

INDEPENDENT AUDITORS' COMMUNICATION WITH
THOSE CHARGED WITH GOVERNANCE

TAMPA BAY ESTUARY PROGRAM

September 30, 2023



RIVERO, GORDIMER & COMPANY, P.A.

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To the Board Members
Tampa Bay Estuary Program

We have audited the financial statements of the governmental activities, and each major fund of Tampa Bay Estuary Program for the year ended September 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 9, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Tampa Bay Estuary Program (the “Estuary Program”) are described in Note A to the financial statements. As described in Note B to the financial statements, the Tampa Bay Estuary Program adopted Subscription-Based Information Technology Arrangements (SBITAs) [Statement of Governmental Accounting Standards Board (GASB Statement) No. 96 SBITAs], in the year ended September 30, 2023. Accordingly, there was no significant impact on the financial statements. We noted no transactions entered into by the Estuary Program during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management’s estimate of the collectability of accounts receivable is based on prior experience, historical collection trends and current and anticipated economic conditions. We evaluated the key factors and assumptions used to develop the valuation estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management’s estimate of the actuarial assumptions related to the FRS liability are based on the Florida Retirement Plan’s approved plan structure, historical data, and trend analysis. We evaluated the key factors and assumptions used to develop the actuarial assumptions in relation to the financial statements of the Estuary Program taken as a whole.



Management's estimate of the fair value of investments held are based upon quoted market prices for identical or similar assets provided by the third party investment holder. We evaluated the key factors and assumptions used to develop the fair value of investments to determine that the value is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure in Note A16 - Prior Period Restatement due to the significant nature of the disclosure.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 16, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Estuary Program's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Estuary Programs' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management discussion and analysis, pensions schedules, and budgetary comparison, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

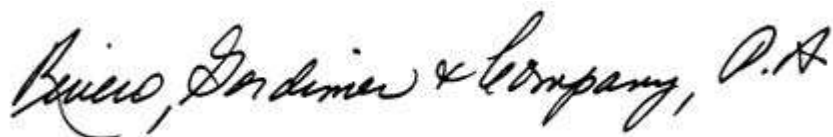
Other Services

We were also engaged to perform an examination on compliance with Section 218.415, Florida Statutes, regarding the Estuary Program's investment of surplus funds for the year ended September 30, 2023 and issued our Independent Accountants' Report thereon dated February 16, 2024. Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We examined, on a test basis, evidence about the Estuary Program's compliance with those requirements.

Restriction on Use

This information is intended solely for the information and use of the Members of the Estuary Program and management of Tampa Bay Estuary Program and is not intended to be, and should not be, used by anyone other than these specified parties.

Tampa, Florida
February 16, 2024



TAMPA BAY ESTUARY PROGRAM
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
September 30, 2023

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INDEPENDENT AUDITORS' REPORT

To Board of Directors
Tampa Bay Estuary Program

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of the Tampa Bay Estuary Program (the "Estuary Program") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Estuary 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 major fund of the Estuary Program as of September 30, 2023, 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 Tampa Bay Estuary Program and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit opinion. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Prior Period Restatement

As discussed in Note A16 to the financial statements, the September 30, 2022 net position and fund balance of the Estuary Program have been restated to correct a misstatement. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 Estuary 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Estuary 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 Estuary 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 (pages 6 – 9), budgetary comparison (page 16), and pension schedules (pages 36 – 39) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the

Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

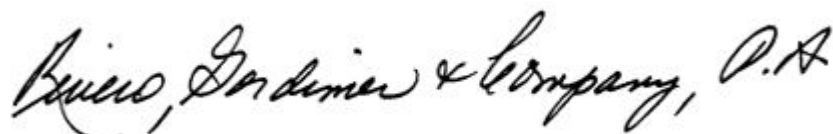
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Estuary Program's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2024, on our consideration of the Estuary Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Estuary 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 Estuary Program's internal control over financial reporting and compliance.

Tampa, Florida
February 16, 2024



Tampa Bay Estuary Program

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Tampa Bay Estuary Program (the "Estuary Program"), we offer readers of the Estuary Program's financial statements this narrative overview and analysis of the financial activities of the Estuary Program for the fiscal year ended September 30, 2023. We encourage readers to read the information presented herein in conjunction with additional information furnished in the Estuary Program's financial statements following this narrative.

Financial Highlights

The Estuary Program's net position is \$1,767,421, a decrease of \$283,620 over the previous year as restated. Net position serves as both a contingency and rainy-day fund for the Estuary Program as well as a source of matching funds for grants for high priority projects.

During the year, total expenses were \$2,460,901 versus total revenues of \$2,177,281.

Using this Annual Report

The report consists of three components: 1) government-wide financial statements providing information about the activities of the Estuary Program as a whole; 2) fund financial statements providing information about the significant funds of the Estuary Program; and 3) notes to the financial statements providing supplementary and explanatory information. This report also includes required supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements – The first two statements on pages 10 and 11, "Statement of Net Position" and "Statement of Activities," are designed to provide a broad overview of the Estuary Program's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide information about the Estuary Program's financial status as a whole. These statements include details of income during the year and a breakdown by category of expenses for activities and administration of the Estuary Program. The statements include all assets, deferred outflows of financial resources, liabilities, and deferred inflows of financial resources using the accrual basis of accounting. This means all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Estuary Program's net position and changes in net position. The net position – the difference between assets and deferred outflows and liabilities and deferred inflows – is an important measure of the Estuary Program's financial health.

Fund Financial Statements – The next five statements on pages 12 through 16 provide a detailed look at the Estuary Program's major fund. The Estuary Program, like all government entities, uses fund accounting to ensure and reflect compliance (or noncompliance) with finance related legal requirements. The fund statements do not reflect the activities of the Estuary Program as a whole. All of the funds of the Estuary Program are included in only one category: governmental funds. All activities of the governmental funds are included in only one fund: General Fund.

