

GASPARILLA ISLAND BRIDGE AUTHORITY

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
Gasparilla Island Bridge Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Gasparilla Island Bridge Authority, as of and for the years ended September 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Gasparilla Island Bridge Authority'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 Gasparilla Island Bridge Authority, as of September 30, 2023 and 2022, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Gasparilla Island Bridge Authority 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 opinion.

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 Gasparilla Island Bridge Authority'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 opinion. 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 Gasparilla Island Bridge Authority'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 Gasparilla Island Bridge Authority'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 information on pages 4-6 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 February 6, 2024, on our consideration of the Gasparilla Island Bridge Authority'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 Gasparilla Island Bridge Authority'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 Gasparilla Island Bridge Authority's internal control over financial reporting and compliance.

Suplee Shea Cramer & Miller, P.A

Suplee Shea Cramer & Miller, PA
Sarasota, Florida
February 6, 2024

GASPARILLA ISLAND BRIDGE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

As management of the Gasparilla Island Bridge Authority (the Authority), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal years ended September 30, 2023 and 2022. The discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

FINANCIAL HIGHLIGHTS

For fiscal year 2023, income from operations was \$2,780,781, which is a 7% increase from the fiscal year 2022 income from operations total of \$2,598,248. The increase includes an insurance reimbursement of \$429,400 that GIBA received for revenue loss as a result of Hurricane Ian. Traffic increases in the latter part of fiscal year 2023 also provided additional income. The resultant change in net assets for fiscal year 2023 was \$2,540,173. The overall net position of the Authority at the close of fiscal year 2023 was \$33,608,577, which is an increase of 8% over fiscal year 2022.

The Authority continues to focus on prepaying debt and funding the capital reserve fund. In fiscal year 2022, the Authority signed an amendment to the Florida Department of Transportation State Infrastructure Bank Loan (FBOT SIB Loan) to include quarterly principal prepayments of \$250,000. This accelerated principal payment schedule shortened the maturity date from October 2043 to October 2030. In fiscal year 2023, the Authority continued to invest excess cash flows with a registered investment advisor. The Authority transferred \$1,810,000 into the investment account during fiscal year 2023. It is the intention of the Authority to continue to invest excess cash flows into the investment account to help fund future capital projects including eventual replacement of the bridges. Transfers are at the discretion of the Authority's Board of Supervisors.

On September 28, 2022, GIBA was impacted by Hurricane Ian, which resulted in damage to the facility and equipment. Total facility damages were approximately \$264,040, and total loss of revenue was estimated at \$429,400. GIBA received a \$429,400 insurance reimbursement for loss of revenue, and a \$98,650 insurance reimbursement for damages, resulting in a non-recoverable loss of \$165,390.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements. It also contains other supplementary information concerning the Authority's trend data as well as information on the Authority's history. The financial statements are designed to provide readers with a broad overview of the Authority's finances. The Statements of Net Position presents information on all of the assets and liabilities, with the difference of the two reported as net position. Over time, increases and decreases in net position may serve as an indicator of whether the financial condition of the Authority is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets, without corresponding increases to liabilities results in an increased net position, which indicates an improved financial condition.

The Statements of Revenues, Expenses, and Changes in Net Position presents information showing how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the event occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will have cash flows in different periods.

The Statements of Cash Flows presents the cash activities of the Authority from operating, capital and related financing and investing activities.

GASPARILLA ISLAND BRIDGE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

REVENUE/TRAFFIC STREAMS

There is a relationship between traffic count and revenue. Normally when traffic increases revenue increases. Historically, traffic flows have fluctuated slightly: decreased 2% (2020), increased 10% (2021), increased 5% (2022), and decreased 3% (2023). The fiscal year 2020 decrease was caused by the impact of the COVID 19 epidemic. The fiscal year 2023 decrease in traffic was a result of Hurricane Ian, and the corresponding revenue increase included an insurance reimbursement of \$429,400 for lost revenue. The overall four-year average traffic increase is 2% with a corresponding revenue increase of 4%.

