

IRL Council
FINANCIAL STATEMENTS
Year Ended September 30, 2021



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
IRL Council
Sebastian, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of IRL Council, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise IRL Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of IRL Council, as of September 30, 2021, and the respective changes in financial position, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the defined benefit pension plan information and the other postemployment benefits 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2022, on our consideration of IRL 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 the effectiveness of IRL Council's 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 IRL Council's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida

May 5, 2022

IRL Council Management's Discussion and Analysis

As management of the IRL Council (the "Council"), we offer readers of the Council's financial statements this narrative overview of the financial activities of the Council for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented herein in conjunction with additional information furnished in the Council's financial statements following this narrative.

Financial Highlights

- The Council's net position at year end September 30, 2021 is \$1,981,327. Last fiscal year, September 30, 2020, the Council's net position was \$1,732,823. This is an increase in net position of \$248,504 from last year. Net position includes both restricted funds to be used for specific projects and expenses, and unrestricted funds to be used for any lawful project or expense of the Council.
- During the current year, total expenses were \$2,683,427 versus total revenue of \$2,931,931. In the prior year, total expenses were \$2,639,347 versus total revenue of \$2,484,597.
- At the close of the current fiscal year, the Council's governmental fund reported a combined ending fund balance of \$2,272,210, an increase of \$252,726 in comparison with the prior year. The increase is due primarily to an increase in member contributions recognized in the current fiscal year offset by a decrease in Federal grants and an increase in current year project spending.
- The Council's total long-term liabilities (excluding pension and OPEB liabilities) decreased by \$3,393 during the current fiscal year. The decrease is due to current year fluctuation in compensated absences.

Overview of the Financial Statements

The report consists of three components: 1) government-wide financial statements providing information about the activities of the Council as a whole; 2) fund financial statements providing information about the significant funds of the Council; 3) notes to the financial statements providing supplementary and explanatory information.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the Council's finances, in a manner like a private-sector business. All the Council's activities are reported as governmental activities in the government-wide financial statements.

The statement of net position presents information on all the Council's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the elements reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating.

IRL Council Management's Discussion and Analysis

The statement of activities presents information showing how the Council's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other special districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Council are included in one category: governmental funds. All activities of the governmental funds are included in one fund: the General Fund.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the financial statements. The notes provide additional detail concerning the financial activities and financial balances of the Council. Additional information, if applicable, about the accounting practices of the Council, investments of the Council, long term debt, and pension plan are some of the items included in the *notes to the financial statements*.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Council's financial position. In the case of the Council, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,981,327 at the close of the most recent fiscal year.

The following table reflects the condensed statement of net position:

**IRL Council
Management's Discussion and Analysis**

IRL COUNCIL'S Net Position

<i>September 30,</i>	2021	2020
Current and other assets	\$ 3,313,995	\$ 3,426,805
Capital assets	14,119	234,369
Total assets	3,328,114	3,661,174
Deferred outflows of resources	220,064	297,679
Long-term liabilities outstanding	217,184	584,137
Other liabilities	1,041,785	1,625,250
Total liabilities	1,258,969	2,209,387
Deferred inflows of resources	307,882	16,643
Net position:		
Net investment in capital assets	14,119	16,440
Restricted	456,851	391,861
Unrestricted	1,510,357	1,324,522
Total net position	\$ 1,981,327	\$ 1,732,823

By far the largest portion of the Council's net position reflects its unrestricted net position. These funds can be used by the Council's Board may budget for use of these funds at their discretion to further the purposes of the Council.

The following table shows condensed revenue and expense data:

IRL COUNCIL'S Changes in Net Position

<i>For the fiscal year ended September 30,</i>	2021	2020
Program revenues:		
Operating grants and contributions	\$ 2,924,752	\$ 2,478,845
General revenues:		
Investment earnings	3,063	5,752
Miscellaneous	4,116	-
Total revenues	2,931,931	2,484,597
Program expenses:		
Physical environment	2,683,427	2,639,347
Change in net position	248,504	(154,750)
Net position - beginning	1,732,823	1,887,573
Net position - ending	\$ 1,981,327	\$ 1,732,823

Revenues for the Council's activities in this fiscal year totaled \$2,931,931. These revenues represent an increase of \$447,334 from the previous year total of \$2,484,597. This increase over the prior year is due to increase in the member contributions recognized in the current fiscal year offset by a decrease in Federal grant revenue.

IRL Council Management's Discussion and Analysis

In the current year there was \$139,990 of State specialty license plate revenue. This revenue is restricted to activities that support water quality improvement, habitat restoration, and public awareness and education of the economically significant Indian River Lagoon. The amount of this revenue in the prior year was \$125,696. This is an increase of \$14,294. Since this revenue is solely based on the voluntary purchase of the specialty license plate by the public, this amount is expected to fluctuate. \$75,000 were expensed during the fiscal year ended September 30, 2021 for those activities. The amount of this expense in the prior year was \$31,556. This is an increase of \$43,444.