Tampa Bay Estuary Program

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2023

Tampa Bay Estuary Program - Net Position

	Governmental Activities		Increase (Decrease)
	2023	2022 (Restated)	
Current and other assets	\$ 2,526,296	\$ 2,661,177	\$ (134,881)
Capital assets	2,019	220	1,799
Intangible right to use lease assets	142,266	182,913	(40,647)
Total Assets	<u>2,670,581</u>	<u>2,844,310</u>	<u>(173,729)</u>
Deferred outflow of resources	281,939	366,193	(84,254)
Current liabilities	142,570	98,060	44,510
Long-term liabilities	862,341	954,323	(91,982)
Total Liabilities	<u>1,004,911</u>	<u>1,052,383</u>	<u>(47,472)</u>
Deferred inflow of resources	180,188	107,079	73,109
Net Position:			
Net investment in capital assets	(7,974)	220	(8,194)
Restricted for specialty license plate related expenditures	694,155	635,344	58,811
Unrestricted	1,081,240	1,415,477	(334,237)
Total Net Position	<u>\$ 1,767,421</u>	<u>\$ 2,051,041</u>	<u>\$ (283,620)</u>

Tampa Bay Estuary Program - Changes in Net Position

	Governmental Activities		Increase (Decrease)
	2023	2022 (Restated)	
Revenues:			
Program Revenue:			
Operating grants and contributions	\$ 1,759,095	\$ 1,760,503	\$ (1,408)
Charges for services	403,115	1,087,743	(684,628)
General Revenues:			
Interest	15,071	1,996	13,075
Total Revenues	<u>2,177,281</u>	<u>2,850,242</u>	<u>(672,961)</u>
Governmental activities expenses	<u>2,460,901</u>	<u>2,591,742</u>	<u>(130,841)</u>
Total Functional/Program Expenses	<u>2,460,901</u>	<u>2,591,742</u>	<u>(130,841)</u>
(Decrease) Increase in Net Position	<u>\$ (283,620)</u>	<u>\$ 258,500</u>	<u>\$ (542,120)</u>

Tampa Bay Estuary Program

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

September 30, 2023

Governmental Activities

Revenues for the Estuary Program's activities totaled \$2,177,281, a decrease of \$672,961 from the previous year. The reduction in revenues is due to a reduction in one-time contracts as well as reduction of in-kind revenues.

Expenses totaled \$2,460,901, a decrease of \$130,841 from the previous year. The reduction of expenses are based on the completion of several major contracted projects from the previous fiscal year.

General Fund Balance Sheet

	<u>2023</u>	<u>2022 (Restated)</u>	<u>Increase</u>
Current and other assets	\$ 2,526,296	\$ 2,661,177	\$ (134,881)
Liabilities	\$ 101,699	\$ 59,260	\$ 42,439
Fund balance	<u>2,424,597</u>	<u>2,601,917</u>	<u>(177,320)</u>
Total liabilities and fund balance	<u>\$ 2,526,296</u>	<u>\$ 2,661,177</u>	<u>\$ (134,881)</u>

Fund balance decreased \$177,320 to \$2,424,597 during the year ended September 30, 2023.

Budgetary Highlights

During the fiscal year, the Estuary Program revised the initial budget on two occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the initial budget once more exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and 3) increases in appropriations that become necessary to maintain operations and services to partners.

Economic Factors and the 2023-2024 Budget

Base federal funding through the National Estuary Program (NEP) §320 authorization equaled \$850,000 for Estuary Program's fiscal year 2024 work plan, an increase of \$75,000 from 2023 levels. This increase combined with additional federal, state, and local grant funding, allowed the Estuary Program to add several additional staff and pursue additional technical and outreach projects to support CCMP implementation.

Tampa Bay Estuary Program

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

September 30, 2023

Economic Factors and the 2023-2024 Budget (continued)

Local government and industry support for the Tampa Bay Environmental Restoration Fund and the activities of the Tampa Bay Nitrogen Management Consortium, as well as new federal and state grants and ongoing commitments through the adopted 2021 Amended & Restated Interlocal Agreement funding schedule have created additional stability in funding base program operations. Further, various charitable donations to the program were received in 2023 lending additional financial support to program operations and, internally administered grant programs. The Southwest Florida Water Management District, Hillsborough and Pinellas Counties continue supporting TBERF at the \$350,000, \$110,000 and \$50,000 levels, respectively.

Federal appropriations for 2024 remain uncertain. Currently, the federal government is operating under a continuing resolution and \$320 federal funding for the Estuary Program's fiscal year 2025 would remain the same as FY2024 if the continuing resolution persists (i.e. \$850,000). Final EPA guidance dictating NEP funding levels for the Estuary Program's FY2025 Work Plan is not anticipated until the summer 2024 after Congressional appropriations are finalized.

Furthermore, the EPA is providing \$909,800 per year through 2026 to each National Estuary Program, as authorized by the Bipartisan Infrastructure Law (BIL). For the Estuary Program's FY2025 budget planning purposes, the Program intends to use the \$320 funding level of \$850,000 plus \$909,800 from BIL funding authorizations until further notice from US EPA Region 4 project managers.

Lastly, specialty license plate revenue increased slightly from 2022 levels. Revenue is averaging slight above \$110,000 over the past 5 years. Estuary Program staff monitor quarterly license plate sales and anticipate associated changes in specialty license plate revenue for funding the annual Bay Mini Grant program based on these state reports. Staff also anticipate engaging in renewed marketing campaigns for the specialty plate in 2024.

Tampa Bay Estuary Program
STATEMENT OF NET POSITION
September 30, 2023

ASSETS	
Cash	\$ 1,677,300
Investments	147,095
Receivables	4,118
Prepaid expenses	3,628
Capital assets, net of accumulated depreciation	2,019
Intangible right to use lease assets, net of accumulated amortization	142,266
Restricted cash	596,694
Restricted investments	<u>97,461</u>
Total assets	<u>2,670,581</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	<u>281,939</u>
LIABILITIES	
Accounts payable and accrued expenses	55,284
Unearned revenue	46,415
Lease liability - current portion	40,871
Noncurrent liabilities:	
Accrued compensated absences	43,760
Lease liability	111,388
Net pension liability	<u>707,193</u>
Total liabilities	<u>1,004,911</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	<u>180,188</u>
NET POSITION	
Net investment in capital assets	(7,974)
Restricted	694,155
Unrestricted	<u>1,081,240</u>
Total net position	<u>\$ 1,767,421</u>

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

Tampa Bay Estuary Program

STATEMENT OF ACTIVITIES

For the year ended September 30, 2023

Functions/Programs	Expenses	Program Revenues		Net Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Primary government:				
Governmental activities:				
Physical environment - conservation and resource management	\$ 2,457,102	\$ 403,115	\$ 1,759,095	\$ (294,892)
Interest expense	3,799	-	-	(3,799)
Total governmental activities	<u>\$ 2,460,901</u>	<u>\$ 403,115</u>	<u>\$ 1,759,095</u>	<u>(298,691)</u>
General revenues (expenses):				
Interest				<u>15,071</u>
Total general revenues				<u>15,071</u>
Change in net position				(283,620)
Net position - beginning, as restated				<u>2,051,041</u>
Net position - ending				<u><u>\$ 1,767,421</u></u>

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

Tampa Bay Estuary Program
BALANCE SHEET – GENERAL FUND
September 30, 2023

ASSETS	
Cash	\$ 1,677,300
Investments	147,095
Receivables - funding agencies	4,118
Prepaid expenses	3,628
Restricted cash	596,694
Restricted investments	<u>97,461</u>
Total assets	<u><u>\$ 2,526,296</u></u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable and accrued expenses	\$ 55,284
Unearned revenue	<u>46,415</u>
Total liabilities	<u>101,699</u>
Fund Balance:	
Nonspendable	3,628
Restricted for specialty license plate related expenditures	694,155
Assigned for grant matching funds for future years	638,095
Assigned for future year's budget	488,764
Unassigned	<u>599,955</u>
Total fund balance	<u>2,424,597</u>
Total liabilities and fund balance	<u><u>\$ 2,526,296</u></u>

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

Tampa Bay Estuary Program

RECONCILIATION OF THE BALANCE SHEET – GENERAL FUND
TO THE STATEMENT OF NET POSITION

September 30, 2023

Total fund balance – general fund \$ 2,424,597

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

The cost of acquiring capital assets financed from the general fund are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the statement of net position includes capital assets of the Estuary Program as a whole, and their original costs are expensed annually over their useful lives.

