

SARASOTA BAY ESTUARY PROGRAM

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

**SARASOTA BAY ESTUARY PROGRAM
FINANCIAL STATEMENTS**

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**SARASOTA BAY ESTUARY PROGRAM
FINANCIAL STATEMENTS**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sarasota Bay Estuary Program
Sarasota, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund, of Sarasota Bay Estuary Program (the Program), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Program'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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in

accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Program's ability to continue as a going concern for a reasonable period of time.

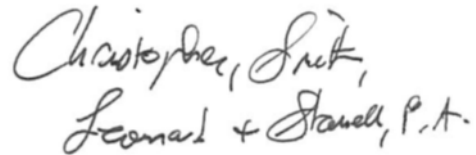
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of proportionate share of net pension liability, and contributions and notes, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2023 on our consideration of the Program'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 the Program'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 the Program's internal control over financial reporting and compliance.

Handwritten signature in cursive script: Christopher, Smith, Leonard & Stanell, P.A.

**CHRISTOPHER, SMITH,
LEONARD & STANELL, P.A.**

January 27, 2023
Sarasota, Florida



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Management's Discussion and Analysis

As management of Sarasota Bay Estuary Program (the Program), we offer readers of the Program's financial statements this narrative overview and analysis of the financial activities of the Program for the fiscal year ended September 30, 2022.

Financial Highlights

- The assets and deferred outflows of the Sarasota Bay Estuary Program exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$391,447 (*net position*).
- The Program's total net position increased by \$78,852.
- As of the close of the current fiscal year, the General fund reported ending fund balance of \$816,287, an increase of \$86,563 from the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Program's basic financial statements. The Program's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Program's finances, in a manner similar to a private-sector business.

Board of Directors

City of Sarasota
City of Bradenton
Sarasota County
Manatee County
Town of Longboat Key

Federal Partners

U.S. Fish & Wildlife Service
U.S. Army Corp of Engineers
U.S. Environmental Protection Agency
National Oceanic & Atmospheric Administration

The *statement of net position* presents information on all of the Program's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between 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 Program is improving or deteriorating.

The *statement of activities* presents information showing how the Program'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 (e.g., uncollected revenues and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the Program that are principally supported by grants and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The Program is engaged in only governmental activities.

The government-wide financial statements can be found on pages 10 and 11 of this report.

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 Program, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Program utilizes only a general fund, which is a governmental fund.

Governmental funds. Governmental funds 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. These funds are reported using the modified accrual method of accounting and the current financial resources focus. As a result long-term assets and liabilities are not included. The Program uses a General fund. The General Fund is the general operating fund. All general revenues are accounted for in this fund. From this fund all general operating expenditures, project expenditures and budgeted capital expenditures are paid.

A reconciliation to facilitate the comparison between the governmental fund financial statements and the government-wide financial statements is presented.

The Program adopts an annual budget for its general fund. A budgetary comparison statement has been provided to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 12 to 15 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 16 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the Program, assets and deferred outflows exceeded liabilities and deferred inflows by \$391,447 at September 30, 2022.

The following table presents a condensed statement of net position as of September 30, 2022, with comparable totals as of September 30, 2021.

Net Position	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 838,982	\$ 757,807
Capital assets	<u>3,578</u>	<u>3,180</u>
Total assets	842,560	760,987
Deferred outflows of pension resources	187,500	180,216
Long-term liabilities outstanding	577,569	262,970
Other liabilities	<u>22,695</u>	<u>28,083</u>
Total liabilities	<u>600,264</u>	<u>291,053</u>
Deferred inflows of pension earnings	38,349	337,555
Net assets:		
Net investment in capital assets	3,578	3,180
Restricted	94,071	48,627
Unrestricted	<u>293,798</u>	<u>260,788</u>
Total net position	<u>\$ 391,447</u>	<u>\$ 312,595</u>

The Program’s net position increased by \$78,852 during the current fiscal year.

The following table presents the change in net position for the year ended September 30, 2022 with comparable totals for the year ended September 30, 2021.

	Changes in Net Position	
	<u>2022</u>	<u>2021</u>
Revenues:		
Program Revenues:		
Operating grants	\$ 741,118	\$ 631,384
Capital grants	11,163	54,873
General revenues:		
Member contributions	296,000	296,000
In-kind contributions	404,000	366,500
Other	<u>62,758</u>	<u>5,829</u>
Total revenues	1,515,039	1,354,586
Expenses:		
Physical environment	1,434,572	1,260,199
Depreciation	<u>1,615</u>	<u>1,759</u>
Total expenses	<u>1,436,187</u>	<u>1,261,958</u>
Increase (Decrease) in net position	78,852	92,628
Net position – Beginning	<u>312,595</u>	<u>219,967</u>
Net position – Ending	<u>\$ 391,447</u>	<u>\$ 312,595</u>

The change in net position of the governmental activities are due to the following:

- Operating grants consist of amounts received from the U.S. Environmental Protection Agency (EPA) in support of the current budget work plan and pursuant to the current agreement. During 2022, the grant covered approximately 50% of all eligible costs of the Program. Capital grants consist of revenues received pursuant to agreements with SWFWMD, U.S. Fish and Wildlife, and EPA for the tidal creek project, as well as others for projects. Member contributions represent the annual work plan contributions of the members to the Interlocal agreement, which established the Program. Physical environment expenses include personal services of \$546,799, operating expenses of \$132,739, and projects for conservation and resource management of \$755,034.

