

**RIVER TO SEA TRANSPORTATION PLANNING  
ORGANIZATION**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION  
BOARD OF DIRECTORS – VOTING MEMBERS  
AS OF JUNE 30, 2021**

<b>Position</b>	<b>Name</b>	<b>Representing</b>
Chairperson	Commissioner Jason McGuirk	City of New Smyrna Beach
1 <sup>st</sup> Vice Chair	Council Vice Chair Billie Wheeler	Volusia County District 2
2 <sup>nd</sup> Vice Chair	Council Member Barbara Girtman	Volusia County District 1
Member	Commissioner Jeffrey Schuitema	City of Beverly Beach
Member	Vice Mayor John Rogers	City of Bunnell
Member	Commissioner Quanita May	City of Daytona Beach
Member	Council Member Richard Bryan	City of Daytona Beach Shores
Member	Mayor Karen Chasez	City of DeBary
Member	Commissioner Chris Cloudman	City of DeLand
Member	Commissioner Victor Ramos	City of Deltona
Member	Councilwoman Christine Power	City of Edgewater
Member	Commissioner Rick Belhumeur	City of Flagler Beach
Member	Commissioner Joe Mullins	Flagler County
Member	Commissioner Roy Johnson	City of Holly Hill
Member	Commissioner Rick Basso	City of Lake Helen
Member	Vice Mayor Bill Lindlau	City of Oak Hill
Member	Council Member Jeff Allebach	City of Orange City
Member	Mayor Bill Partington	City of Ormond Beach
Member	Council Member Nick Klufas	City of Palm Coast
Member	Mayor Samuel G.S. Bennett	City of Pierson
Member	Council Member David Israel	City of Ponce Inlet
Member	Council Member Scott Stiltner	City of Port Orange
Member	Council Member Eric Sander	City of South Daytona
Member	Council Member Danny Robins	Volusia County District 3
Member	Council Chair Jeff Brower	Volusia County Chair
Member	Council Member Heather Post	Volusia County District 4

## INDEPENDENT AUDITORS' REPORT

To the Governing Board,  
River to Sea Transportation Planning Organization:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the River to Sea Transportation Planning Organization (the Organization), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Organization as of June 30, 2021, and the respective changes in financial position and the respective budgetary comparison for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

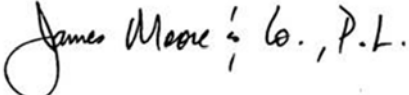
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's basic financial statements. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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. Such 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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 December 22, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Organization's internal control over financial reporting and compliance.

Daytona Beach, Florida  
December 22, 2021



**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

As management of the River to Sea Transportation Planning Organization, Florida (the "Organization"), we offer readers of the Organization's financial statements this narrative overview and analysis of the financial activities of the Organization for the fiscal year ended June 30, 2021. Consideration should be given to the information presented here in conjunction with the information that has been furnished in the basic financial statements and notes, as listed in the table of contents.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources for the government-wide financial statements of the Organization exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$341,462 (net position). Of this amount, \$43,177 is invested in capital assets and \$298,285 is unrestricted.
- The Organization's total net position on a government-wide basis reflects a change of \$(58,341) from the prior year. As of the close of the current fiscal year, the Organization's governmental funds reported a combined ending fund balance of \$532,625, a change of \$(5,260) over the previous fiscal year. Of this amount, \$526,125 is available for spending at the government's discretion (unassigned).

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

The government-wide financial statements distinguish functions of the Organization that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Organization include transportation. The Organization has no business type activities.

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

**Net Pension Liability**

The primary objective of GASB 68 is to improve accounting and financial reporting by state and local governments for pensions. Pension obligation disclosures have previously been limited to the notes of the basic financial statements and Required Supplementary Information (RSI) sections of the financial statements.

The Organization’s Net Pension Liability is a cumulative total of the Organization’s two pension plans. These two plans include: Florida Retirement System (FRS) and Health Insurance Subsidy (HIS). GASB 68 recognizes three different types of defined benefit employer plans and the Organization has one type:

Cost-Sharing, Multiple-Employer Plan - A plan in which the participating government employers pool their assets and their obligations to provide defined benefit pensions. The plan assets are used to pay the pensions of the retirees of any participating employer. Both the Florida Retirement System and the Health Insurance Subsidy are considered cost-sharing, multiple-employer plans.

According to GASB 68 guidelines, June 30 of the prior fiscal year was used for the Organization’s measurement date based on the most recent valuation of the FRS and HIS plans. The original measurement date must be anytime within one year of the current fiscal year end, June 30, 2021. The Organization’s Net Pension Liability for fiscal years ending June 30, 2021, based on a measurement date of June 30, 2020, is shown below:

Florida Retirement System (FRS)	\$ 195,521
Health Insurance Subsidy (HIS)	<u>117,690</u>
Total net pension liability	<u>\$ 313,211</u>

**2) Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Organization, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Organization has only one category of funds: governmental funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Organization maintains two governmental funds, the General fund and Special Revenue fund. The Organization adopts an annual appropriated budget organization-wide. A budgetary comparison statement has been provided for at the fund level to demonstrate compliance with the budget and can be found on page 16 of this report.