	<u>Revenue</u>	<u>Traffic</u>
FY 2019	\$ 5,164,300	1,017,304
FY 2020	\$ 4,894,412	991,900
FY 2021	\$ 5,545,933	1,088,440
FY 2022	\$ 5,858,271	1,141,114
FY 2023	\$ 6,073,108	1,106,411

LONG-TERM DEBT

Capital projects are funded with excess cash flows and long-term debt. The Florida Department of Transportation State Infrastructure Bank Loan (FDOT SIB Loan) funded the swing bridge project.

<u>Issued Loan</u>			<u>Original</u>	<u>Principal Remaining</u>
<u>Amount</u>	<u>Issuer</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>as of 9/30/23</u>
\$ 18,701,610	FDOT SIB Loan	2.5%	October 1, 2043	\$ 12,642,937

In fiscal year 2022, the Authority amended the terms of the FDOT SIB Loan to include quarterly prepayments of \$250,000. The current maturity date for the loan is October 1, 2030. The debt service ratio of 2.22 for fiscal year 2023 is in excess of the loan covenants of 1.25 set forth in the FDOT SIB Loan.

LIFE CYCLE FOR BRIDGE ASSETS

In 1998 when the Authority acquired the bridge and causeway system, engineers estimated the useful life remaining for the 3 bridges built in 1958 was approximately 10 years. In 1999, after completion of \$2.2 million in bridge renovation and preservation projects, engineers extended the estimated useful life by 15 years (until 2014). The bridge inspections in 2011 recommended a replacement date of 2014 for both fixed bridges and 2017 for the swing bridge. The fixed bridges were replaced in 2013 and were financed by a \$10.4 million loan from SunTrust Bank. The swing bridge was replaced in 2016 and was financed by the \$18.7 million loan from the FDOT SIB. The new bridges have a life expectancy of approximately 75 years.

STATEMENTS OF NET POSITION

The difference between assets and liabilities (net position) serves as an indicator of the Authority's financial condition. For fiscal year 2023, the Authority's net position increased by 8% (\$2,540,173). By far the largest portion of the Authority's net assets reflect its investments in capital (e.g.: roads, bridges, buildings, toll equipment, etc.) less any related debt used to acquire those assets. These assets are not available to liquidate liabilities or other spending. The value of property is \$2,963,000 in land, \$1,106,912 in buildings, \$34,363,231 in Bridges/Improvements and \$512,974 in equipment, net of accumulated depreciation. The Authority does not have any restricted assets. Unrestricted assets increased from \$4,973,951 in fiscal year 2022 to \$7,305,396 in fiscal year 2023.

GASPARILLA ISLAND BRIDGE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

STATEMENTS OF NET POSITION (continued)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current Assets	\$ 7,964,836	\$ 5,656,173	\$ 3,692,821
Depreciable Capital Assets, Net of Accum Depr.	35,983,118	37,314,645	38,669,615
Non-Depreciable Capital Assets	2,963,000	2,963,000	2,963,500
Other Assets	770	770	770
Total Assets	<u>\$ 46,911,724</u>	<u>\$ 45,934,588</u>	<u>\$ 45,326,706</u>
Current Liabilities	\$ 2,239,344	\$ 2,223,247	\$ 1,227,719
Non-Current Liabilities	11,063,803	12,642,937	15,225,003
Total Liabilities	<u>13,303,147</u>	<u>14,866,184</u>	<u>16,452,722</u>
Invested in Capital Assets, Net	26,303,181	26,094,453	25,648,556
Unrestricted	7,305,396	4,973,951	3,225,428
Total Net Position	<u>33,608,577</u>	<u>31,068,404</u>	<u>28,873,984</u>
Total Liabilities & Net Position	<u>\$ 46,911,724</u>	<u>\$ 45,934,588</u>	<u>\$ 45,326,706</u>

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

In fiscal year 2023, traffic decreased 3% (34,703 vehicles) which resulted in a revenue increase of 4% (\$214,837). During fiscal year 2023, operating expenses increased less than 1% (\$32,304).