Revenues increased \$160,453, mainly due to an increase in grants. Expenses increased \$174,229 due mainly to increased expenses related to projects for conservation and resource management.

Financial Analysis of the Government's Funds

The Program utilizes only a Governmental Fund, which is the General Fund.

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

As of the end of the current fiscal year, the Program's general fund reported ending fund balance of \$816,287, an increase of \$86,563 during the year. As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Fund balance represents 57% percent of total general fund expenditures.

As noted above, the fund balance of the Program's general fund increased by \$86,563 during the current fiscal year. Member contributions were \$296,000 and consist of annual work plan contributions by the members of the Interlocal agreement, which established the Program. Grant income was \$752,281 and consisted of amounts from EPA, and others for ongoing projects and operations of the Program. In-kind totaled \$404,000. Expenditures were \$1,428,476 and consisted of the following: Projects for conservation and resource management of \$755,034, personal service costs of \$538,690, operating costs of \$130,431 and capital outlay of \$4,321.

General Fund Budgetary Highlights

The general fund budget was not amended. Original and final budgeted revenues were \$1,449,613. Original and final budgeted expenditures were \$1,705,429. For the current fiscal year, actual revenues were more than final budgeted by \$65,426 due to increased grants. Actual expenditures were less than final budgeted expenditures by \$276,953, due mainly to less project and operating expenditures than anticipated.

The General Fund budget is presented as required supplementary information on page 28.

Capital Assets

The Program's investment in capital assets amount to \$3,578 (net of accumulated depreciation). This investment in capital assets includes equipment. The Program's investment in capital assets for the current fiscal year increased by \$398. This was due to capital asset additions of \$2,043, net of depreciation expense of \$1,615 and loss on disposal of \$30.

Capital Assets

	<u>2022</u>	<u>2021</u>
Equipment	\$ 3,578	\$ 3,180
Total (net of depreciation)	<u>\$ 3,578</u>	<u>\$ 3,180</u>

See note B for additional information on the Program's capital assets.

Economic Factors and Next Year's Budget

The budget for the year ending September 30, 2023, maintains established levels of funding for general operating expenses, with certain categories increasing by five to ten percent to account for rising costs. Funded projects for fiscal year 2023 include citizen's outreach, Bay Partners community grants, habitat restoration and maintenance, biological monitoring, algal studies, and the development of a Reasonable Assurance Plan for Sarasota Bay. Approximately \$200,000 in project funding was rolled over from the previous year's budget to enable work to continue on several multi-year initiatives.

The Federal Bipartisan Infrastructure Law (BIL) includes \$132 million for EPA's National Estuary Program to be disbursed over five years. As one of the 28 National Estuary Programs, SBEP expects to receive a total of \$4,549,000 in supplementary funding. The first two-year installment of \$1,819,600 is anticipated sometime in early 2023. SBEP intends to spend these additional BIL funds only on the implementation of projects that directly benefit Sarasota Bay and its watershed. This award will not be spent on general operating expenses.

Requests for Information

This financial report is designed to provide a general overview of the Sarasota Bay Estuary Program's finances for all those with an interest in the Program's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Program at, Sarasota Bay Estuary Program, 111 South Orange Avenue, Suite 200W Sarasota, Florida 34236.

**SARASOTA BAY ESTUARY PROGRAM
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and cash equivalents	\$ 334,309
Investments	347,763
Due from other governments	62,839
Restricted investments	94,071
Capital assets (net of accumulated depreciation):	
Equipment	3,578
Total Assets	842,560
Deferred outflows of pension resources	187,500
LIABILITIES	
Accounts payable and other current liabilities	22,695
Noncurrent liabilities:	
Due in more than one year	577,569
Total Liabilities	600,264
Deferred inflows of pension earnings	38,349
NET POSITION	
Net investment in capital assets	3,578
Restricted	94,071
Unrestricted	293,798
TOTAL NET POSITION	\$ 391,447

The accompanying notes are an integral part of these financial statements.

**SARASOTA BAY ESTUARY PROGRAM
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	GOVERNMENTAL ACTIVITIES
Physical Environment	
Capital projects	\$ 755,034
Personal services	546,799
Operating expenses	132,739
Depreciation expense	1,615
Total program expenses	1,436,187
Program Revenues:	
Operating grants	741,118
Capital grants	11,163
Total program revenues	752,281
Net program expense	683,906
General Revenues:	
Member contributions	296,000
Investment income (loss)	2,999
In-kind contributions	404,000
Other income	59,759
Total general revenues	762,758
 Increase (decrease) in net position	 78,852
Net Position – Beginning	312,595
Net Position – Ending	\$ 391,447

The accompanying notes are an integral part of these financial statements.

SARASOTA BAY ESTUARY PROGRAM
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2022

	General Fund
ASSETS	
Cash and cash equivalents	\$ 334,309
Investments	347,763
Due from other governments	62,839
Restricted:	
Investments	94,071
TOTAL ASSETS	\$ 838,982
 LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 7,478
Accrued wages payable	15,217
Total Liabilities	22,695
Fund Balances:	
Spendable:	
Restricted	94,071
Assigned	103,681
Unassigned	618,535
Total fund balances	816,287
TOTAL LIABILITIES AND FUND BALANCES	\$ 838,982

The accompanying notes are an integral part of these financial statements.

