191	\$ 243,780	\$ 287,056
Covered payroll	1,098,216	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	40.08%	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	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

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

	For the Fiscal Year Ended September 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Florida Retirement System (FRS)										
Contractually required contribution	\$ 116,368	\$ 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	116,368	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>	<u>\$ -</u>
Covered payroll	\$ 1,099,292	\$ 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	10.59%	10.11%	9.64%	8.29%	6.87%	5.82%	5.60%	5.39%	6.59%	7.58%
Health Insurance Subsidy Program (HIS)										
Contractually required contribution	\$ 19,295	\$ 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	19,295	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>	<u>\$ -</u>
Covered payroll	\$ 1,099,292	\$ 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	1.76%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.26%	1.16%

**NORTHEAST FLORIDA REGIONAL COUNCIL
COST ALLOCATION
SEPTEMBER 30, 2023**

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, 2023, are shown below:

Annual leave taken	\$ 62,301
Sick leave taken	38,780
Holiday leave granted	48,957
Personal leave taken	3,923
Administrative leave granted	5,714
Net change in accrued leave liability	536
Total leave costs	<u>\$ 160,211</u>
Leave benefit costs	<u>\$ 160,211</u>
In-service salaries	<u>\$ 953,813</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, \$160,211, accounting for 16.80% 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 34.76% was computed.

**NORTHEAST FLORIDA REGIONAL COUNCIL
COST ALLOCATION
SEPTEMBER 30, 2023**

The fringe benefits actual cost and final rates for the year ended September 30, 2023, are as shown in the following table:

FICA	\$ 77,798
FRS	162,639
Health insurance	136,010
Life insurance	1,467
Disability insurance	6,253
Workers compensation	3,775
Unemployment compensation	1,314
Total fringe benefit costs	<u>\$ 389,256</u>
Total base salaries	<u>\$ 1,119,729</u>
Total rate	<u>34.76%</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, \$389,256 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 39.60% 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, 2023 are as follows:

Indirect cost rate (final)	<u>35.27%</u>
Actual year-to date indirect costs	<u>\$ 442,777</u>
Base (salaries and fringe costs)	<u>\$ 1,255,479</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 \$442,777 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, 2023. 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
 DETAIL FOR STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCE – GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2023**

Category	Account Code Title	Final FY 22/23
Revenues		
County assessments:	County Contributions-Baker	11,337
	County Contributions-Clay	86,934
	County Contributions-Duval	390,673
	County Contributions-Flagler	44,080
	County Contributions-Nassau	33,927
	County Contributions-Putnam	29,922
	County Contributions-St. Johns	97,884
	Subtotals	694,757
Federal grants:	HMEP Revenue	72,939
	Northeast Florida Healthcare Coalition Revenue	838,894
	FHA-HCC Funding	110,848
	CDBG North Florida Resiliency Plan Revenue	231,432
	CEDS Revenue	79,393
	Disaster Recovery Coordinator Revenue	20,663
	Subtotals	1,354,169
State grants:	FDEM Exercise Support Revenue	63,000
	Hazards Analysis Revenue	14,130
	State SQG Revenue	4,999
	LEPC Revenue	73,397
	TD Revenue	173,103
	DEO Funding	101,678
	FDEP Revenue	8,459
	Subtotals	438,766
Local government:	Local Government Revenue	198,170
	Emergency Mngt Local Government Revenue	36,695
	Local SQG Revenue	5,089
	Subtotals	239,954
Regional Leadership Academy	Regional Leadership Revenue	3,850
Interest income	Interest Income	12,023
Miscellaneous:	Elected Officials Reception Revenue	180
	Grant Funded/Donated Fixed Assets	9,696
	JEA Revenue	13,000
	JTA Revenue	4,512
	Mitigation Assessment and Planning Revenue	47,289
	AFC-Resiliency Collaborative Revenue	15,000
	Girls On The Run Revenue	286
	Subtotals	89,963
	Total Revenue	2,833,482

**NORTHEAST FLORIDA REGIONAL COUNCIL
 DETAIL FOR STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCE – GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2023**