Original cost of capital assets	\$ 28,826	
Accumulated depreciation	<u>(26,807)</u>	2,019

Intangible right to use assets acquired through long-term leases are reported in the general fund as capital outlay in the year the lease is commenced. In the statement of net position these assets are reported as a lease asset that is amortized over the life of the lease.

Original value of the intangible right to use lease asset	\$ 203,237	
Accumulated amortization	<u>(60,971)</u>	142,266

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions		281,939
Deferred inflows of resources related to pensions		(180,188)

Compensated absences are long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the general fund. (43,760)

Long-term leases commenced are reported as other financing sources in the general fund. However, in the statement of net position the long-term lease is recognized as a liability.

Lease liability		(152,259)
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Net pension liability is a long-term liability that is not due and payable in the current period and, therefore, is not reported in the general fund. (707,193)

Total net position – governmental activities \$ 1,767,421

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

Tampa Bay Estuary Program

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – GENERAL FUND

For the year ended September 30, 2023

Revenues:	
Federal grants	\$ 991,314
Member dues	614,367
State specialty license plate	110,774
Fees/contracts	403,335
Interest income	15,071
Contributions and donations	42,420
Total revenues	<u>2,177,281</u>
Expenditures:	
Current:	
Physical environment - conservation and resource management	2,310,202
Capital Outlay	1,800
Debt service	
Principal	38,800
Interest	3,799
Total expenditures	<u>2,354,601</u>
Excess of revenues over expenditures	(177,320)
Net change in fund balance	(177,320)
Fund balance - beginning of year, as restated	<u>2,601,917</u>
Fund balance - end of year	<u><u>\$ 2,424,597</u></u>

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

Tampa Bay Estuary Program

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – GENERAL FUND TO THE STATEMENT OF ACTIVITIES

For the year ended September 30, 2023

Net change in fund balance – total general fund \$ (177,320)

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

Capital outlays are reported as expenditures in the general fund. However, in the statement of activities, the cost of assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense in the current period. 1,800

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the general fund expenditures are recognized based on the amounts actually paid for leave used. This is the net amount of vacation, sick leave, and other incremental salary-related payments used in excess of the amount earned in the current period. 725

In the statement of activities, principal payments on long-term liabilities are recorded as a reduction of the related liability, while in the general fund principal payments are recorded as an expenditure of current resources. 38,800

In the statement of activities, the amortization of intangible right to use lease assets are recorded as an expense. In the general fund, the acquisition of intangible right to use lease assets is a use of current resources and recorded as capital outlay. (40,647)

In the statement of activities, cost of pension benefits is measured by the increase in the net pension liability during the year, while the governmental funds, expenditures are recognized based on the amounts actually paid for the pension expense. This is the amount of the increase in the net pension liability and deferred inflows and outflows in excess of the amount paid in the current period. (106,978)

Change in net position of governmental activities \$ (283,620)

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

Tampa Bay Estuary Program

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET TO ACTUAL – GENERAL FUND

For the year ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal grants	\$ 1,627,090	\$ 1,321,741	\$ 991,314	\$ (330,427)
Member dues	614,367	614,367	614,367	-
State specialty license plate	103,000	103,000	110,774	7,774
Fees/contracts	887,864	755,506	403,335	(352,171)
In-kind services	257,240	220,633	-	(220,633)
Other revenues and interest income	1,300	28,400	57,491	29,091
Total Revenues	<u>3,490,861</u>	<u>3,043,647</u>	<u>2,177,281</u>	<u>(866,366)</u>
Expenditures:				
Current:				
Physical environment - conservation and resource management	3,511,427	3,094,162	2,310,202	783,960
Capital outlay	9,500	9,500	1,800	7,700
Total Expenditures	<u>3,520,927</u>	<u>3,103,662</u>	<u>2,312,002</u>	<u>791,660</u>
Other financing uses - leases	-	-	(42,599)	(42,599)
Excess (deficiency) of revenues over expenditures	<u>\$ (30,066)</u>	<u>\$ (60,015)</u>	(177,320)	<u>\$ (117,305)</u>
Fund balance - beginning of year, as restated			<u>2,601,917</u>	
Fund balance - end of year			<u>\$ 2,424,597</u>	

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

Tampa Bay Estuary Program
NOTES TO THE FINANCIAL STATEMENTS

September 30, 2023

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization

The Tampa Bay Estuary Program (the “Estuary Program”) is a tax-exempt association of cities, counties, and other non-federal agencies, which is organized to achieve the goals adopted in the Comprehensive Conservation and Management Plan for Tampa Bay through detailed action plans prepared by each member agency of the association.

The Estuary Program was established by interlocal agreement dated February 28, 1998 pursuant to the authority of Section 163.01, Florida Statutes. The basic operations of the Estuary Program are financed primarily through grants from the Environmental Protection Agency and member dues/contributions from the member cities and counties and four Basin Boards of the Southwest Florida Water Management District.

2. Reporting Entity

The financial reporting entity consists of the primary government and any organizations for which the primary government is financially accountable in accordance with the provisions described in Governmental Accounting Standards Board (“GASB”) of Statement No. 61, The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34. This statement defines component units as legally separate organizations for which the elected officials of the primary government appoint the majority of the organization’s board and in which a financial benefit and burden relationship between the primary government and the organization exist. Based on the application of these criteria, no potential component units were identified.

3. Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the primary government.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenue is recognized when earned, and expenses are recognized when incurred, regardless of the timing of related cash flows. Grants are recognized in the fiscal year in which all eligibility requirements are met.

4. Governmental Fund Financial Statements

The governmental fund financial statements are presented using the current financial resources and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Estuary Program considers all revenues available if they are collected within 60 days after year-end, with the exception of grant and contract fees for which the period is nine months. Expenditures are recorded when the related fund liability is incurred, except for compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds.