**SARASOTA BAY ESTUARY PROGRAM
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

Amounts reported for governmental activities in the statement of net position are different because:

Fund Balance – Total Governmental Funds	\$	816,287
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		3,578
Deferred outflows of pension resources are not recognized in the governmental funds, however, they are recorded in the statement of net position under full accrual accounting		187,500
Deferred inflows of pension earnings are not recognized in the governmental funds, however, they are recorded in the statement of net position under full accrual accounting		(38,349)
Long-term liabilities, which includes net pension liability and compensated absences are not due and payable in the current period and therefore not reported in the governmental funds.		<u>(577,569)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>391,447</u>

The accompanying notes are an integral part of these financial statements.

**SARASOTA BAY ESTUARY PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	General Fund
REVENUES	
Member contributions	\$ 296,000
Investment income (loss)	2,999
Grant income	752,281
In-kind contributions	404,000
Other income	59,759
Total revenues	1,515,039
EXPENDITURES	
Current:	
Physical environment-capital projects	755,034
Personal service	538,690
Operating	130,431
Capital outlay	4,321
Total expenditures	1,428,476
Net Change in Fund Balances	86,563
FUND BALANCES – Beginning	729,724
FUND BALANCES – Ending	\$ 816,287

The accompanying notes are an integral part of these financial statements.

**SARASOTA BAY ESTUARY PROGRAM
RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$	86,563
<p>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 and reported as depreciation expense. This is the amount by which capital additions exceed depreciation expense and loss on disposal of assets in the current period.</p>		
		398
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the change in:</p>		
Compensated absences		811
Net pension liability		(315,410)
Deferred outflows of pension resources		7,284
Deferred inflows of pension earnings		299,206
		299,206
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>78,852</u>

The accompanying notes are an integral part of these financial statements.

**SARASOTA BAY ESTUARY PROGRAM
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies followed by the Sarasota Bay Estuary Program, Manatee and Sarasota Counties, Florida:

- (a) Reporting Entity – The Sarasota Bay Estuary Program (the Program) was established on July 23, 2004 by an Interlocal Agreement between the City of Sarasota, the City of Bradenton, the Florida Department of Environmental Protection, Sarasota County, Manatee County, the Southwest Florida Water Management District and the Town of Longboat Key.

The Program is part of a national network of twenty-eight estuary programs established under the Federal Clean Water Act and administered nationally by the U.S. Environmental Protection Agency.

The Program was created and operates pursuant to the provisions of Chapter 163.01, Florida statutes, and is an independent special district as prescribed in Chapter 189, Florida Statutes. The purpose of the Program is to improve and protect Sarasota Bay, by improving water quality, increasing habitat and enhancing the natural resources of the area for use and enjoyment by the public. The Program is governed by an appointed policy board, which is comprised of the member entities contained in the Interlocal agreement.

The financial statements were prepared in accordance with the Governmental Accounting Standards Board, (GASB). Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the Program's Board of Directors is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the Program are such that, if excluded, the financial statements of the Program would be considered incomplete or misleading. There are no entities considered to be component units of the Program; therefore, the financial statements include only the operations of the Program.

- (b) Basis of Presentation – The Program's basic financial statements include Government-wide (which reports the Program as a whole) and Fund financial statements (which report only on the General Fund). The Basic Financial Statements present only governmental activities, as the Program conducts no business type activities.

Basis of Accounting: Basic Financial Statements – The Government-wide Financial Statements (Statement of Net Position and Statement of Activities) are prepared using the economic resources measurement focus and the accrual basis of accounting. For the most part, interfund activity has been removed from these statements. Government-wide financial statements include a Statement of Net Position and a Statement of Activities. The Statement of Net Position reports all financial and capital resources of the Program's governmental activities. It is presented in a net position format (assets plus deferred outflows less liabilities plus deferred inflows equal net position) and shown with three components: net investment in capital assets, restricted net position and unrestricted net position. The Statement of Activities reports functional categories of programs provided by the Program, and demonstrates how and to what degree those programs are supported by specific revenue.

**SARASOTA BAY ESTUARY PROGRAM
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Accounting: Basic Financial Statements – continued – The Statement of Activities reports direct expenses of the Program offset by program revenues. Program revenues include operating and capital grants. Member contributions and other items not properly included in program revenues are reported as general revenues.

Basic Financial Statements – Fund Financial Statements – The Program’s accounts are organized on the basis of funds, which are a self-balancing set of accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures. The Program utilizes a governmental fund, which is reported using the current financial resources method and the modified accrual basis of accounting. Under this method, revenues are recorded when they become 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. The Sarasota Bay Estuary Program considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a fund liability is incurred. The Program reports the following governmental fund, which is considered a major fund:

Governmental Fund

General Fund – The General Fund is the general operating fund of the Sarasota Bay Estuary Program. All activities are accounted for in this Fund.