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

**3) Notes to financial statements.** The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 18 of this report.

### Government-Wide Financial Analysis

Comparative data for fiscal years ending June 30 are shown below:

	<b>Governmental Activities</b>		<b>Difference</b>
	<b>2021</b>	<b>2020</b>	
Assets			
Current and other assets	\$ 616,086	\$ 684,940	\$ (68,854)
Capital assets	52,729	62,908	(10,179)
Total assets	<u>668,815</u>	<u>747,848</u>	<u>(79,033)</u>
Deferred outflows of resources	<u>145,584</u>	<u>143,738</u>	<u>1,846</u>
Liabilities			
Current liabilities	94,280	156,886	(62,606)
Noncurrent liabilities	42,105	38,199	824
Net pension liability	<u>313,211</u>	<u>266,541</u>	<u>46,670</u>
Total liabilities	<u>449,596</u>	<u>461,626</u>	<u>(15,112)</u>
Deferred inflows of resources	<u>23,341</u>	<u>30,157</u>	<u>(6,816)</u>
Net Position			
Net investment in capital assets	43,177	62,908	(19,731)
Unrestricted	<u>298,285</u>	<u>336,895</u>	<u>(35,528)</u>
Total net position (deficit)	<u>\$ 364,803</u>	<u>\$ 399,803</u>	<u>\$ (58,341)</u>

Current assets and current liabilities experienced corresponding decreases in fiscal year 2021 due to timing related to cash inflow and outflows. Deferred outflows of \$145,584 is related to GASB 68 adjustments in the current year. Current liabilities decreased due to the timing of member assessments billings being later than in prior year, as well as more timely payment of payables and reduced expenses. The decrease in the net position are mostly related to the GASB 68 adjustments during the current year as a result of the Florida Retirement System continuing to reduce its assumed discount rate.



## Analysis of the Organization's Operations

The following table provides a summary of the Organization's operations for the years ended June 30.

	<u>Governmental Activities</u>		<u>Difference</u>
	<u>2021</u>	<u>2020</u>	
Revenues:			
Program Revenues:			
Charges for services	\$ 91,041	\$ 59,506	\$ 31,539
Operating grants and contributions	1,174,477	1,467,630	(293,153)
General Revenues:			
Miscellaneous revenues	1,400	2,956	(1,560)
Total revenues	<u>1,266,918</u>	<u>1,530,092</u>	<u>(263,174)</u>
Expenses:			
General government	107,289	98,566	8,723
Transportation	1,217,970	1,508,234	(293,346)
Total expenses	<u>1,325,259</u>	<u>1,606,800</u>	<u>(284,623)</u>
Increase (decrease) in net position	(58,341)	(76,708)	(21,449)
Beginning net position (deficit)	399,803	476,511	(76,708)
Ending net position (deficit)	<u>\$ 364,803</u>	<u>\$ 399,803</u>	<u>\$ (58,341)</u>

Program revenues and expenses decreased in 2021 primarily due to certain reductions in grant expenditures as compared to the prior year.

## Fund Financial Statements

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

Governmental Funds. The focus of the Organization's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Organization's financing requirements. Fund balance is composed of:

- Non-spendable – Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – Amounts that have externally enforceable limitations on use of resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board, the Organization's highest level of decision-making authority.
- Assigned – Amounts that are constrained by the government's intent to be used for specific purposes that are neither considered restricted or committed. The authority to assign fund balance lies with the Executive Director.
- Unassigned – This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Organization. At the end of the current fiscal year, fund balance of the general fund was \$532,625, and \$526,125 of which is unassigned fund balance.

## **General Fund Budgetary Highlights**

The following information is presented to assist the reader in comparing actual results with budgetary amounts. A comparison of revenue budgeted to actual produced a negative variance of \$93,679. Revenue differences were mainly due to the timing of recognition of revenue from intergovernmental grant transactions relative to the scope of the entire project as budgeted. The Organization's actual expenditures were less than the final budget by \$88,419 for similar reasons. Only minor amendments to the approved budget were made for minor revenue and expense adjustments and additional grant monies awarded during the year.

## **Capital Asset and Debt Administration**

- Capital Assets: The Organization's total investment in capital assets for its governmental activities as of June 30, 2021, amounts to \$52,729 (net of accumulated depreciation).
- Long-term Debt: At the end of the current fiscal year, the Organization owed \$9,552 related to a capital lease for copier equipment set to mature in fiscal year 2023.