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenue	\$ 6,073,108	\$ 5,858,271	\$ 5,545,933
Operating Expenses	3,292,327	3,260,023	2,819,842
Income from Operations	2,780,781	2,598,248	2,726,091
Non-Operating Revenues (Expenses)	(240,608)	(403,828)	(408,805)
Change in Net Position	2,540,173	2,194,420	2,317,286
Net Position at Beginning of Period	31,068,404	28,873,984	26,556,698
Net Position at End of Period	<u>\$ 33,608,577</u>	<u>\$ 31,068,404</u>	<u>\$ 28,873,984</u>

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information contact Kathy Banson, Executive Director, Authority, P.O. Box 1918, Boca Grande, FL 33921.

GASPARILLA ISLAND BRIDGE AUTHORITY

STATEMENTS OF NET POSITION

SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 2,304,239	\$ 2,060,033
Accounts receivable	21,863	-
Investments	5,373,860	3,474,514
Prepaid expenses	<u>264,874</u>	<u>121,626</u>
Total current assets	<u>7,964,836</u>	<u>5,656,173</u>
Noncurrent assets:		
Capital assets:		
Depreciable capital assets, net of accumulated depreciation of \$13,001,423 and \$11,604,935	35,983,118	37,314,645
Non-depreciable capital assets	2,963,000	2,963,000
Other assets:		
Utility deposits	<u>770</u>	<u>770</u>
Total noncurrent assets	<u>38,946,888</u>	<u>40,278,415</u>
Total Assets	<u><u>\$ 46,911,724</u></u>	<u><u>\$ 45,934,588</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

GASPARILLA ISLAND BRIDGE AUTHORITY
STATEMENTS OF NET POSITION (CONTINUED)

SEPTEMBER 30, 2023 AND 2022

LIABILITIES AND NET POSITION

	<u>2023</u>	<u>2022</u>
Current liabilities:		
Current portion of notes payable	\$ 1,579,134	\$ 1,540,255
Accounts payable	22,326	9,371
Accrued expenses	177,593	212,891
Deferred revenue	<u>460,291</u>	<u>460,730</u>
Total current liabilities	<u>2,239,344</u>	<u>2,223,247</u>
Noncurrent liabilities:		
Notes payable	<u>11,063,803</u>	<u>12,642,937</u>
Total noncurrent liabilities	<u>11,063,803</u>	<u>12,642,937</u>
Total Liabilities	<u>13,303,147</u>	<u>14,866,184</u>
Net Position:		
Invested in capital assets, net of related debt	26,303,181	26,094,453
Unrestricted	<u>7,305,396</u>	<u>4,973,951</u>
Total Net Position	<u>33,608,577</u>	<u>31,068,404</u>
Total Liabilities and Net Position	<u>\$ 46,911,724</u>	<u>\$ 45,934,588</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

GASPARILLA ISLAND BRIDGE AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Operating revenues:		
Toll revenues	\$ 6,073,108	\$ 5,858,271
Operating expenses:		
Personnel services	1,128,997	1,049,814
General and administrative	464,992	368,934
Maintenance and operation	280,501	429,696
Depreciation	1,417,837	1,411,579
Total operating expenses	3,292,327	3,260,023
Income from operations	2,780,781	2,598,248
Non-operating revenues (expenses):		
Interest income	136,232	16,735
Loss on disposal of assets	(14,821)	-
Interest expense	(348,495)	(386,383)
Investment fees	(7,205)	-
Unrealized loss on investments	(6,319)	(34,180)
Net non-operating expenses	(240,608)	(403,828)
Change in net position	2,540,173	2,194,420
Net position at beginning of period	31,068,404	28,873,984
Net position at end of period	\$ 33,608,577	\$ 31,068,404