Expenses totaled \$2,683,427, an increase of \$44,080 from the previous year total of \$2,639,347. This increase in expenditures is primarily the result of the completion of strategic projects which is one of the main functions of the district.

Financial Analysis of the Council's Funds

As noted earlier, the Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Council's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Council's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a Council's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Council's General Fund – the Council's only governmental fund – reported combined ending fund balances of \$2,272,210, an increase of \$252,756 in comparison with the prior year. The fund balance classified as restricted indicate that it is not available for new spending because it is obligated for specific purposes related to the specialty license plate revenue received. Unrestricted, unassigned fund balance was \$1,815,359 at year end.

The fund balance of the Council's General Fund increased by \$252,726 during the current fiscal year. The increase is primarily due to an increase in the member contributions recognized during the current fiscal year due to a change in the application of an accounting principle of \$662,500 (see Note 2) offset by a decrease in Federal grant revenue of \$228,637 and an increase in current year expenditures of \$147,126.

Budgetary Highlights

An operating budget was adopted and maintained by the governing board for the Council pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. The budget for the fiscal year ended September 30, 2021, was amended to increase appropriations by \$1,819,368. This was due to anticipated projects that might start getting funded

IRL Council Management's Discussion and Analysis

in the current year. Actual General Fund expenditures did not exceed appropriations during the current fiscal year.

The Council performed favorably regarding net revenues to expenditures compared to the budget. Total actual revenues came in \$293,659 over the final budgeted total revenues. This was mainly due to member contributions recognized in the current fiscal year.

There was a positive variance in total annual expenditures. Actual fiscal year expenditures were \$1,427,663 less than final budgeted expenditures, primarily due to projects which will carry over into the next fiscal year.

Capital Asset Administration

The Council's investment in capital assets as of September 30, 2021 amounts to \$14,119 (net of accumulated depreciation). This investment in capital assets represents a vehicle. The total decrease in the Council's investment in capital assets for the current fiscal year was approximately 14 percent. Additional information on the Council's capital assets can be found in Note 3.

Economic Factors and the 2021-2022 Budget

Last Fiscal Year, FY 2020, reached a historic milestone when the IRL Council initiated its first Single Audit. FY 2022 represents another turning point for revenue to the IRL Council. The Indian River Lagoon National Estuary Program (Program) has been historically funded with annual EPA Section 320 grant funds. Those funds were used for local cost-share projects in support of the Indian River Lagoon Comprehensive Conservation and Management Plan (CCMP). Those revenues were approximately \$600,000. Incremental increases in annual Congressional appropriations over the past several years have brought the current appropriation to \$700,000 for FY 2022 with another increase to \$750,000 scheduled for FY 2023. In addition to the section 320 increases, the IRL Council will receive \$909,800 annually in FY 2022 through FY 2026 from the USEPA through the Infrastructure and Investments Job Law. Since 2015 when the IRL Council became the host agency for the IRLNEP, Council member contributions have increased funding of the Program by an additional \$1.5 million per year. This increased funding has expanded the number of CCMP projects in the IRL watershed and greatly enhanced the capacity of the program to implement IRL restoration and stewardship.

Contacting the Council's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the IRL Council Main Office, at Indian River Lagoon National Estuary Program, 1235 Main Street, Sebastian, Florida 32958.

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IRL Council
Statement of Net Position

<i>September 30, 2021</i>	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,573,590
Due from other governments	283,554
Restricted assets:	
Cash and cash equivalents	385,080
Due from other governments	71,771
Capital assets:	
Depreciable (net)	14,119
Total assets	3,328,114
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	219,463
Deferred outflows related to OPEB	601
Total deferred outflows of resources	220,064
LIABILITIES	
Accounts payable	1,030,949
Accrued liabilities	10,836
Non-current liabilities:	
Due within one year:	
Compensated absences	21,238
Total OPEB liability	500
Due in more than one year:	
Compensated absences	2,360
Total OPEB liability	1,509
Net pension liability	191,577
Total liabilities	1,258,969
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	307,882
Total deferred inflows of resources	307,882
NET POSITION	
Net investment in capital assets	14,119
Restricted for:	
Specialty license plate related expenses	456,851
Unrestricted	1,510,357
Total net position	\$ 1,981,327

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

IRL Council
Statement of Activities

Year ended September 30, 2021

Functions/Programs	Expenses	Program revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Physical environment	\$ 2,683,427	\$ -	\$ 2,924,752	\$ -	\$ 241,325
Total governmental activities	\$ 2,683,427	\$ -	\$ 2,924,752	\$ -	241,325

