



Going Further.

Emerald Coast Utilities Authority

**Auditor's Discussion and Analysis
Financial and Compliance Audit Summary
September 30, 2025**

mjcpa.com

**Presented by:
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EMERALD COAST UTILITIES AUTHORITY

AUDITOR'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2025

PURPOSE OF ANNUAL AUDITOR'S DISCUSSION AND ANALYSIS

- ◆ Engagement Team and Firm Information:
 - The Governmental Practice.
 - Additional Information regarding Other Industries and Services.
- ◆ Overview of:
 - Independent Auditor's Report.
 - Review of the Annual Comprehensive Financial Report.
 - Compliance Reports (Internal Controls and Laws and Regulations).
- ◆ Required Communications under *Government Auditing Standards*.
- ◆ Accounting Recommendations and Related Matters:
 - Other Matters for Communication.
- ◆ Free Continuing Education and Newsletters.
- ◆ Answer Questions.



VISION

To be a trusted advisor, earning trust and building respect through our consistent commitment to sustainable excellence, leadership, and integrity.

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MAULDIN & JENKINS – BY THE NUMBERS

    <p style="text-align: center;">CONSISTENTLY RANKED AS A TOP ACCOUNTING FIRM IN THE U.S.</p> <hr/> <p style="text-align: center;">100+ year HISTORY OF QUALITY SERVICE</p> <hr/> <p style="text-align: center;">Serve 750+ GOVERNMENT CLIENTS</p> <hr/> <p style="text-align: center;">GOVERNMENTAL PARTNERS & DIRECTORS 31</p>	 <p style="font-size: 2em; font-weight: bold;">190+</p> <p>TEAM MEMBERS DEDICATED TO SERVING THE GOVERNMENTAL INDUSTRY</p> <hr/>  <p style="font-size: 0.8em;">VISION <i>To be a trusted advisor, earning trust and building respect through our consistent commitment to sustainable excellence, leadership, and integrity.</i></p>	 <p style="font-size: 2em; font-weight: bold;">350+</p> <p>SINGLE AUDITS PERFORMED LAST YEAR COVERING ALMOST \$7 BILLION OF FEDERAL GRANTS</p> <hr/>  <p style="font-size: 2em; font-weight: bold;">165,000+</p> <p>HOURS ANNUALLY PROVIDED TO GOVERNMENTAL CLIENTS</p> <hr/> <p style="font-size: 2em; font-weight: bold;">180+</p> <p>CURRENT CLIENTS AWARDED THE GFOA CERTIFICATE OF EXCELLENCE</p> <hr/> <p style="font-size: 2em; font-weight: bold;">8</p> <p>STATES</p> <p style="font-size: 2em; font-weight: bold;">19</p> <p>OFFICES</p> 
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Engagement Team Leaders for the Authority Include:

- Wade Sansbury, Engagement Lead Partner: 30 years of experience, 100% governmental
- Trey Scott, Quality Assurance Partner: 19 years of experience, 100% governmental
- Garrett Marlowe, Engagement Senior Manager: 8 years of experience, 100% governmental

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MAULDIN & JENKINS – ADDITIONAL INFORMATION

Other Industries and Services by Mauldin & Jenkins:

Each of Mauldin & Jenkins' offices provides a wide variety of services to a broad range of clientele. We have partners and managers who are responsible for specialized practice areas of auditing and accounting, taxes and management advisory services. Their purpose, as leaders in the particular practice area, is to establish policies with respect to technical matters in these specific areas and ensure that the quality of the Firm's practice is maintained.

Industries Served: Over the years, our partners have developed expertise in certain industries representative of a cross section of the Florida economy, including:

- Governmental Entities (state entities, cities, counties, school systems, business type operations, libraries, and other special purpose entities)
- SEC Registrants
- Wholesale Distribution
- Agri-Businesses
- Manufacturing
- Professional Services
- Employee Benefit Plans
- Financial Institutions (community banks, savings and loans, thrifts, credit unions, mortgage companies, and finance companies)
- Non-Profit Organizations
- Retail Businesses
- Long-Term Healthcare
- Construction and Development
- Individuals, Estates and Trusts
- Real Estate Management

Services Provided: This diversity of practice enables our personnel to experience a wide variety of business, accounting and tax situations. We provide the traditional and non-traditional services such as:

- Financial Audit/Review/Compilation
- Compliance Audits and Single Audits
- Agreed-Upon Procedures
- Forensic Audits
- Bond Issuance Services
- Performance Audits
- State Sales Tax Matters
- International Tax Matters
- Business and Strategic Planning
- Profitability Consulting
- Budgeting
- Buy-Sell Agreements and Business Valuation Issues
- Income Tax Planning and Preparation
- Multi-State Income Tax Issues
- Information Systems Consulting
- Cost Accounting Analysis
- Healthcare Cost Reimbursement
- Outsourced Billing Services
- Fixed Asset Inventories
- Succession and Exit Strategy Consulting
- Estate Planning
- Management Information Systems
- Employee Benefit Plan Administration
- Merger/Acquisition and Expansion Financing

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GOVERNMENTAL ADVISORY SERVICES

Beyond traditional audit and accounting services and IT services, we provide advisory services that are wide-ranging in nature. Our experienced government advisory team helps governments, governmental agencies and special purpose governmental organizations balance fiscal responsibility with the latest business strategies to achieve targeted and overarching objectives. Our advisory services can be summarized via the following:



David Roberts
Partner, Governmental Advisory Services

David Roberts has more than 22 years of experience as a consultant and trusted advisor providing operational/organizational assessments and similar transformational projects for federal, state, and local governments across the country. David's experience includes leading numerous enterprise-wide/departmental/functional assessments and transformations over his career measuring the efficiency and effectiveness of organizational structures and culture, performance management, technology systems and strategies, staffing models, service delivery models, and customer satisfaction.

David helps his clients turn visions and goals into reality. He has helped multiple clients win national government industry awards for innovation, transformation, and cost savings.

David leads our Government Advisory practice, where he focuses on helping governments and individual agencies fulfill and exceed their financial, operational, and regulatory obligations to the public. David has completed hundreds of projects over his career. On the following page are sample management consulting projects demonstrating David's depth and breadth completed within the past 12 months.

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Operational and Performance Assessment – Walton County, Georgia

David led a multi-department Operational and Performance Assessment for Walton County. The scope included assessing organizational structure, operational efficiency, staffing levels and resource utilization, comparison to leading practices, and observations and recommendations to assist the County in achieving the desired future state. The final report included numerous observations with associated recommendations and a detailed Roadmap/Implementation Plan.

Outsourcing Feasibility Study – City of Rocky Mount, North Carolina

David led a feasibility study for the City of Rocky Mount to assess its current service delivery model for providing parks maintenance and landscaping services. City operations used of a hybrid model of both internal resources and third-party contractors to provide parks maintenance and landscaping. The project evaluated the pros and cons (both financial and non-financial) of: (1) maintaining the hybrid model, (2) performing all services in-house, and (3) performing all services externally.

Finance Functional Assessment – Richland County Library, South Carolina

David led a functional assessment of the Library's finance department. The project consisted of understanding the current state – current service provision, performance, workflow, business processes, internal controls, organizational structure, reporting, and communications. The current state was compared to leading practices and gaps were identified. An implementation roadmap was created that aligned recommendations to leaderships' vision to help the organization achieve its desired future state.

Grant Compliance Audit – Decide DeKalb (Georgia)

David led a Grant Compliance Assessment of various development projects for Decide DeKalb. The project reviewed the established grant and contractual criteria to be maintained by developers and compared with tenant information related to low income occupants. The project identified areas of compliance, non-compliance, and recommendations for remediation.

Forensic Audit – Confidential City

David led a forensic investigation into questionable cash management activity for a City Parks and Recreation department. The project reviewed bank account activity, cancelled checks, cash withdrawals, and purchased item documentation as well as conducted interviews with account cardholders to determine the collection, handling, and use of several hundred thousand dollars collected in fees, sponsorships, and contributions made to the City. Numerous observations and corresponding recommendations were developed to enhance internal controls, written policies, and procedures to correct conflicts of interest, mishandling of funds, and misappropriation of funds.

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INDEPENDENT AUDITOR'S REPORT

The independent auditor's report has specific sections of significance to readers of the financial report.

Opinion

We have issued an unmodified audit report (a "clean opinion") which is the highest form of assurance we can render. The respective financial statements are considered to present fairly the financial position and results of operations as of, and for the year ended.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We are required to be independent of the Authority and to meet our ethical responsibilities.

Management's Responsibility for the Financial Statements

The financial statements are the responsibility of management.