- (c) Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- (d) Budgets and Budgetary Accounting – The Program prepares an annual operating budget for the fiscal year commencing October 1, on a basis consistent with U.S. generally accepted accounting principles. During the month of June each year, the Program prepares a tentative budget and publishes its intent to adopt a tentative budget. The policy board adopts the tentative budget each year during the month of June, after a required public hearing, covering proposed operation and requirements for the next fiscal year. The policy board, by September 30 and following appropriate public notice and hearing, will adopt the final budget, which becomes the operating and fiscal budget of the Program. Expenditures should not exceed the total appropriations. Appropriations lapse at the end of the year, except for long-term conservation and resource management projects, which are carried forward to the next year.
- (e) Cash and Investments – Florida Statute 218.415 authorizes the Sarasota Bay Estuary Program to invest in the following:

**SARASOTA BAY ESTUARY PROGRAM
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(e) Cash and Investments – Continued

- (a) Local Government Surplus Funds Trust Fund (LGSF) or an intergovernmental investment pool authorized through the Florida Interlocal Cooperation Act.
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating company.
- (c) Interest bearing time deposits or savings accounts in state-certified Qualified Public Depositories as defined in Section 280.02 Florida Statutes.
- (d) Direct obligations of the U.S. Treasury.

At September 30, 2022, the Program had demand deposits held in a qualified public depository. Deposits whose values exceeded federal depository insurance limits were entirely insured or collateralized pursuant to Chapter 280 of the Florida Statutes. At September 30, 2022, the carrying amount of the Program's deposits were \$334,309 and the bank balance was \$340,974.

The Program has also established the Sarasota Bay Environmental Fund with the Gulf Coast Community Foundation. The purpose is to fund projects that improve water quality, increase habitat, encourage stewardship and enhance the natural resources for use and enjoyment of the public, and as such is considered restricted. It is a non-endowed fund with distribution of both principal and income allowed as determined by the project advisory committee. At September 30, 2022, \$94,071 was the amount in the fund and was held in a cash only account.

Local Government Surplus Trust Investment Pool

The Program has investments with the State Board of Administration, Florida PRIME Fund (Florida PRIME), which are administered by the Florida State Board of Administration. The Program's investments in Florida Prime are through shares owned in the fund and not the underlying investments. The Florida PRIME is considered a 2a7-like pool and is recognized at amortized cost. The account balance in the Florida PRIME approximates its fair value. The Florida PRIME investments are subject to overnight withdrawal. There is a risk of loss of interest on the investments if there are changes in the underlying indexed base.

Interest Rate Risk

The Program does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Florida PRIME has weighted average days to maturity of 21 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life of Florida PRIME at September 30, 2022 is 72 days.

Credit Risk

Credit risk is the possibility that an issuer of a fixed income security held by the Florida PRIME will default on the security by failing to pay interest or principal when due. If an issuer defaults, the Florida PRIME will lose money.

Florida PRIME invests in top-tier, money market assets of the highest quality and has a Standard and Poors rating of AAAM.

**SARASOTA BAY ESTUARY PROGRAM
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Foreign Currency Risk

Florida PRIME was not exposed to any foreign currency risk during the fiscal year.

With regards to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that “The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.”

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. Through September 30, 2022, no such disclosure has been made. As of September 30, 2022, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s access to 100 percent of their account value.

At September 30, 2022, the Program had investments in the Florida PRIME in the amount of \$347,763. For further information regarding the Local Government Surplus Trust Funds Investment Pool, readers should refer to the financial statements and disclosures of the Florida State Board of Administration Local Government Surplus Funds Trust Fund Investment Pool.

- (f) Receivables – Receivables in these financial statements represent amounts due from other governments. The total amount due at September 30, 2022 is \$62,839 and is primarily due from cost reimbursement grant programs. All amounts are deemed to be collectible and the receivable has been recorded at the amount expected to be received.
- (g) Capital Assets – Capital assets, which includes equipment, are reported in the government-wide financial statements. Capital assets are defined by the Program as assets with an initial, individual cost of more than \$500 and an estimated useful life of longer than one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal repair and maintenance that do not add to the value of the asset or extend the useful life of the asset are expensed as incurred. The Program does not have infrastructure assets. Equipment is depreciated on a straight-line basis over five to seven years.

**SARASOTA BAY ESTUARY PROGRAM
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- (h) Long-Term Obligations - In the government-wide financial statements, long-term obligations are reported as liabilities. In the fund financial statements, no long-term obligations are reported as they are not due to be paid from current financial resources.
- (i) Compensated Absences - It is the Program's policy to permit employees to accumulate earned but unused vacation benefits. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured or are payable from current financial resources. Compensated absences are liquidated from the General Fund.

Activity in relation to long-term liabilities are as follows for the year ended September 30, 2022:

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Compensated absences	\$ 44,553	\$ 32,443	\$ (33,254)	\$ 43,742
Net pension liability	218,417	406,837	(91,427)	533,827
	\$ 262,970	\$ 439,280	\$ (124,681)	\$ 577,569

- (j) Fund Balance - The Program follows GASB Statement No. 54. GASB 54 established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54, are Nonspendable, and Spendable. Spendable is then further classified as Restricted, Committed, Assigned, and Unassigned, as applicable. These classifications reflect not only the nature of funds, but also provide clarity to the level of restrictions placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance.

In accordance with Governmental Accounting Standards Board Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Program classified governmental fund balances as follows:

Nonspendable - includes amounts that cannot be spent either because they are not in a spendable form or because of legal or contractual requirements.