General revenues:

Investment earnings	3,063
Miscellaneous	4,116
<u>Total general revenues</u>	<u>7,179</u>
Change in net position	248,504
Net position, beginning of year	1,732,823
<u>Net position, end of year</u>	<u>\$ 1,981,327</u>

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

IRL Council
Balance Sheet – Governmental Funds

<i>September 30, 2021</i>	General Fund
ASSETS	
Cash and cash equivalents	\$ 2,573,590
Due from other governments	283,554
Restricted cash and cash equivalents	385,080
Restricted due from other governments	71,771
Total assets	\$ 3,313,995
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 1,030,949
Accrued expenses	10,836
Total liabilities	1,041,785
Fund balances:	
Restricted for:	
Specialty license plate related expenditures	456,851
Unassigned	1,815,359
Total fund balances	2,272,210
Total liabilities and fund balances	\$ 3,313,995

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

IRL Council
**Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position**

September 30, 2021

Total fund balance of governmental funds		\$ 2,272,210
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 23,209	
Less accumulated depreciation	(9,090)	14,119
Deferred outflow of resources related to pension earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		
		219,463
Deferred outflow of resources related to OPEB earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		
		601
Deferred inflow of resources related to pension earnings are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		
		(307,882)
Long-term liabilities, including total OPEB liability, net pension liability and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	(192,077)	
Compensated absences	(23,598)	
Total OPEB liability	(1,509)	(217,184)
Net position of governmental activities		\$ 1,981,327

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

IRL Council
Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Fund

Year ended September 30, 2021

General Fund

Revenues

Member contributions	\$	2,162,500
Federal grants		622,262
State specialty license plates		139,990
Miscellaneous		7,179
<hr/>		
Total revenues		<hr/> 2,931,931 <hr/>

Expenditures

Current:		
Physical environment		2,679,205
<hr/>		
Total expenditures		<hr/> 2,679,205 <hr/>
Net change in fund balances		252,726
Fund balances, beginning of year		2,019,484
<hr/>		
Fund balances, end of year	\$	<hr/> 2,272,210 <hr/>

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

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Fund to the Statement of Activities

Year Ended September 30, 2021

Net change in fund balances - total governmental fund	\$ 252,726
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.	(2,321)
Compensated absences are reported in the statement of activities when earned. As they do not require the use of current financial resources, they are not reported as expenditures on governmental funds until they have matured. This is the amount of compensated absences reported in the statement of activities in the prior year that has matured in the current year.	3,393
Other postemployment benefit obligation reported in the statement of activities does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds.	102
Cash pensions contributions reported in the funds were less than the calculated pension expense on the statement of activities and therefore decrease net position.	(5,396)
Change in net position of governmental activities	\$ 248,504

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The IRL Council (the “Council”) is a tax-exempt association of counties and other non-federal agencies, which is organized to achieve the goals adopted in the Comprehensive Conservation and Management Plan for the Indian River Lagoon Estuary Program through detailed action plans prepared by each member agency of the association. The Council was established by interlocal agreement on February 19, 2015, pursuant to the authority of Section 163.01, *Florida Statutes*. The basic operations of the Council are financed primarily through grants from state and from the U.S. Environmental Protection Agency, and contributions from the member counties, the Florida Department of Environmental Protection and two water management districts.

Reporting Entity

The Council is a special district governed by an appointed eight-member governing Board of Directors (the “Board”). The accompanying financial statements present the Council and its component units, entities for which the Council is considered to be financially accountable. Blended component units are, in substance, part of the primary government’s operations even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Council. The accounting policies of the Council conform to generally accepted accounting principles (GAAP) as applied to governmental units. The more significant accounting policies used by the Council are described below.

In evaluating the Council as a reporting entity, management has considered all potential component units in accordance with Section 2100: *Defining the Financial Reporting Entity* of the Governmental Accounting Standards Board (GASB) Codification. The Council has no component units.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Council has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items properly excluded from program revenues are reported instead as general revenues.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (continued)

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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.

The 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of grant and contract fees for which the period is nine months. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

License plate revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days after year-end with the exception of grant and contract fees for which the period is nine months). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the Council.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental fund. Separate financial statements are provided for the governmental fund.

Fund Financial Statements

The fund financial statements provide information about the Council's fund. The emphasis of fund financial statements is on the major governmental funds.

The Council reports the following major governmental fund:

The *General Fund* is the Council's primary operating fund. It accounts for all financial resources of the Council that do not require the establishment of any other type of fund.

Budgetary Information

The annual budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America. A tentative budget is adopted by the Board after appropriate public hearing of each year covering the proposed operations and requirements for the ensuing fiscal year. By September 30, the Board, after the appropriate public hearing, adopts the final budget. Budgetary control is maintained at the program level. The governing body may, at any time within a fiscal year or up to 60 days following the end of the fiscal year, amend a budget for that year by resolution.