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

GASPARILLA ISLAND BRIDGE AUTHORITY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 6,050,806	\$ 5,932,484
Payments to suppliers	(1,210,394)	(859,045)
Payments to employees	(829,687)	(802,863)
Net cash provided by operating activities	<u>4,010,725</u>	<u>4,270,576</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(101,161)	(56,109)
Payment of principal on notes payable	(1,540,255)	(1,801,367)
Interest paid	(348,495)	(386,383)
Net cash used by capital and related financing activities	<u>(1,989,911)</u>	<u>(2,243,859)</u>
Cash flows from investing activities:		
Purchase of investments	(1,912,840)	(3,508,694)
Interest received	136,232	16,735
Net cash used by investing activities	<u>(1,776,608)</u>	<u>(3,491,959)</u>
Net increase (decrease) in cash	244,206	(1,465,242)
Cash and cash equivalents at beginning of period	2,060,033	3,525,275
Cash and cash equivalents at end of period	<u>\$ 2,304,239</u>	<u>\$ 2,060,033</u>
Reconciliation of operating income to net cash provided by operating activities:		
Income from operations	\$ 2,780,781	\$ 2,598,248
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	1,417,837	1,411,579
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	(21,863)	19,655
Decrease (increase) in prepaid expenses	(143,248)	26,265
Increase (decrease) in accounts payable	12,955	2,391
Increase (decrease) in accrued expenses	(35,298)	157,880
Increase (decrease) in deferred revenue	(439)	54,558
Total adjustments	<u>1,229,944</u>	<u>1,672,328</u>
Net cash provided by operating activities	<u>\$ 4,010,725</u>	<u>\$ 4,270,576</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

GASPARILLA ISLAND BRIDGE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

Note 1 - Organization and Summary of Significant Accounting Policies

Reporting Entity

The Gasparilla Island Bridge Authority (the Authority) is an independent special Authority created in 1996 by Chapter 96-507, Laws of Florida, for the purpose of operation of bridges and a related causeway in Charlotte County and their continued maintenance and improvement. The governing body is composed of nine members acting as the Board of Supervisors. Five of the members of the Board of Supervisors are voting members with full power to conduct the business of the Authority by majority vote. The other four members serve as non-voting members. The Board of Supervisors appoints an executive director who has responsibility for the operation of the Authority.

For financial reporting purposes, the Authority is a stand-alone entity; there are no component units included in the accompanying financial statements and the Authority is not considered a component unit of another entity.

Basis of Presentation

The Gasparilla Island Bridge Authority financial statements are prepared on an enterprise fund basis. Enterprise funds are used to account for operations of governmental entities that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Basis of Accounting

The Authority prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles for enterprise funds, which are similar to those for private business enterprises. Accordingly, revenues are recorded when earned and expenses are recorded when incurred.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Authority's cash and cash equivalents are considered to be cash on hand and demand deposits.

Investments

State statutes and local ordinances authorize the Authority to invest in various types of investments. Investments are reported at fair market value at the balance sheet date. Investment income includes interest on deposits, dividends, and the change in the fair value of investment during the fiscal year. At September 30, 2023, the Authority was invested in an investment portfolio that is managed by a professional investment management company.

Capital Assets

All property and equipment are recorded at historical cost. The cost of property and equipment includes right-of-way construction costs, design and engineering fees, administrative and general expenses paid from construction monies. Expenses made to acquire additional property and equipment, which replaces existing assets or otherwise prolongs their useful lives, are capitalized. Maintenance and repairs are charged to expense as incurred.

GASPARILLA ISLAND BRIDGE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

Costs related to right-of-way are considered non-depreciable costs. All other costs related to construction of roadways and bridges are capitalized and depreciated according to Authority policy.

Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the assets as follows:

Roadways	15 years
Bridges	40 years
Buildings, toll facilities and other	3 to 30 years
Computer equipment	3 to 5 years
Furniture, fixtures, and equipment	5 to 7 years

Construction/projects in progress represents costs incurred by the Authority for in-process activities designed to expand, replace, or extend useful lives of existing property and equipment.

Deferred Revenue

Revenue from the sale of volume passes is recognized at the time of usage.

Accumulated Compensated Absences

Accumulated compensated absences are accrued when incurred.

Operating Revenues and Expenses

The Authority's operating revenues and expenses consist of revenues earned and expenses incurred relating to the operation and maintenance of its system. All other revenues and expenses are reported as non-operating revenues and expenses or as a special item.

Net Position

Net Position is classified and displayed in three components:

Invested in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and related debt.