Spendable Fund Balance:

- **Restricted** - includes amounts that can be spent only for specific purposes because of state or federal laws or enabling legislation, or which are externally restricted by providers, such as creditors or grantors.
- **Committed** - includes amounts that can be spent only for specific purposes that are determined by a formal action of the Board of Directors through a resolution, or passage of the budget.

**SARASOTA BAY ESTUARY PROGRAM
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- Assigned – includes amounts designated by the Board of Directors by a majority vote that are intended to be used for specific purposes that are neither considered restricted or committed.
- Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. 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 Program uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Program would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The Program does not have a formal minimum fund balance policy.

<u>Spendable:</u>	<u>General Fund</u>
Restricted:	
Enviromental Fund	\$ 94,071
Assigned:	
Projects	103,681
<u>Unassigned:</u>	
Unassigned	618,535
Total Fund Balances	<u><u>\$ 816,287</u></u>

- (k) Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This 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. One item qualifies for reporting in this category. A deferred outflow of pension resources is reflected in the government-wide statement of net position.

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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Program has one item that qualifies for reporting in this category. A deferred inflow of pension earnings is reported in the government-wide statement of net position.

NOTE B – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022 was:

**SARASOTA BAY ESTUARY PROGRAM
NOTES TO FINANCIAL STATEMENTS**

NOTE B – CAPITAL ASSETS – CONTINUED

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, being depreciated:				
Equipment	\$ 10,962	\$ 2,043	\$ (899)	\$ 12,106
Total capital assets, being depreciated	<u>10,962</u>	<u>2,043</u>	<u>(899)</u>	<u>12,106</u>
Less accumulated depreciation for:				
Equipment	<u>(7,782)</u>	<u>(1,615)</u>	<u>869</u>	<u>(8,528)</u>
Governmental activities capital assets, net	<u>\$ 3,180</u>	<u>\$ 428</u>	<u>\$ (30)</u>	<u>\$ 3,578</u>

Depreciation expense was reported as a separate line in the statement of activities in the amount of \$1,615.

NOTE C – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The reconciliation between the net changes in fund balances – total governmental fund as reported in the statement of revenues, expenditures and changes in fund balances, and the changes in net assets as reported in the statement of activities is included on page 15 of the basic financial statements. One line in that reconciliation explains that “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 and reported as depreciation expense.

The detail of the difference is shown below:

Capital additions shown as expenditures in the funds	\$ 2,043
Loss on disposal of assets	(30)
Depreciation expense	<u>(1,615)</u>
	<u>\$ 398</u>

NOTE D – RETIREMENT PLAN

Plan Description

All part-time and full-time permanent employees of the Program are provided with pensions through the Florida Retirement System which is administered by the Florida Department of Management Services, Division of Retirement. The State of Florida issues a publicly available annual comprehensive financial report that can be obtained at

<https://www.myfloridacfo.com/Transparency/State-Financial-Reports/FL-ACFR>.

**SARASOTA BAY ESTUARY PROGRAM
NOTES TO FINANCIAL STATEMENTS**

NOTE D – RETIREMENT PLAN – CONTINUED

Under this system, there are two defined benefit pension plans: The Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program:

Plan Description

- The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer qualified 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.
- The Retiree Health Insurance Subsidy Program (HIS) is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes.

Benefits Provided

The FRS provides retirees a lifetime pension benefit with joint and survivor payment options. Benefits under FRS 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.

If first employed prior to July 1, 2011: Normal retirement age for “regular employees is 62 or 30 years of service and vesting occurs after 6 years of creditable service. Normal retirement age for “special risk” employees is 55 or 25 years of service and vesting occurs after 6 years of creditable service. The average final compensation is the average of the five highest fiscal years’ earnings.

If first employed on or after July 1, 2011: Normal retirement age for “regular employees is 65 or 33 years of service and vesting occurs after 8 years of creditable service. Normal retirement age for “special risk” employees is 60 or 30 years of service and vesting occurs after 8 years of creditable service. 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.

Under the HIS Plan, the benefit is a monthly payment to assist retirees in paying their health insurance costs. 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. To be eligible to receive a HIS benefit, a retiree must provide proof of eligible health insurance coverage, which can include Medicare.

Contributions

Per Chapter 121, Florida Statutes, contribution requirements of the active employees and the participating employers are established and may be amended by the Florida Department of Management Services, Division of Retirement. Effective July 1, 2011, both employee and employers of the FRS are required to make contributions

**SARASOTA BAY ESTUARY PROGRAM
NOTES TO FINANCIAL STATEMENTS**

NOTE D – RETIREMENT PLAN – CONTINUED

Contributions – Continued

to establish service credit for work performed in a regularly established position. The Florida Legislature established a uniform contribution rate system for the FRS. The uniform rates are based on the class an employee is placed into which requires employees to contribute 3% and employers to contribute a specified percentage based on class.

The Program's contractually required contribution rate for the year ended September 30, 2022, ranged from 10.82% – 11.91% for regular employees, 29.01% – 31.57% for senior management, and 18.34% – 18.60% for DROP, of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Program were \$63,643 for the year ended September 30, 2022.

The HIS Program is funded by required contributions of 1.66% and is included in the contribution rates noted above.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At September 30, 2022, the Program reported a liability of \$533,827 for its proportionate share of the net pension liability which includes both FRS and HIS. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Program's proportion of the net pension liability was based on a projection of the Program's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the Program's proportion was .001156666% for FRS and .000976761% for HIS.