Cash and cash equivalents

The Council's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables and payables

Allowance for doubtful accounts - At September 30, 2021, there was no allowance for doubtful accounts since all receivables were deemed collectible by management.

Restricted Assets

Certain assets of the Council are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Assets (continued)

Indian River Lagoon specialty license plate accounts – The proceeds from the sale of the specialty license plates can only be spent on projects that enhance the Indian River Lagoon.

Capital Assets

Property, plant, and equipment with initial, individual costs that equal or exceed \$5,000 and estimated useful lives of over one year are recorded as capital assets. Capital assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Contributed assets are recorded at acquisition value as of the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is reported for the primary government using the straight-line method calculated on a service-life basis to amortize the cost of the asset over their estimated economic useful lives. Land and construction in progress are not depreciated. Other useful lives are as follows:

Assets	Years
Buildings and improvements	30 - 50
Improvements other than buildings	3 - 20
Machinery and equipment	3 - 20

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

The Council has two (2) items that qualify for reporting as deferred outflows of resources, the *deferred outflows related to OPEB* and the *deferred outflows related to pensions*, both reported in the government-wide statement of net position. The *deferred outflows related to other postemployment benefits (OPEB)* are an aggregate of items related to OPEB as calculated in accordance with GASB Codification Section P52: *Postemployment Benefits other than Pensions – Reporting Benefits Not Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to OPEB will be recognized as either OPEB expense or a reduction in the OPEB liability in future reporting years. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Council has one item that qualify for reporting as deferred inflows of resources. The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: Pension Activities – *Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years.

Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

The Council’s policy permits employees to accumulate earned but unused paid time off benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Upon beginning employment, regular and full-time employees and introductory employees working a full-time schedule will begin to earn paid time off (PTO) according to the schedule below. The amount of PTO accrued by employees throughout each year increases with the length of their employment as shown in the following schedule:

<u>Years of Eligible Service</u>	<u>PTO Hours Biweekly</u>	<u>PTO Hours Each Year</u>
Upon initial eligibility	7.38	192
After five years	8.31	216
After ten years	9.85	256
After twenty years	10.15	264

The “PTO Year” under this policy and accrual schedule will be based on an employee’s anniversary date. PTO is paid at the employee’s base pay rate at the time of the absence. It does not include overtime or any special forms of compensation such as incentives, commissions, bonuses, or shift differentials.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences (continued)

In the event that available PTO is not used by the end of an employee's PTO Year, employees may carry as many as 175 hours of unused time forward to the next PTO Year. Accumulation of hours may exceed 175 hours in a PTO Year; however, an employee may only carry 175 hours forward from one PTO Year to the next and all remaining PTO will be forfeited. Upon termination of employment, employees will be paid for unused PTO that has been earned through the last day of work.

Pensions

The Council participates in cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State, the Florida Retirement System. For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plan's fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Council's employer contributions are recognized when due, and the Council has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plan.

Other Postemployment Benefits (OPEB) Liability

The Council participates in a single employer, defined benefit OPEB plan. The Council does not have a trust for the plan, and there is no actuarially determined contribution. The OPEB liability is determined in accordance with GASB Codification Section P52: *Postemployment Benefits other than Pensions – Reporting Benefits Not Provided through Trusts That Meet Specified Criteria*.

Categories and Classification of Fund Equity

Net position flow assumption – Sometimes the Council will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Council's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions – Sometimes the Council will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Council's policy to consider restricted fund balance to have been depleted before using any of the components of

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Categories and Classification of Fund Equity (Continued)

unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Council itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are 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 fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Council’s highest level of decision-making authority. The Board of Directors (the “Board”) is the highest level of decision-making authority for the Council that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the Council for specific purposes but do not meet the criteria to be classified as committed. The Board expressly delegates to the Executive Director authority under this policy to assign funds for particular purposes based on intent which can be expressed by (a) the Board itself or (b) a body (a budget or finance committee, for example) or (c) official (Executive Director) to which the Board has delegated the authority to assign amounts to be used for specific purposes. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses

Program revenues – Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 5, 2022, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

Recently Issued and Implemented Accounting Pronouncements

The Governmental Accounting Standards Board has issued statements that will become effective in future years. The statements address:

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

The Council is evaluating the requirements of the above statements and the impact on reporting.

Note 2: CHANGE IN ACCOUNTING PRINCIPLE

In fiscal year 2021, there was a change in the application of an accounting principle pertaining to the recognition of member contributions revenue. In previous fiscal years, member contributions were recognized as revenue in the fiscal year that corresponded with the fiscal year noted on the invoice. However, member contributions are fully earned when received because they can be spent on any aspect of the Council's budget. This change is in accordance with generally accepted accounting principles.