Tampa Bay Estuary Program

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2023

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
Continued

Under the terms of grant agreements, the Estuary Program funds certain programs by a combination of specific cost-reimbursement grants, other grants, and general revenues. Therefore, when program expenses are incurred and there are restricted and unrestricted net positions available to finance the program, it is the Estuary Program's policy to first apply cost-reimbursement grant resources to such programs, followed by other grants and then general revenues.

The Estuary Program reports one major governmental fund. The general fund is used to account for the accumulation and expenditure of resources that are used for general purposes of the Estuary Program and do not require the establishment of any other type of fund.

5. Budgeting

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

6. Estimates

The preparation of financial statements in accordance with U.S. GAAP 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 basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

7. Investments

Investments are recorded at fair value, except for amounts invested with the State Board of Administration's ("SBA") Local Government Surplus Funds Trust Fund, a 2a7-like investment pool, which are recorded at amortized cost, which approximates fair value.

8. Receivables

At September 30, 2023, there was no allowance for doubtful accounts since all receivables were deemed collectible by management.

Tampa Bay Estuary Program

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2023

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. Capital Assets

Purchased or constructed capital assets are reported at cost. Donated capital assets are reported at acquisition value at the date of donation. Minimum capitalization costs are \$500 for all asset categories. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life is not capitalized. Depreciation is provided on a straight-line method over the estimated useful lives of the assets, generally three to ten years.

10. Unearned Revenue

Unearned revenue represents membership fees collected in advance of the membership period and grants received before eligibility requirements are met.

11. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an expense or expenditure until then. 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 represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Estuary Program presents amounts related to pensions as deferred outflows of resources and deferred inflows of resources.

12. Pensions

In the government-wide statement of net position, pension liabilities are recognized for the Estuary Program's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Florida Retirement System ("FRS") defined benefit plan and the Health Insurance Subsidy ("HIS") defined benefit plan and additions to/deductions from the FRS's and the HIS' fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

13. Net Position

Net position in government-wide financial statements is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Tampa Bay Estuary Program

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2023

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
Continued

14. Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise the limitations on the funds in accordance with GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definition. The fund balance is reported in five components – nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually bound. Restricted consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law. Committed consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Estuary Program. Assigned consists of amounts that are constrained by the Estuary Program's intent to be used for specific purposes but are neither restricted nor committed.

The authority for assigning fund balance is expressed by the Estuary Program Board. Unassigned represents amounts that have not been restricted, committed, or assigned to specific purposes within the general fund.

The Estuary Program's fund balance consists of the following categories.

- a) *Nonspendable* – this classification includes amounts that cannot be spent because they are not in spendable form, such as prepaid expenses. The Estuary Program had \$3,628 in nonspendable fund balances at September 30, 2023.
- b) *Restricted for Specialty License Plate Related Expenditures* – portion of fund balance reserved for the specialty license plate program. Expenditures are made according to Florida Statutes 320.08056 and 320.08058.
- c) *Assigned for Grant Matching Funds for Future Years* – portion of the fund balance not available for appropriation because it represents the year-end fund balance reserved for expenditures related to grant matching requirements after fiscal year 2023.
- d) *Assigned for Future Year's Budget* – portion of the fund balance not available for appropriation because it has been reserved in the future year's budget to meet expenditures
- e) *Unassigned* – This classification includes the residual fund balance for the general fund.

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

Tampa Bay Estuary Program

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2023

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

15. In-Kind Revenue

The Estuary Program records in-kind revenue and expense if the services create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased.

16. Prior Period Restatement

The Estuary Program recorded a prior period adjustment to correct an overstatement of revenues and related receivable in the prior year. The Estuary Program has restated the beginning net position of the governmental activities as follows:

Net position - as originally stated	\$ 2,126,459
Restatements to correct the overstatement of revenues	<u>(75,418)</u>
Net position - as restated	<u>\$ 2,051,041</u>

The Estuary Program has restated the beginning fund balance of the general fund as follows:

Fund balance - as originally stated	\$ 2,677,335
Restatements to correct the overstatement of revenues	<u>(75,418)</u>
Fund balance - as restated	<u>\$ 2,601,917</u>

NOTE B - CHANGE IN ACCOUNTING PRINCIPLE

The Estuary Program adopted Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs) during the year ended September 30, 2023. GASB Statement No. 96 provides guidance on the accounting and financial reporting for SBITAs for government end users. The adoption of this standards did not have any significant impacts on the Estuary Program's financial statements.

NOTE C - DEPOSITS AND INVESTMENTS

Deposits

All cash deposits are placed in a bank that qualifies as a public depository, as required by law, Florida Security for Public Deposits Act (the "Act"). Accordingly, all cash deposits are insured by Federal depository insurance and/or entirely collateralized pursuant to Chapter 280, Florida Statutes.

Tampa Bay Estuary Program

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2023

NOTE C - DEPOSITS AND INVESTMENTS - Continued

Investments

Florida Statutes authorize the Estuary Program to invest in the SBA’s Local Government Investment Pool, certain obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and interest-bearing time deposits and savings accounts held in banks and savings and loans.

The Estuary Program invests funds throughout the year with the SBA Local Government Surplus Funds Trust Fund, under the regulatory oversight of the state of Florida. Investments in the SBA consist of the Florida PRIME.

The Florida PRIME has met the criteria as a “2a7-like” pool; this pool was assigned a rating of “AAAm” by the Standard & Poor’s Rating Service. The investment policy of Florida PRIME is to manage the weighted average maturity to 60 days or less. As of September 30, 2023, the Estuary Program had a balance of \$244,556 in the Florida PRIME.

Additional information regarding Florida PRIME may be obtained from the Florida SBA at <https://www.sbafla.com/prime/>.

Interest Rate Risk

The Estuary Program has no specific policy regarding interest rate risk.

NOTE D - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets being depreciated:				
Furniture and equipment	\$ 23,493	\$ 5,333	\$ -	\$ 28,826
Intangible right to use lease asset - building	203,237	-	-	203,237
Total capital assets being depreciated	<u>226,730</u>	<u>5,333</u>	<u>-</u>	<u>232,063</u>
Less accumulated depreciation and amortization:				
Furniture and equipment	(23,273)	(3,534)	-	(26,807)
Intangible right to use lease asset - building	<u>(20,324)</u>	<u>(40,647)</u>	<u>-</u>	<u>(60,971)</u>
Total accumulated depreciation and amortization	<u>(43,597)</u>	<u>(44,181)</u>	<u>-</u>	<u>(87,778)</u>
Total capital assets being depreciated, net	<u>\$ 183,133</u>	<u>\$ (38,848)</u>	<u>\$ -</u>	<u>\$ 144,285</u>

Tampa Bay Estuary Program

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2023

NOTE E - COMPENSATED ABSENCES

Employees with five years of service become eligible to receive 25% of accumulated sick leave upon termination and employees with ten years of service become eligible to receive 50% of accumulated sick leave upon termination. The actual payout of accumulated sick leave upon termination is limited to 150 hours. Other sick pay benefits are paid only in the event of actual sickness. At September 30, 2023, accrued vested benefits of \$6,016 are reported in the financial statements. The Estuary Program has also accrued \$3,110 of estimated payroll taxes related to sick pay benefits and vacation payable at September 30, 2023.