Restricted net position - Consists of net position with constraints placed on the use either by 1) external groups, such as creditors, grantors, contributors, or laws and regulations of other governments or 2) law through constitutional provisions or enabling legislation. There was no restricted net position at September 30, 2023 and 2022.

Unrestricted net position - All other components of net position that do not meet the definition of "restricted" or "invested in capital assets".

Toll Revenue

Cash toll fees are recorded as revenue at the time the service is performed. Annual pass fees are recorded as revenue when payment is received.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of management's estimates. Actual results could differ from those estimates.

GASPARILLA ISLAND BRIDGE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Budgets

The Authority follows the following procedures in establishing budgets:

1. On or before September 1, management of the Authority prepares an estimate of all necessary expenditures for the Authority for the ensuing fiscal year and an estimate of income to the Authority from all sources of revenue provided in the Authority's enabling act. The Board of Supervisors may either approve the budget as proposed or modify the budget in part or in whole.
2. On or before September 1, the Authority files the proposed budget with the County Clerks of Lee and Charlotte Counties.
3. All legally adopted budgets are on a basis consistent with generally accepted accounting principles.

Note 2 - Deposits and Investments

The Authority maintains cash deposits with banks who qualify as qualified public depositories under Florida law. Deposits in excess of federally insured limits are covered by collateral pledged by the bank with the State Treasurer pursuant to Chapter 280, Florida Statutes. Under this chapter, in the event of default by a participating financial institution, all participating institutions are obligated through an assessment to reimburse the governmental entity if the applicable deposit insurance and sale of securities pledged as collateral by the bank are not sufficient to cover the loss. For this reason, there is no custodial credit risk for the cash deposits of the Authority.

The Authority's board adopted a written investment policy on August 10, 2022, pursuant to Florida Statutes, Section 218.415.

Fair Value Measurement of Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants and the measurement date. Fair value determinations are made based upon a hierarchy that prioritizes the inputs to valuation techniques. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements).

- **Level 1** – Investments reflect unadjusted quoted prices in active markets for identical assets.
- **Level 2** – Investments reflect prices that are based on inputs that are either directly or indirectly observable for an asset (including quoted prices for similar assets), which may include inputs in markets that are not considered to be active.
- **Level 3** – Investments reflect prices based upon unobservable inputs for an asset.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Debt securities classified as Level 2 are evaluated prices from the custodian bank's external pricing vendor. The pricing methodology involves the use of evaluation models, such as matrix pricing, which is based on the securities' relationship to benchmark quoted prices.

GASPARILLA ISLAND BRIDGE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

Note 2 - Deposits and Investments (continued)

As of September 30, 2023, the District had the following cash, cash equivalents and investments:

Investments by fair value level	Fair Value	Hierarchy Level
Cash and equivalents	\$ 246,955	1
US treasuries	1,231,680	1
Agency securities	2,783,749	2
Mortgage pools	314,503	2
Asset backed securities	796,973	2
Total investments	<u>\$ 5,373,860</u>	

Interest Rate Risk – Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment’s fair value. When interest rates increase, the value of fixed rate securities fall. The inverse is also true, as interest rates fall, the value on fixed rate securities increase. The Authority manages its exposure to declines in fair market values by decreasing the weighted average maturity of its investment portfolio during periods of rising interest rates.

Credit Risk – Credit quality risk results from potential default of investments that are not financially sound. The Authority’s investments in US agency securities, mortgage-backed securities, and asset backed securities are rated AA+ by Standard & Poor’s and Aaa by Moody’s Investors Service.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority’s investments are held in trust under the Authority’s name by an independent third-party custodian.