Note 3: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of September 30, 2021, \$250,000 of the Council's bank balances is covered by federal depository insurance (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Council pursuant to Section 280.08, Florida Statutes.

The Council does not have a formal written investment policy, and therefore, adheres to Section 218.415(17), Florida Statutes, which allows the Council to invest in the following:

1. The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969 as provided in Section 163.01, Florida Statutes;
2. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
3. Interest-bearing time deposits or savings accounts in qualified public depositories as defined in Section 280.02, Florida Statutes; and
4. Direct obligations of the U.S. Treasury.

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the Council places its deposits are certified as "qualified public depositories," as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the Council will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Interest rate risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (continued)

Credit risk – Section 150: *Investments* of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations.

Concentration risk – Section 150: *Investments* of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments.

As of September 30, 2021, the Council had no investments.

Capital Assets

The following is a summary of changes in capital assets during the year ended September 30, 2021.

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 23,209	\$ -	\$ -	\$ 23,209
Total capital assets, being depreciated	23,209	-	-	23,209
Less accumulated depreciation for:				
Machinery and equipment	(6,769)	(2,321)	-	(9,090)
Total accumulated depreciation	(6,769)	(2,321)	-	(9,090)
Total capital assets, being depreciated, net	16,440	(2,321)	-	14,119
Governmental activities capital assets, net	\$ 16,440	\$ (2,321)	\$ -	\$ 14,119

Depreciation expense of \$2,321 was allocated to the physical environment function in the statement of activities.

Changes In Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2021, was as follows for governmental activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Net pension liability	\$ 555,078	\$ 1,971	\$ 365,472	\$ 191,577	\$ -
OPEB	2,068	471	530	2,009	500
Compensated absences	26,991	30,940	34,333	23,598	21,238
Total long-term liabilities	\$ 584,137	\$ 33,382	\$ 400,335	\$ 217,184	\$ 21,738

Note 4: RETIREMENT PLANS

Florida Retirement System

Plan description. The Council participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options.

FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program 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 and surviving beneficiaries of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits provided. Benefits under the FRS Pension 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.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

Contributions. The contribution requirements of plan members and the employer are established and amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan.

Note 4: RETIREMENT PLANS (Continued)

Florida Retirement System (Continued)

The employer's contribution rates as of September 30, 2021, were as follows:

	FRS	HIS
Regular class	9.16%	1.66%
Senior management service class	27.35%	1.66%

The employer's contributions for the year ended September 30, 2021, were \$42,878 to the FRS and \$4,985 to the HIS.

Pension liabilities and pension expense. In its financial statements for the year ended September 30, 2021, the Council reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2021. The Council's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net pension liability	\$ 84,619	\$ 106,958
Proportion at:		
Current measurement date	0.0011%	0.0009%
Prior measurement date	0.0010%	0.0009%
Change in proportionate share	0.0001%	0.0000%
Pension expense	\$ 33,796	\$ 19,463

Deferred outflows/inflows of resources related to pensions. At September 30, 2021, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Note 4: RETIREMENT PLANS (Continued)

Florida Retirement System (Continued)

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,504	\$ -	\$ 3,579	\$ 45
Changes in assumptions	57,900	-	8,405	4,407
Net differences between projected and actual investment earnings	-	295,213	112	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	89,355	3,482	32,350	4,735
Contributions subsequent to the measurement date	11,965	-	1,293	-
Total	\$ 173,724	\$ 298,695	\$ 45,739	\$ 9,187

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2022.

Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<i>Year Ending September 30:</i>	FRS	HIS
2022	\$ (9,260)	\$ 14,014
2023	(21,986)	8,389
2024	(44,404)	4,171
2025	(66,650)	3,697
2026	5,364	4,124
Thereafter	-	864
Total	\$ (136,936)	\$ 35,259

Actuarial assumptions. The total pension liability for each of the defined benefit plans was measured as of June 30, 2021. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2021. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2020.

Note 4: RETIREMENT PLANS (Continued)

Florida Retirement System (Continued)

The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Payroll growth, including inflation	3.25%	3.25%
Investment rate of return	6.80%	N/A
Discount rate	6.80%	2.16%

Mortality assumptions for the FRS Pension Plan were based on PUB-2010 base tables projected generationally with Scale MP-2018. Mortality assumptions for the HIS Program were based on the Generational PUB-2010 with Projection Scale MP-2018.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2021:

FRS: Decreasing the maximum amortization period to 20 years for all current and future amortization bases.