For the year ended September 30, 2022, the Program recognized pension expense of \$67,352. At September 30, 2022, the Program reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflows of</u>	<u>Outflows of</u>	<u>Inflows of</u>
	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>
Difference between expected and actual experience	\$ 20,440	\$ -0-	\$ 3,140	\$ (455)
Changes in assumptions	53,002	-0-	5,930	(16,004)
Net difference between projected and actual earnings on pension plan investments	28,417	-0-	150	-0-
Changes in proportion and differences between contributions and proportionate share of contributions	56,542	(13,148)	3,426	(8,742)
Program contributions subsequent to the June 30, 2022 measurement date	<u>14,680</u>	<u>-0-</u>	<u>1,773</u>	<u>-0-</u>
	<u>\$ 173,081</u>	<u>\$ (13,148)</u>	<u>\$ 14,419</u>	<u>\$ (25,201)</u>

**SARASOTA BAY ESTUARY PROGRAM
NOTES TO FINANCIAL STATEMENTS**

NOTE D – RETIREMENT PLAN – CONTINUED

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued.

Total deferred outflows were \$187,500 and total deferred inflows were \$38,349. \$14,680 (FRS) and \$1,773 (HIS) reported as deferred outflows of resources related to pensions resulting from Program contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending September 30:</u>	<u>FRS</u>	<u>HIS</u>
2023	\$ 26,926	\$ (1,955)
2024	26,926	(1,955)
2025	26,926	(1,955)
2026	26,926	(1,955)
2027	26,928	(1,955)
Thereafter	<u>10,621</u>	<u>(2,780)</u>
	<u>\$ 145,253</u>	<u>\$ (12,555)</u>

Actuarial Assumptions

The total pension liability in the July 1, 2022 actuarial valuation (June 30, 2022 measurement date) was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, including inflation
Investment rate of return	6.70%, including inflation at 2.40%

Mortality rates for FRS were based on the PUB-2010 base table, projected generationally with Scale MP-2018, and mortality rates for HIS were based on the generational PUB-2010 with Projection Scale MP-2018. The actuarial assumptions used in the June 30, 2022 FRS valuation were based on the results of an actuarial experience study performed for the period July 1, 2013 – June 30, 2018. Because the HIS is funded on a pay-as-you-go basis, no experience study has been completed for that Plan, but were based on certain results of the most recent experience study for the FRS Plan.

The long-term expected rate of return on pension plan investments was determined in October 2022 by outside investment consultants to the Florida State Board of Administration.

The table below shows the 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, (2.40%). These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

**SARASOTA BAY ESTUARY PROGRAM
NOTES TO FINANCIAL STATEMENTS**

NOTE D – RETIREMENT PLAN – CONTINUED

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to Pensions – Continued

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>
Cash	1.00%	2.60%
Fixed Income	19.80%	4.40%
Global Equity	54.00%	8.80%
Real Estate	10.30%	7.40%
Private Equity	11.10%	12.00%
Strategic Investments	3.80%	6.20%

Discount Rate

The discount rate used to measure the total FRS pension liability was 6.70%. The FRS rate decreased from 6.80% in the most recent actuarial study. The HIS pension liability was 3.54%. The HIS rate increased from 2.16% in the most recent actuarial study. The HIS rate is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension 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 long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following changes in actuarial assumptions occurred in 2022:

- FRS: The discount rate and long-term expected rate of return, net of investment expenses decreased from 6.80% to 6.70%.
- HIS: The municipal bond rate used to determine total pension liability increased from 2.16% to 3.54%; the demographic assumptions for the Special Risk class were updated to reflect plan changes due to HB5007, HB689, and SB838; and the election assumption for vested terminated members was updated from 20% to 50% to reflect recent experience.

Sensitivity of the Program's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Program's proportionate share of the FRS net pension liability calculated using the discount rate of 6.70%, as well as what the Program's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease (5.70%)</u>	<u>Discount Rate (6.70%)</u>	<u>1% Increase (7.70%)</u>
Program's proportionate share of the FRS net pension liability	\$ 744,300	\$ 430,373	\$ 167,892

**SARASOTA BAY ESTUARY PROGRAM
NOTES TO FINANCIAL STATEMENTS**

NOTE D – RETIREMENT PLAN – CONTINUED

Sensitivity of the Program's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – Continued

The following presents the Program's proportionate share of the HIS net pension liability calculated using the discount rate of 3.54%, as well as what the Program's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percent-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Program's proportionate share of the HIS net pension liability	\$ 118,361	\$ 103,454	\$ 91,120

Pension Plan Fiduciary Net Position

The Program's proportion of net position has been determined on the same basis of each Plan. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of Florida comprehensive annual financial report.

NOTE E – OFFICE SPACE

The Program rents office facilities under a short term lease from the City of Sarasota in accordance with an interlocal agreement between the Program and the City of Sarasota. The agreement was renewed in October of 2020 for a 3 year term and may be cancelled by either party with six (6) months written notice. As a result, the Program deems this agreement to be a short term lease and is not subject to GASB Statement No. 87. Current year rent expense was \$31,685.

Future commitments under the agreement are approximately \$32,000 for the year ended September 30, 2023.