Vacation pay can be accumulated by an employee up to one and one-half times the normal amount earned for one year and is payable, if not used, upon termination. At September 30, 2023, accrued vacation payable of \$34,634 was reported in the financial statements.

A summary of changes in accrued compensated absences follows:

Balance October 1, 2022	Net Adjustments and Payments	Balance September 30, 2023
\$ 44,485	\$ (725)	\$ 43,760

NOTE F - LEASES

The Estuary Program has entered into a multi-year lease for office space during the year ended September 30, 2022 to be used by staff of the Estuary Program. Escalating payments are due monthly through March of 2027. The estuary used a risk-free annual interest rate of 2.19%. Annual amounts due are as follows:

<u>Fiscal Years Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 40,871	\$ 2,929
2025	42,987	2,013
2026	45,150	1,050
2027	23,251	149
	<u>\$ 152,259</u>	<u>\$ 6,141</u>

Tampa Bay Estuary Program

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2023

NOTE G - EMPLOYEE RETIREMENT PLANS

The Estuary Program provides retirement benefits to its employees through the FRS and a Deferred Retirement Option Program ("DROP"), as well as state approved other post-employment benefits in the form of subsidized health insurance premiums.

Florida Retirement System Overview

The Estuary Program participates in the FRS for all employees. The FRS was created in Chapter 121, *Florida Statutes*, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the DROP under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective October 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, *Florida Statutes*, established the Retiree HIS Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the Estuary Program are eligible to enroll as members of the state-administered FRS. Provisions relating to the FRS are established by Chapter 121 and 122, *Florida Statutes*; Chapter 112, Part IV, *Florida Statutes*; Chapter 238, *Florida Statutes*; and FRS Rules, Chapter 60S, *Florida Administrative Code*; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature.

The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. An annual comprehensive financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information is available from the Florida Department of Management Services' website (<http://www.dms.myflorida.com>).

FRS Pension Plan

Plan Description – The FRS Pension Plan ("FRS Plan") is a cost-sharing, multiple-employer defined benefit pension plan with DROP for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class* – Members in senior management level positions.
- *Special Risk Class* – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Tampa Bay Estuary Program

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2023

NOTE G - EMPLOYEE RETIREMENT PLANS - Continued

Employees enrolled in the FRS Plan prior to July 1, 2011 vest at six years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011 vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service (except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service). All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service (except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service). Members of the FRS Plan may include up to four years of credit for military service toward creditable service.

The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, *Florida Statutes*, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided – Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

The following chart shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
<i>Regular Class Members Initially Enrolled Before July 1, 2011</i>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68

Tampa Bay Estuary Program

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2023

NOTE G - EMPLOYEE RETIREMENT PLANS - Continued

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
<i>Regular Class Members Initially Enrolled on or After July 1, 2011</i>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
 <i>Senior Management Service Class</i>	 2.00

As provided in Section 121.101, *Florida Statutes*, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Plan members initially enrolled on or after July 1, 2011 will not have a cost-of-living adjustment after retirement.

Contributions – The Florida Legislature establishes contribution rates for participating employers and employees. All participating employers must comply with statutory contribution requirements. Employer contribution rates under the uniform rate structure (a blending of both the pension plan and investment plan rates) are recommended in an annual actuarial valuation but set by the Florida Legislature. Effective July 1, 2011, all plan members, except those in DROP, are required to make a 3% employee contribution on a pretax basis to the FRS.

Employer contribution rates are as follows:

<u>Class</u>	<u>Percentage of Covered Payroll</u>	
	July 1, 2023 - September 30, 2023 ⁽¹⁾	October 1, 2022 - June 30, 2023 ⁽¹⁾
FRS, Regular	13.57%	11.91%
FRS, Elected County Officers	58.68%	57.00%
FRS, Senior Management Service	34.52%	31.57%
FRS, Special Risk Regular	32.67%	27.83%
DROP - Applicable to:		
Members from all of the above classes	21.13%	18.60%

⁽¹⁾ Employer rates include 1.66% for the post-employment health insurance subsidy. Also, employer rates other than for DROP participants, includes 0.06% for administrative costs of the Investment Plan.

Tampa Bay Estuary Program

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2023

NOTE G - EMPLOYEE RETIREMENT PLANS - Continued

The Estuary Program's contributions to the Pension Plan totaled \$66,914 for the fiscal year ended September 30, 2023.

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

The Estuary Program reported a liability of \$492,642 for its proportionate share of the board's Pension Plan's net pension liability as of September 30, 2023. The net pension liability for each fiscal year was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation in each year as of July 1. The Estuary Program's proportionate share of the net pension liability was based on the Estuary Program's fiscal year contributions relative to the same fiscal year contributions of all participating members of the Estuary Program. At June 30, 2023, the Estuary Program's proportionate share was 0.00124%, which was a decrease of 0.00024% from its proportionate share of 0.00148% measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the Estuary Program recognized pension expense of \$38,338 related to the Plan. In addition, the Estuary Program reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 46,255	\$ -
Changes in assumptions	32,115	-
Net differences between projected and actual earnings on FRS Plan investments	20,574	-
Changes in proportion and differences between the Estuary Program's FRS contribution and proportionate share of contributions	90,182	90,371
The Estuary Program's FRS contributions subsequent to the measurement date	17,994	-
	\$ 207,120	\$ 90,371

The deferred outflows of resources related to pensions, totaling \$17,994, resulting from Estuary Program contributions to the FRS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2024.

Tampa Bay Estuary Program

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2023

NOTE G - EMPLOYEE RETIREMENT PLANS - Continued

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>Fiscal Years Ending September 30,</u>	<u>Amount</u>
2024	\$ 16,880
2025	4,246
2026	86,945
2027	(7,569)
2028	(1,747)
Thereafter	<u>-</u>
	<u>\$ 98,755</u>

Actuarial Assumptions – The FRS pension actuarial valuation was determined using the following actuarial assumptions, as of July 1, 2023, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Long-Term Expected Rate of Return – The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. 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.