HIS: The municipal bond rate used to determine total pension liability was decreased from 2.21% to 2.16%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.0%	2.1%	2.1%
Fixed income	20.0%	3.8%	3.7%
Global equity	54.2%	8.2%	6.7%
Real estate	10.3%	7.1%	6.2%
Private equity	10.8%	11.7%	8.5%
Strategic investments	3.7%	5.7%	5.4%
Total	100%		

Note 4: RETIREMENT PLANS (Continued)

Florida Retirement System (Continued)

Discount rate. The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.80%. FRS' 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.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 2.16% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity analysis. The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	1%	Discount	1%	1%	Discount	1%
	Decrease (5.8%)	Rate (6.8%)	Increase (7.8%)	Decrease (1.16%)	Rate (2.16%)	Increase (3.16%)
Council's proportionate share of the net pension liability	\$ 378,422	\$ 84,619	\$(160,967)	\$ 123,654	\$ 106,958	\$ 93,280

Pension plans' fiduciary net position. Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

Payables to the pension plans. As of September 30, 2021, the Council did not have a payable to the pension plans.

Note 5: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Council participates in the Brevard County, Florida (the "County") healthcare plan. The Brevard County Board of County Commissioners (the "Board") administers a single-employer defined benefit healthcare plan (the "Plan") that provides medical insurance to its employees and their eligible dependents. Pursuant to Section 112.0801 Florida Statutes, the Council is required to provide eligible retirees (as defined in the County's pension plans) the opportunity to participate in this Plan at the same cost that is applicable to active employees. Surviving spouses of participants are covered under the Plan for their lifetime. Employees who are active participants in the Plan at the time of retirement and are either age 62 with completion of six years of service or have 30 years of service are eligible to receive benefits.

Note 5: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Plan Description (Continued)

Inactive employees currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	4
Total	4

Benefit provisions can only be amended by the Board. On at least an annual basis, and prior to the enrollment process, the Board approves the rates for the coming year for the retiree, employee and County contributions. Neither the County nor the Council has established a trust or agency fund for the Plan. Neither the County nor the Council issues stand-alone financial statements for this Plan. All financial information related to the Plan is accounted for in the Council’s basic financial statements.

Funding Policy

The Plan is funded on a pay-as-you-go basis. The maximum employer contribution target is 56% of the annual premium cost of the Plan. The annual premium costs are between \$7,140 and \$11,964 for retirees and spouses under age 65 and between \$1,886 and \$5,777 for retirees and spouses over age 65. Employees hired prior to January 1, 2006 are eligible to receive 100% of the earned percentage of benefits for their lifetime upon attainment of age 62 and completion of six years of service or upon completing 30 years of service, if earlier. Employees hired on or after January 1, 2006 are eligible to receive a graduated earned percentage of benefits upon retirement based on years of service.

The Council has opted to not fund the total OPEB obligation or the resulting unfunded actuarial accrued liability on an annual basis.

Actuarial Assumptions and Other Inputs

In the September 30, 2021 measurement date, the actuarial assumptions and other inputs, applied include the following:

Inflation	150% rate of medical inflation
Salary increases	2.00%
Discount rate	2.43%
Health care cost trend rates (65+)	6.00%
Health care cost trend rates (Pre-65)	7.33%
Retirees' share of benefit-related costs	44% of annual premium cost

Note 5: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Actuarial Assumptions and Other Inputs (Continued)

The discount rate used is the S&P Municipal Bond 20-Year High Grade Index as of September 30, 2021.

The mortality table used was the PUB-2010 General Headcount-Weighted Mortality, projected using MP-2021.

The actuarial valuation date is October 1, 2021. The actuarial cost method used was the Entry Age Normal, Level Percent of Pay and the amortization method is closed, straight-line for the average remaining service period.

At September 30, 2021, the Council reported a total OPEB liability of \$2,009. The information has been provided as of the September 30, 2021 measurement date.

	Total OPEB Liability
Balance at beginning of year	\$ 2,068
Changes:	
Service cost	427
Interest	44
Differences between expected and actual experience	(443)
Changes of assumptions	(87)
Net changes	(59)
Balance at end of year	\$ 2,009

Sensitivity of the OPEB liability

The following table represents the Council's total OPEB liability calculated using the discount rate of 2.43%, as well as what the Council's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.43%) or one percentage point higher (3.43%) than the current rate:

	1% Decrease (1.43%)	Current Discount Rate (2.43%)	1% Increase (3.43%)
Total OPEB Liability	\$ 2,144	\$ 2,009	\$ 1,887

Note 5: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Sensitivity of the OPEB liability (Continued)

The following table represents the Council’s total OPEB liability calculated using the current health care cost trend rate, as well as what the Council’s total OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 1,874	\$ 2,009	\$ 2,160

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the fiscal year ended September 30, 2021, the Council recognized OPEB income of \$102. In addition, the Council reported deferred outflows related to the OPEB plan from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 143	\$ -
Changes of assumptions	458	-
Total	\$ 601	\$ -