Concentration of Credit Risk – The Authority’s investment policy established the limitations of portfolio composition in order to control concentration of credit risk. The policy contains the following guidelines for maximum percentages allowable for the total portfolio in each eligible security, which can be adjusted by the Board as needed due to market and cash flow conditions:

United States Treasuries/Agencies	100%
Local Government Surplus Funds Trust Funds & LGIP	50%
Term Repurchase agreements	20%
Money Market Mutual Funds	65%
CD's and Savings Accounts (10% per institution)	30%
Florida Local Government Investment Trust (FLGIT)	50%

GASPARILLA ISLAND BRIDGE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

Note 3 – Capital Assets

Capital assets are summarized as follows:

	September 30, 2022	Additions	Reductions	September 30, 2023
Depreciable capital assets				
Buildings	\$ 2,350,734	\$ -	\$ -	\$ 2,350,734
Improvements other than buildings	45,396,258	32,306	(2,329)	45,426,235
Equipment	1,172,588	68,795	(33,811)	1,207,572
Accumulated depreciation	(11,604,935)	(1,417,837)	21,349	(13,001,423)
Depreciable capital assets, net of accumulated depreciation	<u>\$ 37,314,645</u>	<u>\$ (1,316,736)</u>	<u>\$ (14,791)</u>	<u>\$ 35,983,118</u>
Non-depreciable capital assets				
Land	\$ 2,963,000	\$ -	\$ -	\$ 2,963,000
Construction/projects in progress	-	-	-	-
Non-depreciable capital assets	<u>\$ 2,963,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,963,000</u>
	September 30, 2021	Additions	Reductions	September 30, 2022
Depreciable capital assets				
Buildings	\$ 2,350,734	\$ -	\$ -	\$ 2,350,734
Improvements other than buildings	45,369,827	26,431	-	45,396,258
Equipment	1,168,091	30,178	(25,681)	1,172,588
Accumulated depreciation	(10,219,037)	(1,411,579)	25,681	(11,604,935)
Depreciable capital assets, net of accumulated depreciation	<u>\$ 38,669,615</u>	<u>\$ (1,354,970)</u>	<u>\$ -</u>	<u>\$ 37,314,645</u>
Non-depreciable capital assets				
Land	\$ 2,963,000	\$ -	\$ -	\$ 2,963,000
Construction/projects in progress	500	20,345	(20,845)	-
Non-depreciable capital assets	<u>\$ 2,963,500</u>	<u>\$ 20,345</u>	<u>\$ (20,845)</u>	<u>\$ 2,963,000</u>

Depreciation expense was \$1,417,837 and \$1,411,579 for the years ended September 30, 2023 and 2022, respectively.

Note 4 - Retirement Plan

The Authority does not participate in the Florida Retirement System. Instead, the Authority participates in a defined contribution plan administered by Corebridge Financial (formerly known as VALIC). The GIBA Retirement Plan (“the Plan”) was adopted on December 15, 1998. The Authority and participants are not required to contribute to the plan but may make voluntary contributions up to certain levels as permitted by the agreement and limits established under the Internal Revenue Code. Any contributions made by the Authority are discretionary and are 100% vested. The benefit terms of the Plan state that benefits begin at the normal retirement age of 65 with no provision for early retirement. In-service distributions may be made at the participant’s election provided the participant has reached the age of 59 ½.

For the fiscal year ended September 30, 2023, and 2022, voluntary contributions by the Authority were \$47,828 and \$43,108, respectively.

GASPARILLA ISLAND BRIDGE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

Note 5 - Long-Term Debt

A summary of changes in long-term debt is as follows:

	September 30, 2022	Additions	Reductions	September 30, 2023
Bridge facility debt	\$ 14,183,192	\$ -	\$ (1,540,255)	\$ 12,642,937
Less current portion	(1,540,255)	(1,579,134)	1,540,255	(1,579,134)
Total long-term debt, net of current portion	<u>\$ 12,642,937</u>	<u>\$ (1,579,134)</u>	<u>\$ -</u>	<u>\$ 11,063,803</u>
	September 30, 2021	Additions	Reductions	September 30, 2022
Bridge facility debt	\$ 15,984,559	\$ -	\$ (1,801,367)	\$ 14,183,192
Less current portion	(759,556)	(1,540,255)	759,556	(1,540,255)
Total long-term debt, net of current portion	<u>\$ 15,225,003</u>	<u>\$ (1,540,255)</u>	<u>\$ (1,041,811)</u>	<u>\$ 12,642,937</u>

Long-term debt consisted of the following at September 30, 2023 and 2022:

Note payable to the State of Florida Department of Transportation. Annual payments of principal and interest at an annual rate of 2.5% are due, plus quarterly prepayments of principal of \$250,000. The note matures in October 2030. Note is collateralized by a pledge of revenues from the operations and a lien and pledge of all investment instruments purchased with loan proceeds.