Tampa Bay Estuary Program

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2023

NOTE G - EMPLOYEE RETIREMENT PLANS - Continued

The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation ⁽¹⁾</u>	<u>Annual Arithmetic Return</u>	<u>Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.9%	2.9%	1.1%
Fixed income	19.8%	4.5%	4.4%	3.4%
Global equity	54.0%	8.7%	7.1%	18.1%
Real estate (property)	10.3%	7.6%	6.6%	14.8%
Private equity	11.1%	11.9%	8.8%	26.3%
Strategic investment	3.8%	6.3%	6.1%	7.7%
Assumed inflation - Mean			2.4%	1.4%

(**) As outlined in the Plan's investment policy.

Discount Rate – The discount rate used to measure the total pension liability was 6.70% for the FRS Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified 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.

Pension Liability Sensitivity – The following presents the Estuary Program's proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the Estuary 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 (5.70%) or 1-percentage-point higher (7.70%) than the current rate:

	<u>1% Decrease 5.70%</u>	<u>Current Discount Rate 6.70%</u>	<u>1% Increase 7.70%</u>
Estuary Program's proportionate share of the net pension liability	<u>\$ 841,533</u>	<u>\$ 492,642</u>	<u>\$ 200,753</u>

Pension Plan Fiduciary Net Position – Detailed information about the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report.

Tampa Bay Estuary Program

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2023

NOTE G - EMPLOYEE RETIREMENT PLANS - Continued

Payables to the Pension Plan – The Estuary Program reported no payables for the outstanding amount of contributions to the plan required for the fiscal year ended September 30, 2023.

Health Insurance Subsidy Program

Plan Description – The Retiree Health Insurance Subsidy Program (“HIS Plan”) is a cost-sharing, multiple-employer defined benefit pension plan established under Section 112.363, *Florida Statutes*, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services, Division of Retirement.

Benefits Provided – For the fiscal year ended September 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, *Florida Statutes*. To be eligible to receive a HIS Plan benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2023, the contribution rate was 1.66% of payroll pursuant to Section 112.363, *Florida Statutes*. The Estuary Program contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The Estuary Program’s contributions to the HIS Plan totaled \$9,931 for the fiscal year ended September 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2023, the Estuary Program reported a net pension liability of \$214,551 for its proportionate share of the HIS Plan’s net pension liability. The current portion of the net pension liability is the Estuary Program’s proportionate share of benefit payments expected to be paid within one year, net of the Estuary Program’s proportionate share of the pension plan’s fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. At June 30, 2023, the Estuary Program’s proportionate share was 0.00135%, which was a decrease of 0.0006% from its proportionate share of 0.00195% measured as of June 30, 2022.

Tampa Bay Estuary Program

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2023

NOTE G - EMPLOYEE RETIREMENT PLANS - Continued

For the fiscal year ended September 30, 2023, the Estuary Program recognized pension expense of \$68,640 related to the HIS Plan. In addition, the Estuary Program reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,141	\$ 504
Changes in assumptions	5,640	18,592
Net differences between projected and actual earnings on HIS pension plan investments	111	-
Changes in proportion and differences between the Estuary Program's HIS contribution and proportionate share of contributions	62,877	70,721
The Estuary Program's HIS contributions subsequent to the measurement date	<u>3,050</u>	<u>-</u>
	<u>\$ 74,819</u>	<u>\$ 89,817</u>

The deferred outflows of resources related to the HIS Plan, totaling \$3,050, resulting from Estuary Program contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Years Ending September 30,	Amount
2024	\$ (4,983)
2025	(1,500)
2026	1
2027	(874)
2028	(7,332)
Thereafter	<u>(3,360)</u>
	<u>\$ (18,048)</u>

Tampa Bay Estuary Program

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2023

NOTE G - EMPLOYEE RETIREMENT PLANS - Continued

Actuarial Assumptions – The total pension liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the Generational RP-2000 with Projected Scale BB tables.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate – The discount rate used to measure the total pension liability was 3.65% for the plan year ended June 30, 2023, an increase of 0.11. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Estuary Program's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Estuary Program's proportionate share of the net pension liability calculated using the discount rate of 3.65%, as well as what the Estuary 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 (2.65%) or 1-percentage-point higher (4.65%) than the current rate:

	1% Decrease 2.65%	Current Discount Rate 3.65%	1% Increase 4.65%
Estuary Program's proportionate share of the net pension liability	<u>\$ 253,980</u>	<u>\$ 214,551</u>	<u>\$ 189,502</u>

Pension Plan Fiduciary Net Position – Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report.

Tampa Bay Estuary Program

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2023

NOTE G - EMPLOYEE RETIREMENT PLANS - Continued

Payables to the Pension Plan – At September 30, 2023, the Estuary Program reported no payables for the outstanding amount of contributions to the HIS Plan.

Investment Plan

The Estuary Program contributes to the FRS Defined Contribution Investment Plan ("Investment Plan"). The Investment Plan is administered by the SBA, and is reported in the SBA's annual financial statements and in the state of Florida Annual Comprehensive Financial Report.

As provided in Section 121.4501, *Florida Statutes*, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Estuary Program employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

Allocations to the investment member's accounts during the 2022-23 fiscal year, as established by Section 121.72, *Florida Statutes* are based on a percentage of gross compensation, by class, as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	11.30
FRS, Elected County Officers	16.34
FRS, Senior Management Service	12.67
FRS, Special Risk Regular	19.00

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds.

Tampa Bay Estuary Program

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

September 30, 2023

NOTE G - EMPLOYEE RETIREMENT PLANS - Continued

Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2023, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Estuary Program.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. If disability coverage is provided, the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

The Estuary Program's Investment Plan pension expense approximately \$107,000 for the fiscal year ended September 30, 2023.

NOTE H - CONTINGENCIES

Expenditures incurred by the Estuary Program associated with the execution of various grants are subject to audit and possible disallowance by the grantor agency. The Estuary Program would be held responsible for recovery (reimbursement to the grantor agency) of disallowed amounts. Management believes that, if audited, any adjustment for disallowed expenses would be immaterial in amount.

REQUIRED SUPPLEMENTARY INFORMATION

Tampa Bay Estuary Program

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 – FLORIDA RETIREMENT SYSTEM PENSION PLAN

Last 10 Fiscal Years

	2023*	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.001236340%	0.001481895%	0.001565896%	0.000956780%	0.001052044%	0.001271190%	0.001418554%	0.001182535%	0.001299507%	0.001600000%
Proportionate share of the net pension liability	\$ 492,642	\$ 551,384	\$ 118,286	\$ 414,683	\$ 362,309	\$ 382,889	\$ 419,599	\$ 298,591	\$ 175,883	\$ 83,084
Covered-employee payroll	\$ 566,904	\$ 725,958	\$ 522,298	\$ 536,940	\$ 423,713	\$ 446,570	\$ 527,403	\$ 495,664	\$ 425,660	\$ 437,027
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	86.90%	75.95%	22.65%	77.23%	85.51%	85.74%	79.56%	60.24%	41.32%	19.01%
FRS Plan fiduciary net position as a percentage of the total pension liability	82.34%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

* Represents the measurement date, period applied in the Estuary Program's following fiscal year.