Auditor's Responsibility

Our responsibility, as external auditors, is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We planned and performed our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Other Matters

Certain required supplementary information and other information is included in the financial report, and as directed by relevant auditing standards, we have not expressed an opinion or provided any assurance on the respective information.

Other Reporting

Government Auditing Standards require auditors to issue a report on our consideration of internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. We have issued such a report and reference to this report is included in the independent auditor's report.

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REVIEW OF ANNUAL COMPREHENSIVE FINANCIAL REPORT

General Information About the Annual Comprehensive Financial Report

The Annual Comprehensive Financial Report (ACFR) goes beyond the normal financial reporting required by accounting principles generally accepted in the United States. The ACFR includes, at a minimum, the following elements/sections:

- **Introductory Section:** General information on the Authority's structure and the services it provides.
 - Letter of Transmittal
 - Organizational Chart
 - Directory of Officials
 - Certificate of Achievement for Excellence in Financial Reporting
- **Financial Section:** Basic financial statements, footnotes and required supplementary information along with the auditor's report.
 - Independent Auditor's Report
 - Management Discussion and Analysis (MD&A)
 - Financial Statements and Footnotes
- **Statistical Section:** Broad range of financial, demographic information useful in assessing the Authority's economic condition, and this information covers multiple years.
 - Financial Trends Information
 - Revenue Capacity Information
 - Debt Capacity Information
 - Operating Information

The ACFR goes far beyond the basic requirements of annual financial reporting, and the Authority should be commended for going beyond the minimum and providing such a report.

Recognition and Award

Once completed, the fiscal year 2024 ACFR was submitted to the Government Finance Officers Association (GFOA) for determination if the report would merit the GFOA's Certificate of Achievement for Excellence in Financial Reporting. We are happy to inform everyone that the GFOA did indeed review the ACFR and awarded the Authority with the sought after Certificate.

The GFOA Certificate has been made a part of the Authority's 2025 fiscal year ACFR and is included in the Introductory Section.

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COMPLIANCE REPORT

The financial report package contains the following compliance reports:

Yellow Book Report: The first compliance report is a report on our tests of the Authority's internal controls and compliance with laws, regulations, etc. The tests of internal controls were those we determined to be required as a basis for designing our financial statement auditing procedures. Such tests also considered the Authority's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. In accordance with the respective standards, the report is **not** intended to provide an opinion, but to provide a form of negative assurance as to the Authority's internal controls and compliance with applicable rules and regulations.

Single Audit Report: The second compliance report is a report on our tests of the Authority's internal controls and compliance with laws, regulations, etc. relative to certain federal and state grant programs and the respective expenditures. Our tests were performed on the Authority's major programs (as defined by the relevant federal guidelines) and were not applied to each and every federal grant expended by the Authority. In accordance with the respective standards, we did provide an unmodified (or positive) opinion on the Authority's compliance based on our audit. However, we were not required to provide an opinion on the relevant internal controls, but to provide a form of negative assurance on such controls.

Independent Auditor's Management Letter: The Independent Auditor's Management Letter is required to document the Authority's Compliance with the requirements of the Rules of the Auditor General. In accordance with the respective rules, the report is not intended to provide an opinion, but to provide a form of negative assurance as to the Authority's internal controls and compliance with applicable rules and regulations.

Independent Accountant's Report: The Independent Accountant's Report is required to provide the results of our examination procedures performed concerning the Authority's investment of public funds in accordance with Florida Statutes.

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REQUIRED COMMUNICATIONS

**The Auditor's Responsibility Under Government Auditing Standards
and Auditing Standards Generally Accepted in the United States of America**

Our audit of the financial statements of Emerald Coast Utilities Authority (the "Authority") for the fiscal year ended September 30, 2025, was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error, fraudulent financial reporting or misappropriation of assets. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Accordingly, the audit was designed to obtain reasonable, rather than absolute, assurance about the financial statements. We believe our audit accomplishes that objective.

In accordance with *Government Auditing Standards*, we have also performed tests of controls and compliance with laws and regulations that contribute to the evidence supporting our opinion on the financial statements. However, they do not provide a basis for opining on the Authority's internal control or compliance with laws and regulations.

Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Authority. In addition, there are several new accounting standards which will be required to be implemented in the coming years. These are discussed later in this document.

In considering the qualitative aspects of the Authority's accounting policies, we did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. The Authority's policies relative to the timing of recording of transactions are consistent with GAAP and typical government organizations.