NOTE F – RISK MANAGEMENT

The Program 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 Program carries commercial insurance. The Program has not experienced losses in excess of insured amounts over the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

**SARASOTA BAY ESTUARY PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES –BUDGET AND ACTUAL–GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
REVENUES				
Member contributions	\$ 296,000	\$ 296,000	\$ 296,000	\$ -
Investment income (loss)	500	500	2,999	2,499
Grant income	711,163	711,163	752,281	41,118
In-kind contributions	404,000	404,000	404,000	-
Other income	37,950	37,950	59,759	21,809
Total revenues	1,449,613	1,449,613	1,515,039	65,426
EXPENDITURES				
Current:				
Physical environment-capital projects	970,789	970,789	755,034	215,755
Personal services	570,795	570,795	538,690	32,105
Operating	159,345	159,345	130,431	28,914
Capital outlay	4,500	4,500	4,321	179
Total expenditures	1,705,429	1,705,429	1,428,476	276,953
Excess of revenues over expenditure	(255,816)	(255,816)	86,563	342,379
FUND BALANCES – Beginning	729,724	729,724	729,724	-
FUND BALANCES – Ending	\$ 473,908	\$ 473,908	\$ 816,287	\$ 342,379

Note 1 – Budgetary Basis

The budget basis is in accordance with accounting standards generally accepted in the United States of America.

**SARASOTA BAY ESTUARY PROGRAM
SCHEDULE OF THE PROGRAM'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
AVAILABLE FISCAL YEARS***

FLORIDA RETIREMENT SYSTEM (FRS)

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Program's proportion of the net pension liability	0.001257554%	0.001401980%	0.001297015%	0.001066944%	0.000895815%	0.000911986%	0.000891465%	0.001164125%	0.001156666%
Program's proportionate share of the net pension liability	\$ 76,729	\$ 181,085	\$ 327,497	\$ 315,595	\$ 269,824	\$ 314,075	\$ 386,374	\$ 87,936	\$ 430,373
Program's covered-employee payroll	\$ 310,536	\$ 304,172	\$ 303,638	\$ 342,535	\$ 350,615	\$ 365,901	\$ 357,987	\$ 405,166	\$ 376,618
Program's proportionate share of the the net pension liability as a % of its covered employee payroll	25%	60%	108%	92%	77%	86%	108%	22%	114%
Plan fiduciary net position as a % of total pension liability	96.09%	92.00%	84.88%	83.89%	84.26%	82.61%	78.85%	96.40%	82.89%

* – GASB No. 68 was adopted in fiscal year 2015. Ultimately, this schedule will contain information for the last ten years.

**SARASOTA BAY ESTUARY PROGRAM
SCHEDULE OF THE PROGRAM'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
AVAILABLE FISCAL YEARS***

RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (HIS)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Program's proportion of the net pension liability	0.001051478%	0.001064424%	0.000964768%	0.001026513%	0.001028186%	0.001044901%	0.001042900%	0.001063721%	0.000976761%
Program's proportionate share of the net pension liability	\$ 98,316	\$ 108,554	\$ 112,440	\$ 109,760	\$ 108,824	\$ 116,914	\$ 127,336	\$ 130,481	\$ 103,454
Program's covered-employee payroll	\$ 310,536	\$ 304,172	\$ 303,638	\$ 342,535	\$ 350,615	\$ 365,901	\$ 357,987	\$ 405,166	\$ 376,618
Program's proportionate share of the net pension liability as a % of its covered employee payroll	32%	36%	37%	32%	31%	32%	36%	32%	27%
Plan fiduciary net position as a % of total pension liability	0.99%	0.50%	0.97%	1.64%	2.15%	2.63%	3.00%	3.56%	4.81%

* - GASB No. 68 was adopted in fiscal year 2015. Ultimately, this schedule will contain information for the last ten years.

**SARASOTA BAY ESTUARY PROGRAM
SCHEDULE OF THE PROGRAM'S CONTRIBUTIONS
AVAILABLE FISCAL YEARS***

FLORIDA RETIREMENT SYSTEM (FRS)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually required contribution	\$ 27,546	\$ 34,181	\$ 31,630	\$ 27,775	\$ 25,530	\$ 28,278	\$ 29,619	\$ 44,348	\$ 49,357
Contributions in relation to the contractually required contribution	<u>27,546</u>	<u>34,181</u>	<u>31,630</u>	<u>27,775</u>	<u>25,530</u>	<u>28,278</u>	<u>29,619</u>	<u>44,348</u>	<u>49,357</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Program's covered-employee payroll	\$ 310,536	\$ 304,172	\$ 303,638	\$ 342,535	\$ 350,615	\$ 365,901	\$ 357,987	\$ 405,166	\$ 376,618
Contributions as a percentage of covered- employee payroll	8.87%	11.24%	10.42%	8.11%	7.28%	7.73%	8.27%	10.95%	13.11%

* – GASB No. 68 was adopted in fiscal year 2015. Ultimately, this schedule will contain information for the last ten years.