Category	Account Code Title	Final FY 22/23
	Expenditures	
Personnel services:	Program Salaries	932,271
	Salary Expense-AL Liability	41
	Salary Expense-AL Liability-Gov't	(577)
	Program Fringe Benefits	323,209
	Subtotals	1,254,944
Direct charges:	Telephone	941
	Postage	392
	Office Supplies	1,329
	Vehicle Maintenance	1,999
	Periodicals/Subscriptions	36
	Membership Dues	31,064
	Printing/Copying	7,509
	Advertising-Employment	2,887
	Advertising-Other	3,950
	Employee Training	10,009
	Equipment Repairs	46
	Furniture and Equipment	597
	Technology Services	5,735
	Computer Hardware	14,144
	Computer Software	31,817
	Consultant/Professional Services	284,588
	In Region Travel	11,041
	Miscellaneous	575
	Casualty and Other Insurances	4,230
	Office Lease	17,734
	Out of Region Travel	55,708
	Storage Units	2,088
	Auto Insurance	11,059
	Board Member Travel	985
	Internet Connection	6,590
	Meeting Expenses	13,717
	Publications	8,490
	Regional Partnership Agreements	15,000
	Cell Phones	4,993
	Registration Fees	20,520
	Credit Card Services Charges	74
	Staff Events	818
	Tuition Reimbursement	5,000
	HCC Projects	291,241
	HCC Medical Supplies	86,952
	Contractual Services	73,562
	Direct Exercise Expenditures	2,601
	Fixed Asset Additions	31,644
	Lease Capital Outlay Expense	267,824
	Subtotals	1,329,488

**NORTHEAST FLORIDA REGIONAL COUNCIL
 DETAIL FOR STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCE – GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2023**

Category	Account Code Title	Final FY 22/23
Indirect charges:	Indirect Salaries	187,458
	Indirect Fringe Benefits	66,048
	Telephone	5,897
	Postage	249
	Office Supplies	2,231
	Periodicals/Subscriptions	594
	Membership Dues	315
	Printing/Copying	1,015
	Employee Training	350
	Maintenance Agreement	6,449
	Technology Services	43,231
	Computer Software	1,959
	In Region Travel	33
	Audit Services	16,000
	Casualty and Other Insurances	8,271
	Office Lease	75,383
	Out of Region Travel	654
	Storage Units	5,300
	Internet Connection	3,576
	Office Maintenance	973
Cell Phones	692	
	Subtotals	426,678
	Total Expenses	3,011,110
	Excess(deficiency) of revenues over	(177,628)
Other financing sources	Issuance of Leases	267,824
	Net change in fund balances	90,196

**NORTHEAST FLORIDA REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Federal Grantor / Pass-Through Grantor Program or Cluster Title, Contract No.	Assistance Listing Number	Grant or Contract Number	Expenditures
FEDERAL AGENCY			
Department of Commerce Economic Development Administration			
Direct:			
Economic Development Support for Planning Organization-CEDS	11.302	ED23ATL3020004	\$ 48,235
Economic Development Support for Planning Organization-CEDS	11.302	ED20ATL3020001	31,158
Economic Adjustment Assistance-CARES Act	11.307	04-79-07850	20,663
Total Economic Development Cluster			<u>20,663</u>
Total Department of Commerce Economic Development Administration			<u>100,056</u>
Department of Health and Human Services			
Passed through Florida Department of Health:			
National Bioterrorism Hospital Preparedness Program-Health Care Coalition FY 23-24	93.889	COPBH	838,894
Passed through Florida Hospital Association			
National Bioterrorism Hospital Preparedness Program-FHA-HCC	93.889	6 U3REP200642-01-05	110,848
Total Department of Health and Human Services			<u>949,742</u>
Department of Housing and Urban Development			
Passed through the Florida Department of Economic Opportunity:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii-HCC CDBG	14.228	MT024	231,432
Total Department of Housing and Urban Development			<u>231,432</u>
Department of Transportation			
Passed through the Florida Division of Emergency Preparedness:			
Interagency Hazardous Materials Public Sector Training and Planning Grant-HMEP 23/25	20.703	T0238	72,939
Total Department of Transportation			<u>72,939</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,354,169</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, 2023**

(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, 2023, 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, 2023**

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 no
 Significant deficiency(ies) identified? yes none reported
 Noncompliance material to financial statements noted? yes no

Federal Awards:

Internal Control over Major Programs:

Material weakness(es) identified? yes no
 Significant deficiency(ies) identified? yes 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 none reported
 Auditee qualified as a low-risk auditee? yes no

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

Major program identification:

<u>Assistance Listing Number</u>	<u>Program Name</u>
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, 2023. 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, 2023.

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.

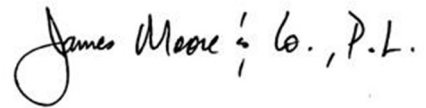
Report on Internal Control over Compliance

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 style with a large, looped initial 'J'.

Daytona Beach, Florida
February 1, 2024



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, 2023, 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 1, 2024.

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.

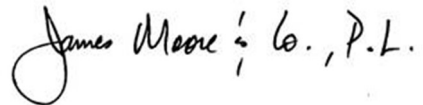
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 1, 2024