Additional information on the Organization's capital assets can be found in Note (4) in the notes to the financial statements. Additional information on the Organization's long-term liabilities can be found in Note (5) in the notes to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The overall financial position and results of operations for the Organization remained constant for the period ended June 30, 2021. The Organization operated within its internal budget constraints and operating reserves to help meet planned future contractual obligations.

Many factors are considered each year in the efforts to establish an operating budget, such as long-range goals, economic factors and available resources. For the upcoming year, carryover funding in the amount of \$170,855 resulted in additional operating budget to conduct planned projects and studies. Moving into 2022, expected changes in leadership and personnel will require further assessment of the organizational structure to ensure long-term resilience of the Organization.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Organization's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the management staff of the Organization.

## **BASIC FINANCIAL STATEMENTS**

These basic financial statements contain Government-wide Financial Statements, Fund Financial Statements and Notes to the Financial Statements.

**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Equity in pooled cash	\$ 93,938
Investments	135,148
Due from other governments	380,500
Refundable deposit	6,500
Capital assets, net of accumulated depreciation	52,729
Total assets	\$ 668,815
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	\$ 145,584
 <b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 83,461
Noncurrent liabilities:	
Due within one year:	
Compensated absences	6,043
Capital lease payable	4,776
Due in more than one year:	
Compensated absences	37,329
Capital lease payable	4,776
Net pension liability	313,211
Total liabilities	\$ 449,596
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	\$ 23,341
 <b>NET POSITION</b>	
Net investment in capital assets	\$ 43,177
Unrestricted	298,285
Total net position	\$ 341,462

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

**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
General government	\$ 107,289	\$ 91,041	\$ -	\$ -
Transportation	1,217,970	-	1,174,477	-
Total governmental activities	<u>\$ 1,325,259</u>	<u>\$ 91,041</u>	<u>\$ 1,174,477</u>	<u>\$ -</u>
General revenues:				
Interest income				1,400
Total general revenues				<u>1,400</u>
Change in net position				(58,341)
Net position - beginning of year				399,803
Net position - ending of year				<u><u>\$ 341,462</u></u>

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

**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION  
BALANCE SHEET  
GOVERNMENTAL FUND  
JUNE 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Equity in pooled cash	\$ 93,938	\$ -	\$ 93,938
Investments	135,148	-	135,148
Due from other governments	-	380,500	380,500
Due from other funds	320,040	-	320,040
Deposits	6,500	-	6,500
<b>Total assets</b>	<u>\$ 555,626</u>	<u>\$ 380,500</u>	<u>\$ 936,126</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 23,001	\$ 60,460	\$ 83,461
Due to other funds	-	320,040	320,040
<b>Total liabilities</b>	<u>23,001</u>	<u>380,500</u>	<u>403,501</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Deposits	6,500	-	6,500
Unassigned	526,125	-	526,125
<b>Total fund balances</b>	<u>532,625</u>	<u>-</u>	<u>532,625</u>
<b>Total liabilities and fund balances</b>	<u>\$ 555,626</u>	<u>\$ 380,500</u>	<u>\$ 936,126</u>

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

**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2021**

<b>Fund balances - total governmental funds</b>		\$ 532,625
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds</p>		
Total governmental capital assets	136,377	
Less: accumulated depreciation	(83,648)	52,729
<p>On the governmental fund statements, a net pension liability is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the Statement of Net Position, the Organization's net pension liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.</p>		
Net pension liability	(313,211)	
Deferred outflows related to pensions	145,584	
Deferred inflows related to pensions	(23,341)	(190,968)
<p>Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities, deferred outflows, and other debt-related deferred charges consist of the following:</p>		
Capital lease payable		(9,552)
Compensated absences		(43,372)
<b>Net position of governmental activities</b>		<b>\$ 341,462</b>

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

**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Charges for services	\$ 85,375	\$ 5,666	\$ 91,041
Intergovernmental:			
Federal	-	1,122,946	1,122,946
Non-federal	-	51,531	51,531
Investment income	1,400	-	1,400
Total revenues	<u>86,775</u>	<u>1,180,143</u>	<u>1,266,918</u>
<b>Expenditures</b>			
Current:			
General government	92,035	-	92,035
Transportation	-	1,170,292	1,170,292
Capital outlay	-	5,075	5,075
Debt service:			
Principal	-	4,776	4,776
Total expenditures	<u>92,035</u>	<u>1,180,143</u>	<u>1,272,178</u>
<b>Net change in fund balances</b>	<u>(5,260)</u>	<u>-</u>	<u>(5,260)</u>
<b>Fund balances, beginning of year</b>	537,885	-	537,885
<b>Fund balances, end of year</b>	<u><u>\$ 532,625</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 532,625</u></u>