The amounts presented for the fiscal year were determined as of the measurement date, June 30.

Tampa Bay Estuary Program

SCHEDULE OF CONTRIBUTIONS – FLORIDA RETIREMENT SYSTEM PENSION PLAN

Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 66,914	\$ 57,807	\$ 61,251	\$ 38,381	\$ 33,133	\$ 31,589	\$ 36,928	\$ 32,435	\$ 26,215	\$ 21,585
Contributions in relation to the contractually required contribution	66,914	57,807	61,251	38,381	33,133	31,589	36,928	32,435	26,215	21,585
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 535,205	\$ 725,958	\$ 522,298	\$ 536,940	\$ 414,690	\$ 434,633	\$ 520,453	\$ 480,613	\$ 437,665	\$ 436,563
Contributions as a percentage of covered-employee payroll	12.50%	7.96%	11.73%	7.15%	7.99%	7.27%	7.10%	6.75%	5.99%	4.94%

The amounts presented for the fiscal year were determined as of the fiscal year-end date, September 30.

Tampa Bay Estuary Program

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY– HEALTH INSURANCE SUBSIDY PENSION PLAN

Last 10 Fiscal Years

	2023*	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.001350962%	0.001946770%	0.001208765%	0.001126083%	0.001239634%	0.001367266%	0.001632807%	0.001556862%	0.001403032%	0.001470875%
Proportionate share of the net pension liability	\$ 214,551	\$ 206,194	\$ 148,273	\$ 137,493	\$ 138,703	\$ 144,713	\$ 174,587	\$ 181,446	\$ 150,007	\$ 137,530
Covered-employee payroll	\$ 566,904	\$ 725,958	\$ 522,298	\$ 536,940	\$ 423,713	\$ 446,570	\$ 527,403	\$ 495,664	\$ 425,660	\$ 437,027
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.85%	28.40%	28.39%	25.61%	32.74%	32.41%	33.10%	36.61%	35.24%	31.47%
HIS Plan fiduciary net position as a percentage of the total pension liability	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

* Represents the measurement date, period applied in the Estuary Program's following fiscal year.
The amounts presented for the fiscal year were determined as of the measurement date, June 30.

Tampa Bay Estuary Program

SCHEDULE OF CONTRIBUTIONS – HEALTH INSURANCE SUBSIDY PENSION PLAN

Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 9,931	\$ 12,054	\$ 7,150	\$ 6,536	\$ 6,985	\$ 6,596	\$ 8,641	\$ 8,989	\$ 5,654	\$ 5,341
Contributions in relation to the contractually required contribution	9,931	12,054	7,150	6,536	6,985	6,596	8,641	8,989	5,654	5,341
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 535,205	\$ 725,958	\$ 522,298	\$ 536,940	\$ 414,690	\$ 434,633	\$ 520,453	\$ 480,613	\$ 437,665	\$ 436,563
Contributions as a percentage of covered-employee payroll	1.86%	1.66%	1.37%	1.22%	1.68%	1.52%	1.66%	1.87%	1.29%	1.22%

The amounts presented for the fiscal year were determined as of the fiscal year-end date, September 30.

COMPLIANCE SECTION



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

To the Board of Directors
Tampa 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 the general fund of the Tampa Bay Estuary Program (the "Estuary Program"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Estuary Program's basic financial statements, and have issued our report thereon dated February 16, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Estuary 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 Estuary Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Estuary 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Estuary 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*.


Tampa Bay Estuary Program's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Tampa Bay Estuary Program's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Tampa Bay Estuary Program's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Tampa, Florida
February 16, 2024

A handwritten signature in cursive script that reads "Bruce, Gardner & Company, P.A." The signature is written in black ink and is positioned to the right of the date and location text.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE**

To the Board of Directors
Tampa Bay Estuary Program

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Tampa Bay Estuary Program's (the "Estuary Program") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have direct and material effect on each of the Estuary Program's major federal programs for the year ended September 30, 2023. The Estuary Program's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Estuary Program complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General to the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities of the Audit of Compliance section of our report.

We are required to be independent of the Estuary Program and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Estuary Program's compliance with the compliance requirements referred to above.



Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Estuary Program's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Estuary Program's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Estuary Program's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Estuary Program's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Estuary Program's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Tampa, Florida
February 16, 2024

A handwritten signature in cursive script that reads "Buico, Gardner & Company, P.A." The signature is written in black ink and is positioned to the right of the typed text.

Tampa Bay Estuary Program

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended September 30, 2023

<u>Federal Grantor/Pass through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Grant/Contract Number</u>	<u>Expenditures</u>	<u>Passed Through to Subrecipients</u>
<u>U.S. Environmental Protection Agency</u>				
Direct Programs:				
National Estuary Program	66.456	CE-00D55817-0	\$ 22,934	\$ -
National Estuary Program	66.456	CE-00D80818-0	88,317	-
National Estuary Program	66.456	CE-00D89319-0	95,586	-
National Estuary Program	66.456	CE-01D14220-0	85,952	-
National Estuary Program	66.456	CE-02D10322-0	266,157	-
			<u>558,946</u>	<u>-</u>
Gulf Coast Ecosystem Restoration Council				
Comprehensive Plan Component	66.130	GC-00D70018	376,790	-
Gulf of Mexico Program	66.475	MX-01D08320-0	55,578	-
			<u>991,314</u>	<u>-</u>
Total U.S. Environmental Protection Agency			<u>991,314</u>	<u>-</u>
Total Federal Awards			<u>\$ 991,314</u>	<u>\$ -</u>

Tampa Bay Estuary Program

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

September 30, 2023

NOTE A - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Tampa Bay Estuary Program (the "Estuary Program") under programs of the federal government for the year ended September 30, 2023.

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

Federal expenditures reported on the accompanying Schedule are reported on the modified accrual basis of accounting as defined in Note A of the Estuary Programs basic financial statements. Federal expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited for reimbursement.

NOTE B - INDIRECT COST RATE

The Estuary Program did not utilize indirect cost rates for reimbursement of grant expenditures for the fiscal year ended September 30, 2023.

NOTE C - CONTINGENCIES

These federal programs are subject to financial and compliance audits by grantor agencies which, if instances of material noncompliance are found, may result in disallowed expenditures and affect the Estuary Program's continued participation in specific programs. The amounts, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the Estuary Program expects such amounts, if any, to be immaterial.