**SARASOTA BAY ESTUARY PROGRAM
SCHEDULE OF THE PROGRAM'S CONTRIBUTIONS
AVAILABLE FISCAL YEARS***

RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (HIS)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually required contribution	\$ 3,062	\$ 4,069	\$ 4,945	\$ 5,433	\$ 5,576	\$ 5,802	\$ 6,010	\$ 6,253	\$ 5,910
Contributions in relation to the contractually required contribution	<u>3,062</u>	<u>4,069</u>	<u>4,945</u>	<u>5,433</u>	<u>5,576</u>	<u>5,802</u>	<u>6,010</u>	<u>6,253</u>	<u>5,910</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Program's covered-employee payroll	\$ 310,536	\$ 304,172	\$ 303,638	\$ 342,535	\$ 350,615	\$ 365,901	\$ 357,987	\$ 405,166	\$ 376,618
Contributions as a percentage of covered-employee payroll	0.99%	1.34%	1.63%	1.59%	1.59%	1.59%	1.68%	1.54%	1.57%

* – GASB No. 68 was adopted in fiscal year 2015. Ultimately, this schedule will contain information for the last ten years.

SARASOTA BAY ESTUARY PROGRAM
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial assumptions for both defined benefit plans (FRS and HIS) are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. This 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 Pension Plan was completed for the period July 1, 2013, through June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this program.

The total pension liability for the FRS and HIS plan was determined by an actuarial valuation as of July 1, 2022. Both plans used the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 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.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.54% (based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index) was used to determine the total pension liability for the program. Mortality assumptions for FRS was based on the PUB-2010 base table, projected generationally with Scale MP-2018, and HIS was based on the Generational PUB-2010 with Projection Scale MP-2018.

The following change in actuarial assumptions occurred in 2022:

- FRS: The discount rate and long-term expected rate of return, net of investment expenses decreased from 6.80% to 6.70%
- HIS: The municipal bond rate used to determine total pension liability was increased from 2.16% to 3.54%; the demographic assumptions for the Special Risk class were updated to reflect plan changes due to HB5007, HB689, and SB838; and the election assumption for vested terminated members was updated from 20% to 50% to reflect recent experience.

OTHER REPORTS

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

**To the Board of Directors
Sarasota Bay Estuary Program**

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 each major fund of Sarasota Bay Estuary Program (the Program) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Program’s basic financial statements and have issued our report thereon dated January 27, 2023.

Report on Internal Control over Financial Reporting

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

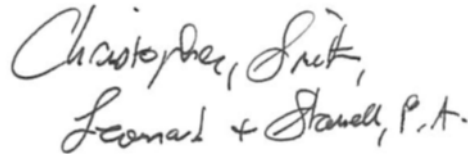
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Program'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 Program'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 Program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature of Christopher Smith in cursive script.

**CHRISTOPHER, SMITH,
LEONARD & STANELL, P.A.**

January 27, 2023
Bradenton, Florida

MANAGEMENT LETTER

**Board of Directors
Sarasota Bay Estuary Program**

Report on the Financial Statements

We have audited the financial statements of Sarasota Bay Estuary Program as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated January 27, 2023.

Auditor's 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 Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's 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 January 27, 2023, 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 annual financial audit report. There were no recommendations made in the preceding audit report.

Financial Condition and Management

Section 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 Sarasota Bay Estuary Program 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 the Sarasota Bay Estuary Program was not in a state of financial emergency, as it 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 the Sarasota Bay Estuary Program. It is management's responsibility to monitor the Sarasota Bay Estuary Program's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Specific Information for an Independent Special District

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

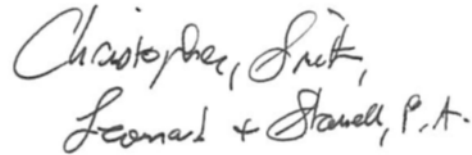
- a. The total number of Program employees compensated in the last pay period of the Program's fiscal year was 5.
- b. The total number of independent contractors to whom non-employee compensation was paid in the last month of the Program's fiscal year was 1.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency was \$372,618.
- d. All compensation earned by or awarded to non-employee independent contractors, whether paid or accrued, regardless of contingency was \$44,723.
- e. Each construction project with a total cost of at least \$65,000 approved by the Program that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project was \$0, as there were 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 Program amends a final adopted budget under Section 189.016(6), Florida Statutes. The budget variance schedule is presented on page 28.

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 have 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.

Handwritten signature in black ink that reads "Christopher, Smith, Leonard & Stanell, P.A." in a cursive style.

**CHRISTOPHER, SMITH,
LEONARD & STANELL, P.A.**

January 27, 2023
Sarasota, Florida

**INDEPENDENT ACCOUNTANT'S REPORT
ON INVESTMENT COMPLIANCE**

**Board of Directors
Sarasota Bay Estuary Program
Sarasota Florida**

We have examined the Sarasota Bay Estuary Program's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2022. Management is responsible for the Program's compliance with the specified requirements. Our responsibility is to express an opinion on the Program's compliance with the specified requirements based on our examination.

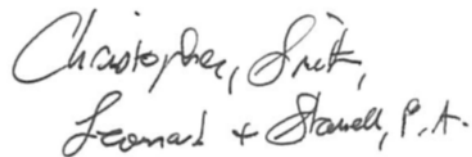
Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Program complied, in all material respects, with the specified requirements referenced above.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

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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

In our opinion, the Program complied in all material respects, with the specified requirements for the year ended September 30, 2022.

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



*Christopher Smith,
Leonard & Stanell, P.A.*

**CHRISTOPHER, SMITH,
LEONARD & STANELL, P.A.**

January 27, 2023
Bradenton, Florida