Amounts reported as deferred outflows of resources related to the OPEB plan will be recognized in the expense as follows:

<i>Year ending September 30</i>	
2022	\$ 72
2023	72
2024	72
2025	72
2026	72
Thereafter	241
Total	\$ 601

Note 6: RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. In order to limit its exposure to these risks, the Council is a participant in the Preferred Governmental Insurance Trust for general and auto liability. The insurance program purchases excess and specific coverages from third party carriers. Participants in the program are billed annually for their portion of the cost of the program adjusted for actual experience during the period of coverage. Participants are not assessed for unanticipated losses incurred by the program. There have been no significant reductions in insurance coverage during the year ended September 30, 2021. Settled claims resulting from the risks described above have not exceeded the insurance coverage for the past three fiscal years.

Note 7: COMMITMENTS AND CONTINGENCIES

During the ordinary course of its operation, the Council is party to various claims, legal actions, and complaints. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the Council, the liabilities which may arise from such actions would not result in losses which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the Council or results of activities.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of expenditures from current or prior years which may be disallowed by the grantor cannot be determined at this time although the Council expects such amounts not recorded, if any, to be immaterial.

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**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

IRL Council

**Schedule of Revenues, Expenditures, and Changes in General Fund Balances –
Budget and Actual**

<i>Year ended September 30, 2021</i>	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Revenues				
Member contributions	\$ 1,500,000	\$ 1,500,000	\$ 2,162,500	\$ 662,500
Federal grants	662,500	662,500	622,262	(40,238)
State specialty license plates	125,000	125,000	139,990	14,990
External grant	-	350,772	-	(350,772)
Miscellaneous revenue	-	-	7,179	7,179
Total revenues	2,287,500	2,638,272	2,931,931	293,659
Expenditures				
Category:				
Physical environment:				
Other expenditures	1,702,342	3,412,670	2,154,051	1,258,619
Salaries and benefits	360,858	452,998	415,323	37,675
Facilities expense	23,500	35,500	22,372	13,128
Administrative costs	70,900	75,500	30,381	45,119
Administrative services	129,900	130,200	57,078	73,122
Total expenditures	2,287,500	4,106,868	2,679,205	1,427,663
Net change in fund balances	-	(1,468,596)	252,726	1,721,322
Fund balances, beginning of the year	2,019,484	2,019,484	2,019,484	-
Fund balances, end of year	\$ 2,019,484	\$ 550,888	\$ 2,272,210	\$ 1,721,322

Note that this schedule is prepared on a budgetary basis, but is not different from Generally Accepted Accounting Principles (GAAP) in the presentation.

IRL Council

Budgetary Notes to Required Supplementary Information

Note A – BUDGETARY INFORMATION

The Council adheres to the following procedures in establishing the budgetary data reflected in the budgetary schedule:

- a) A tentative budget is adopted by the Board after appropriate public hearing of each year covering the proposed operations and requirements for the ensuing fiscal year.
- b) By September 30th, the Board, after the appropriate public hearing, adopts the final budget.
- c) The governing body may, at any time within a fiscal year or up to 60 days following the end of the fiscal year, amend a budget for that year by resolution.
- d) Budgetary control is maintained at the program level.
- e) The budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America.
- f) The budgetary comparison schedule shown in the accompanying required supplementary information presents comparisons of the legally adopted budget, as amended, with actual results. The originally adopted budget is presented for purposes of comparison to the final, amended budget.

IRL Council
Schedule of Proportionate Share of Net Pension Liability
Last Six Years

Florida Retirement System (FRS)

	2021	2020	2019	2018
Council's proportion of the net pension liability	0.0011%	0.0010%	0.0009%	0.0009%
Council's proportionate share of the net pension liability	\$ 84,619	\$ 450,091	\$ 293,294	\$ 266,318
Council's covered payroll	\$ 308,696	\$ 298,489	\$ 225,451	\$ 245,034
Council's proportionate share of the net pension liability as a percentage of its covered payroll	27.41%	150.79%	130.09%	108.69%
Plan fiduciary net position as a percentage of the total pension liability	96.40%	78.85%	82.61%	84.26%

Health Insurance Subsidy (HIS)

	2021	2020	2019	2018
Council's proportion of the net pension liability	0.0009%	0.0009%	0.0007%	0.0008%
Council's proportionate share of the net pension liability	\$ 106,958	\$ 104,987	\$ 75,410	\$ 79,387
Council's covered payroll	\$ 308,696	\$ 298,489	\$ 225,451	\$ 245,034
Council's proportionate share of the net pension liability as a percentage of its covered payroll	34.65%	35.17%	33.45%	32.40%
Plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.63%	2.15%

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

Note 2: The Plan's fiduciary net position as a percentage of the total pension liability is published in Note 4 of the Plan's Annual Comprehensive Financial Report.