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Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us they used all the relevant facts available to them at the time to make the best judgments about accounting estimates and we considered this information in the scope of our audit. We considered this information and the qualitative aspects of management's calculations in evaluating the Authority's significant accounting policies. Estimates significant to the financial statements include such items as the estimated lives of depreciable assets, the estimated allowance for uncollectible accounts, and the assumptions used in the actuarial valuations for the pension and other post-employment benefit plans.

Financial Statement Disclosures

The footnote disclosures to the financial statements are also an integral part of the financial statements. The process used by management to accumulate the information included in the disclosures was the same process used in accumulating the financial statements, and the accounting policies described above are included in those disclosures. The overall neutrality, consistency and clarity of the disclosures was considered as part our audit and in forming our opinion on the financial statements.

Significant Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management relating to the performance of the audit.

Audit Adjustments

During our audit of the Authority's basic financial statements as of and for the year ended September 30, 2025, there were no auditor adjustments proposed.

Uncorrected Misstatements

We had no passed adjustments.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

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Representation from Management

We requested written representations from management relating to the accuracy of information included in the financial statements and the completeness and accuracy of various information requested by us, during the audit. Management provided those written representations without delay and in an organized manner.

Management's Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

There were no significant issues discussed with management related to business conditions, plans or strategies that may have affected the risk of material misstatement of the financial statements. We are not aware of any consultations management had with us or other accountants about accounting or auditing matters. No major issues were discussed with management prior to our retention to perform the aforementioned audit.

Independence

We are independent of Emerald Coast Utility Authority, and all related organizations, in accordance with auditing standards promulgated by the American Institute of Public Accountants and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Other Information in Documents Containing Audited Financial Statements

We are not aware of any other documents that contain the audited basic financial statements. If such documents were to be published, we would have a responsibility to determine that such financial information was not materially inconsistent with the audited statements of the Authority.

Required Supplementary Information

We applied certain limited procedures to the Authority's required supplementary information (RSI) as identified in the table of contents, which is 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.

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Supplementary Information

We were engaged to report on the schedule of debt service coverage, 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.

ACCOUNTING RECOMMENDATIONS AND RELATED MATTERS

Other Matters for Communication to the Agency Board and Management

During our audit of the financial statements as of and for the year ended September 30, 2025, we noted other matters which we wish to communicate to you in an effort to keep the Authority abreast of accounting matters that could present challenges in financial reporting in future periods.

Looking Forward: New Governmental Accounting Standards Board (GASB) Standards and Pronouncements



As has been the case for the past ten years, GASB has issued several other new pronouncements which will be effective in future years. The following is a brief summary of the new standards:

- a) **Statement No. 102, *Certain Risk Disclosures*** was issued in December 2023 and is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

This statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

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If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions of the following:

- The concentration or constraint.
- Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements.
- Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

b) Statement No. 103, *Financial Reporting Model Improvements* was issued in April 2025 and is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues.

Management's Discussion and Analysis

This statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

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Unusual or Infrequent Items

This statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position

This statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as: (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this statement requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as: (1) resources received from another party or fund: (a) for which the proprietary fund does not provide goods and services to the other party or fund, and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund: (a) for which the other party or fund does not provide goods and services to the proprietary fund, and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

Major Component Unit Information

This statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

Budgetary Comparison Information

This statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present: (1) variances between original and final budget amounts, and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

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- c) **Statement No. 104, *Disclosure of Certain Capital Assets***, was issued in September 2025 and is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The objective of this statement is to clarify which types of capital assets must be disclosed separately in the notes to the financial statements as well as to establish disclosure requirements for capital assets that are held for sale.

The following types of capital assets should be disclosed separately in the capital asset rollforward in the notes to the financial statements:

- Lease assets reported in accordance with Statement 87 by major class of underlying asset.
- Intangible right-to-use assets recognized by an operator in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, by major class of underlying public-public partnership asset.
- Subscription assets reported in accordance with Statement 96.
- Intangible assets other than those three items noted above; specifically, intangible assets that represent the right to use a type of underlying asset should not be disclosed in the same major class as any owned assets of that type.

In addition, the statement requires that a capital asset held for sale should continue to be reported in the capital asset rollforward within the appropriate major class of asset. However, a government should disclose the historical cost and accumulated depreciation, as of the financial statement date, of capital assets held for sale, by major class of asset. In order to be considered held for sale, the statement specifies that:

- A government has decided to pursue the sale of the asset; and
- It is probable (likely to occur) that the sale will be finalized within one year of the financial statement date.