Tampa Bay Estuary Program

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

September 30, 2023

Section I—Summary of Audit Results

Financial Statement Section

Type of auditor's report issued on whether financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:
 Material weakness(es) identified? X Yes No
 Significant deficiency(ies) identified Yes X None reported

Noncompliance material to financial statements noted Yes X No

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? Yes X No
 Significant deficiency(ies) identified Yes X None reported

Type of auditor's report on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of Major Programs

Name of Federal Program or Cluster	Assistance Listing Number
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National Estuary Program	66.456
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Dollar threshold used to distinguish between type A and type B programs \$ 750,000

Auditee qualified as low-risk auditee? Yes X No

Tampa Bay Estuary Program

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

September 30, 2023

Section II - Findings Related to the Financial Statements

Finding 2023-001: Material Weakness in Internal Controls Related to Financial Close

Criteria: An effective system of internal controls over financial reporting provides that a material misstatement would be prevented or detected and corrected, on a timely basis or at a minimum before the year-end audited financial statements are issued.

Condition: As part of the year end close process for the year ended September 30, 2022, an accrual of federal receivables and revenues was recorded but was not earned.

Cause: A detailed analytic review of the September 30, 2022 financial statements did not detect the error prior to issuance of the financial statements.

Effect: The effect was that receivables and revenues were overstated, as was net position and fund balance by \$75,418 in the financial statements at September 30, 2022. There was no impact on cash in the current year or prior year.

Recommendation: We recommend that the financial close process include a detailed and analytical review performed in a timely and effective manner to prevent and detect misstatements prior to the issuance of the financial statements.

View of responsible offices and planned corrective actions: Management concurs with the recommendation. Planned corrective actions include implementing additional internal controls to conduct a year end detailed analytical review of the financial statement amounts.

Section III - Findings and Questioned Costs for Federal Awards

There were no findings required to be reported for the year ended September 30, 2023 in accordance with 2 CFR 200.516(a)

Tampa Bay Estuary Program

SUMMARY OF PRIOR YEAR AUDIT FINDINGS

September 30, 2022

Section IV - Summary of Prior Audit Findings

There were no findings related to the financial statements for the year ended September 30, 2022.



January 29, 2024

Rivero, Gordimer & Co., P.A.
One Tampa City Center
201 N. Franklin St., Suite 2600
Tampa, FL 33602

Re: Management's Response and Corrective Action Plan to Schedule of Findings
2023-001 – Material Weakness in Internal Control Related to Financial Close

TBEP agrees with the auditors finding 2023-001.

At the close of FY2023, TBEP's accounting service provider informed TBEP management that federal accounts receivable accruals for the prior period were overstated by \$75,418 to account for prior fiscal year audited, bad fund balances.

In future revenue reconciliations across program areas, TBEP management will request that financial activities and income statements reconcile with the prior FY audit findings on an accrual-basis. This will ensure that upon fiscal year close, over- or under- statements of financial activity are avoided in preparing FY close audit reports across all program areas.

Anticipated completion date: November 30, 2024
(Q2, Q3, Q4+Final FY2024 Financial Reports to the TBEP
Management and Policy Boards)

A handwritten signature in blue ink that reads "Edward D. Sherwood". The signature is written in a cursive style.

Ed Sherwood, Executive Director

Cc: TBEP Management & Policy Boards

TAMPA BAY ESTUARY PROGRAM

263 13TH Avenue South; Suite 350; St. Petersburg, FL 33701; (727) 893-2765; FAX (727) 893-2767; www.TBEP.org
POLICY BOARD: HILLSBOROUGH COUNTY, MANATEE COUNTY, PINELLAS COUNTY, PASCO COUNTY, CITY OF CLEARWATER, CITY OF ST. PETERSBURG,
CITY OF TAMPA, FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION, SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT,
U.S. ENVIRONMENTAL PROTECTION AGENCY.



MANAGEMENT LETTER BASED ON RULE 10.554(1)(i) OF
THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Report on the Financial Statements

We have audited the financial statements of the Tampa Bay Estuary Program (the "Estuary Program") as of and for the fiscal year ended September 30, 2023 and have issued our report thereon dated February 16, 2024.

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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); 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*; Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance; Schedule of Findings and Questioned Costs, and Independent Accountant's Report on Compliance with the Requirements of Section 218.415, Florida Statutes 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 and schedule, which are dated February 16, 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 findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding 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 Estuary Program was established by an interlocal agreement pursuant to the authority of Section 163.01, Florida Statutes. The Estuary Program has no component units.

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 the Estuary Program 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 the Estuary Program 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 Estuary Program. It is management's responsibility to monitor the 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 the 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 recommend that the Estuary Program implement additional controls by knowledgeable individuals over the review of employees final paycheck before retirement.

Specific Information (unaudited)

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

- a) The total number of district employees compensated in the last pay period of the district's fiscal year as 8.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 17.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$566,904.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$1,270,592.
- 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 follows: none.
- f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as (\$29,949).

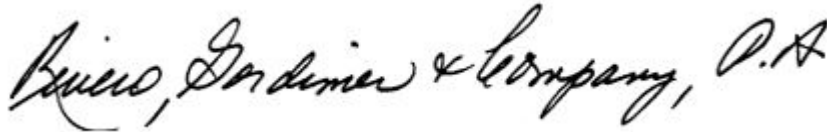
Additional Matters

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 which warrants the attention of those charged with governance. In connection with our audit, we noted that the Estuary Program did not deduct the statutorily required employee contribution on an employee’s final paycheck as a result of their retirement as required by Florida Statute 121.71.

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, Estuary Program Board members, and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.

Tampa, Florida
February 16, 2024

Handwritten signature in cursive script that reads "Buco, Gardner & Company, P.A."



RIVERO, GORDIMER & COMPANY, P.A.

Member
American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

Herman V. Lazzara
Sam A. Lazzara
Kevin R. Bass
Jonathan E. Stein
Stephen G. Douglas
Marc D. Sasser, of Counsel
Cesar J. Rivero, in Memoriam (1942-2017)

Michael E. Helton
James K. O'Connor
David M. Bohnsack
Julie A. Davis

INDEPENDENT ACCOUNTANTS' REPORT ON
COMPLIANCE WITH THE REQUIREMENTS OF
SECTION 218.415, FLORIDA STATUTES

To the Board of Directors
Tampa Bay Estuary Program

We have examined the Tampa Bay Estuary Program's (the "Estuary Program") compliance with the requirements of Section 218.415, Florida Statutes during the year ended September 30, 2023. Management of the Estuary Program is responsible for the Estuary Program's compliance with the specified requirements. Our responsibility is to express an opinion on the Estuary 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 Estuary Program complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Estuary 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 other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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

In our opinion, the Estuary Program complied in all material respects, with the specified compliance requirements above during the year ended September 30, 2023.

Tampa, Florida
February 16, 2024