Note 3: Amounts presented for each fiscal year were determined as of 6/30.

2017	2016
0.0005%	0.0002%
\$ 149,286	\$ 56,891
\$ 240,048	\$ 123,487
62.19%	46.07%
83.89%	84.88%

2017	2016
0.0008%	0.0004%
\$ 80,508	\$ 46,610
\$ 240,048	\$ 123,487
33.54%	37.74%
1.64%	0.97%

IRL Council
Schedule of Contributions
Last Six Years

Florida Retirement System (FRS)

	2021	2020	2019	2018
Contractually required contribution	\$ 42,878	\$ 34,504	\$ 26,407	\$ 25,198
Contributions in relation to the contractually required contributions	42,878	34,504	26,407	25,198
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Council's covered payroll	\$ 300,285	\$ 298,489	\$ 225,451	\$ 245,034
Contributions as a percentage of covered payroll	14.28%	11.56%	11.71%	10.28%

Health Insurance Subsidy (HIS)

	2021	2020	2019	2018
Contractually required contribution	\$ 4,985	\$ 4,955	\$ 3,742	\$ 4,068
Contributions in relation to the contractually required contributions	4,985	4,955	3,742	4,068
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Council's covered payroll	\$ 300,285	\$ 298,489	\$ 225,451	\$ 245,034
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%

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

	<u>2017</u>		<u>2016</u>
\$	13,139	\$	5,495
	<u>13,139</u>		<u>5,495</u>
\$	<u>-</u>	\$	<u>-</u>
\$	240,048	\$	123,487
	5.47%		4.45%

	<u>2017</u>		<u>2016</u>
\$	3,985	\$	2,050
	<u>3,985</u>		<u>2,050</u>
\$	<u>-</u>	\$	<u>-</u>
\$	240,048	\$	123,487
	1.66%		1.66%

IRL Council

Schedule of Changes in Total OPEB Liability and Related Ratios

Last Four Years

<i>September 30,</i>	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 427	\$ 1,546	\$ 1,455	\$ 2,839
Interest	44	156	101	69
Differences between expected and actual experience	(443)	(4,624)	153	(2,310)
Changes of assumptions	(87)	710	188	(109)
Net change in total OPEB liability	(59)	(2,212)	1,897	489
Total OPEB liability - beginning	2,068	4,280	2,383	1,894
Total OPEB liability - ending	\$ 2,009	\$ 2,068	\$ 4,280	\$ 2,383

Covered-employee payroll	\$ 300,285	\$ 298,489	\$ 225,451	\$ 245,034
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Total OPEB liability as a percentage of covered payroll	0.67%	0.69%	1.90%	0.97%
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Note 1: GASB 75 requires an employer to disclose a 10-year history. However, until a full 10-year trend is compiled, information will be presented only for those years for which information is available.

Note 2: The following rates were used for each period:

Discount rate	2.43%	2.14%	3.64%	4.24%
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Note 3: No assets are accumulated in a trust that meets the criteria in GASB 75 paragraph 4

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 Board of Directors
IRL Council
Sebastian, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of IRL Council, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise IRL Council's basic financial statements, and have issued our report thereon dated May 5, 2022.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether IRL 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.

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida

May 5, 2022

INDEPENDENT AUDITORS’ MANAGEMENT LETTER

To the Board of Directors
IRL Council
Sebastian, Florida

Report on the Financial Statements

We have audited the financial statements of IRL Council, as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated May 5, 2022.

Auditors’ Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and the Independent Accountants’ Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 5, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Corrective action has been taken to address the finding and recommendation made in the preceding financial audit report as noted below.

Prior Year Findings:	Status
2020-001 Recording of Year-end Accruals	Corrected

Official Title and Legal Authority

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

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not IRL Council met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that IRL Council did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Specific Information

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

- | | |
|--|------------------|
| a. Total number of district employees compensated in the last pay period of the district's fiscal year | 5 |
| b. Total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year | 2 |
| c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency | \$324,492 |

- | | |
|---|--------------------|
| d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency | \$16,027 |
| e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project | None |
| f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes as follows: | See page 38 |

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, IRL Council had not imposed any ad valorem taxes.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)8, Rules of the Auditor General, IRL Council had not imposed any non-ad valorem special assessments.

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Rigg & Ingram, L.L.C.

Melbourne, Florida
May 5, 2022

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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

To the Board of Directors
IRL Council
Sebastian, Florida

We have examined IRL Council's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2021. Management of IRL Council is responsible for IRL Council's compliance with the specified requirements. Our responsibility is to express an opinion on IRL Council's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether IRL Council complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether IRL Council complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on IRL Council's compliance with specified requirements.

In our opinion, IRL Council complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2021.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida
May 5, 2022