- d) **Statement No. 105, *Subsequent Events***. This statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This statement describes the date the financial statements are available to be issued as the date at which: (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles, and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This statement also requires the date through which subsequent events have been evaluated to be disclosed.

This statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The requirements of this statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Earlier application is encouraged.

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e) **Other Pending or Current GASB Projects.** As noted by the numerous pronouncements issued by GASB over the past decade, the GASB continues to research various projects of interest to governmental units. Subjects of note include:

- **Going Concern Uncertainties and Severe Financial Stress** is a major project where the goal is to address issues related to disclosures regarding going concern uncertainties and severe financial stress. The project will consider: (1) improvements to existing guidance for going concern considerations to address diversity in practice and clarify the circumstances under which disclosure is appropriate, (2) developing a definition of severe financial stress and criteria for identifying when governments should disclose their exposure to severe financial stress, and (3) what information about a government's exposure to severe financial stress is necessary to disclose. This technical topic is being examined by the GASB due to a wide diversity in practice regarding required presentation on the face of the financial statements, disclosures, etc. A preliminary views document on this topic is expected by late 2025 with an exposure draft to follow in 2025.
- **Infrastructure Assets** is a project that will address issues related to accounting and financial reporting for infrastructure assets. The project will evaluate standard-setting options related to reporting infrastructure assets to make information: (1) more comparable across governments and more consistent over time, (2) more useful for making decisions and assessing government accountability, (3) more relevant to assessments of a government's economic condition, and (4) better reflect the capacity of those assets to provide service and how that capacity may change over time. Preliminary views document has been issued with comments due back to GASB by the end of January 2025.
- **Revenue and Expense Recognition** is a major project where the overall objective is to develop a comprehensive, principles-based model that would establish categorization, recognition, and measurement guidance applicable to a wide range of revenue and expense transactions. Achieving that objective will include: (1) development of guidance applicable to topics for which existing guidance is limited, (2) improvement of existing guidance that has been identified as challenging to apply, (3) consideration of a performance obligation approach to the GASB's authoritative literature, and (4) assessment of existing and proposed guidance based on the conceptual framework. The expected outcome of the project is enhanced quality of information that users rely upon in making decisions and assessing accountability. The GASB is currently reviewing comments and other input received from the stakeholder community during the preliminary views stage that was completed in 2021.

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**COMPLIMENTARY CONTINUING EDUCATION
AND NEWSLETTERS FOR GOVERNMENTAL CLIENTS**

Complimentary Continuing Education. We provide complimentary continuing education for all of our governmental clients. Each quarter, we pick a couple of significant topics tailored to be of interest to governmental entities. We have been providing these complimentary services virtually to allow for a wider array of clients to attend. We obtain the input and services of experienced outside speakers along with providing the instruction utilizing our in-house professionals. We hope the Authority staff and officials can participate in this opportunity, and that it will be beneficial to them. Examples of subjects addressed in the past include:

- Are Your Government's Funds Secure?
- Cybersecurity Awareness
- Employee vs Independent Contractor
- Federal Funding and Accountability Transparency Act
- Forensic Audit or Financial Audit?
- GASB Invitation to Comment – the New Financial Reporting Model
- Grants Management
- OMB Compliance Supplements
- Remote Auditing Best Practices
- Refunding Debt
- Sales Tax Collections and Remittances by the State
- SAS Clarity Standards and Group Audits
- Single Audit, including Uniform Guidance (several)
- Various GASB statements

Governmental Newsletters. We periodically produce newsletters tailored to meet the needs of governments. The newsletters have addressed a variety of subjects and are intended to be timely in their subject matter. The newsletters are authored by Mauldin & Jenkins partners and managers, and are not purchased from an outside agency. The newsletters are intended to keep you informed of current developments in the government finance environment.

Communication. In an effort to better communicate our complimentary continuing education plans and newsletters, please email Paige Vercoe at pvercoe@mjcpa.com and provide to her individual names, mailing addresses, email addresses, and phone numbers of anyone you wish to participate and be included in our database.

EMERALD COAST UTILITIES AUTHORITY
AUDITOR'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

CLOSING

If you have any questions regarding any items set forth in this memorandum, we will be pleased to discuss it with you at your convenience. This information is intended solely for the use of the Authority's management, and others within the Authority's organization and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to serve the Emerald Coast Utilities Authority and look forward to serving the Authority in the future. Thank you.