	\$ 12,642,937	\$ 14,183,192
Less current maturities	<u>(1,579,143)</u>	<u>(1,540,255)</u>
Total long-term debt	<u>\$ 11,063,803</u>	<u>\$ 12,642,937</u>

Debt service requirements based on current principal borrowed and interest rates to maturity for notes payable is as follows:

2024	\$ 1,889,625
2025	1,890,375
2026	1,891,000
2027	1,891,500
2028	1,891,875
Thereafter	<u>4,449,065</u>
Total Payments	13,903,440
Less amounts representing interest	<u>(1,260,503)</u>
Principal	<u>\$ 12,642,937</u>

Note 6 - Risk Management

The Authority's risk management activities are provided by commercial insurance coverage for all major categories of risk. There have been no significant changes in insurance coverage from coverage in the prior year. Settlement amounts have not exceeded insurance coverage for the current year or three prior years.

GASPARILLA ISLAND BRIDGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

Note 7 – Hurricane Ian

On September 28, 2022, the area was impacted by a major hurricane, which resulted in damage to the facilities and equipment. Total damages were approximately \$264,040, and total loss of revenue was estimated to be \$429,400.

The Authority received recoveries for business interruption of \$429,400 during the year ended September 30, 2023, which has been reported as toll revenue on the Statement of Revenue, Expenses, and Changes in Net Position. The Authority also received insurance proceeds for damages of \$98,650 during the year ended September 30, 2023, resulting in non-recoverable losses of \$165,390.

Note 8 - Subsequent Events

Subsequent events have been evaluated through February 6, 2024, the date the financial statements were available to be issued.

OTHER REPORTS



SUPLEE SHEA CRAMER & MILLER, PA

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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 Supervisors
Gasparilla Island Bridge Authority

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 Gasparilla Island Bridge Authority as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 6, 2024.

Internal Control over Financial Reporting

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Gasparilla Island Bridge Authority'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Gasparilla Island Bridge Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Gasparilla Island Bridge Authority's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gasparilla Island Bridge Authority'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.

Suplee Shea Cramer & Miller, P.A

Suplee Shea Cramer & Miller, PA
Sarasota, FL
February 6, 2024



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MANAGEMENT LETTER AND OTHER COMMENTS

To the Board of Supervisors
Gasparilla Island Bridge Authority

Report on the Financial Statements

We have audited the financial statements of the Gasparilla Island Bridge Authority, Florida, as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated February 6, 2024.

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 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 February 6, 2024, 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 significant findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.

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 Gasparilla Island Bridge Authority was established by Chapter 96-507 Laws of Florida. There are 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 the Gasparilla Island Bridge Authority has 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 Gasparilla Island Bridge Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Section 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Gasparilla Island Bridge Authority. It is management's responsibility to monitor the Gasparilla Island Bridge Authority'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

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

- a) The total number of district employees compensated in the last pay period of the district's fiscal year as 19.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 3.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$815,579.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$99,039.
- 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 as \$0, as there were no such projects.
- 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 \$0.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we 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 Supervisors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Suplee Shea Cramer & Miller, P.A

Suplee Shea Cramer & Miller, PA
Sarasota, Florida
February 6, 2024



**SUPLEE SHEA
CRAMER & MILLER, PA**

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS
OF SECTION 218.415, FLORIDA STATUTES, LOCAL GOVERNMENT INVESTMENT POLICIES

To the Board of Supervisors
Gasparilla Island Bridge Authority

We have examined the Gasparilla Island Bridge Authority's (the Authority) compliance with Section 218.415, *Florida Statutes - Local Government Investment Policies*, during the fiscal year ended September 30, 2023. Management is responsible for the Authority's compliance with these requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

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

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

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

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

Suplee Shea Cramer & Miller, P.A

Suplee Shea Cramer & Miller, PA
Sarasota, Florida
February 6, 2024