The accompanying notes to financial statements are an integral part of this statement



**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

<b>Net change in fund balances - total governmental funds</b>	\$ (5,260)
Differences in amounts reported for governmental activities in the statement of activities are:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Capital outlay expenditures	5,075
Depreciation expense	(15,254)
Governmental funds report contributions to defined benefit pension/OPEB plans as expenditures. However, in the Statement of Activities, the amount contributed to defined benefit pension plans reduces future liabilities. Also included in pension/OPEB expense in the Statement of Activities are amounts required to be amortized.	
Change in net pension liability and deferred inflows/outflows related to pensions	(38,008)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:	
Change in capital lease payable	4,776
Change in compensated absences liability	(9,670)
<b>Change in net position of governmental activities</b>	<b>\$ (58,341)</b>

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

**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 179,254	\$ 179,254	\$ -	\$ (179,254)
Charges for services	-	-	85,375	85,375
Investment income	1,200	1,200	1,400	200
Total revenues	<u>180,454</u>	<u>180,454</u>	<u>86,775</u>	<u>(93,679)</u>
<b>Expenditures</b>				
Current:				
General government	175,454	175,454	92,035	83,419
Capital outlay	5,000	5,000	-	5,000
Total expenditures	<u>180,454</u>	<u>180,454</u>	<u>92,035</u>	<u>88,419</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(5,260)</u>	<u>(5,260)</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>-</u>	<u>(5,260)</u>	<u>(5,260)</u>
<b>Fund balances, beginning of year</b>	537,885	537,885	537,885	-
<b>Fund balances, end of year</b>	<u>\$ 537,885</u>	<u>\$ 537,885</u>	<u>\$ 532,625</u>	<u>\$ (5,260)</u>

The accompanying notes to financial statements are an integral part of this statement

**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
<b>Revenues</b>				
Intergovernmental	\$ 1,442,086	\$ 1,442,086	\$ 1,174,477	\$ (267,609)
Charges for services	-	-	5,666	5,666
Total revenues	<u>1,442,086</u>	<u>1,442,086</u>	<u>1,180,143</u>	<u>(261,943)</u>
<b>Expenditures</b>				
Current:				
Transportation	1,442,086	1,442,086	1,170,292	271,794
Capital outlay	-	-	5,075	(5,075)
Debt service:				
Principal	-	-	4,776	(4,776)
Total expenditures	<u>1,442,086</u>	<u>1,442,086</u>	<u>1,180,143</u>	<u>261,943</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes to financial statements are an integral part of this statement

**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

(1) **Summary of Significant Accounting Policies:**

The financial statements of the River to Sea Transportation Planning Organization (the Organization), have been prepared in conformance with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the Organization's significant accounting policies:

(a) **Reporting entity**—The Organization is designated as a Metropolitan Planning Organization pursuant to Title 23 U.S.C 134, Title 49 U.S.C. 5303(d) and (e) and Title 23 C.F.R. 450.310. Its primary purpose is to provide leadership in the initiation and development of transportation plans and programs and the establishment of transportation priorities and strategies in Volusia County, Flagler Beach, Beverly Beach, and portions of Palm Coast and Bunnell, Florida. Members are appointed by the governing bodies of the participating local government units. The Organization was originally created on April 13, 1977, as the Volusia County Metropolitan Planning Organization and operates under interlocal agreements established pursuant to Chapter 163.01, Florida Statutes, among the various participating governmental entities. As of April 23, 2014, Volusia Transportation Planning Organization officially changed its name to River to Sea Transportation Planning Organization.

In evaluating how to define the Organization for financial purposes, management has considered all potential component units. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the purpose and activities of the potential component unit benefit the government and/or its citizens, or whether they are conducted within the geographic boundaries of the Organization and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. In evaluating the Organization as a reporting entity, management has addressed all potential component units that may or may not fall within the Organization's oversight and control, and thus, be included in the Organization's financial statements. There are no component units included.

(b) **Government-wide and fund financial statements**—The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information on all of the nonfiduciary activities of the primary government as a whole. As part of the consolidation process, all interfund activities are eliminated from these statements.

Net position, the difference between assets, deferred outflows, liabilities and deferred inflows, as presented in the statement of net position, are subdivided into three categories: net investment in capital assets, unrestricted net position and restricted net position. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation.

**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

(1) **Summary of Significant Accounting Policies:** (Continued)

The statement of activities presents a comparison between the direct and indirect expenses of a given function or segment and its program revenues, and displays the extent to which each function or segment contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function or segment. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.

Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function or segment.

Separate fund financial statements report detailed information about the Organization's governmental funds. The focus of governmental fund financial statements is on major funds. Therefore, major funds are reported as separate columns in the fund financial statements. Reconciliations are provided that convert the results of governmental fund accounting to the government-wide presentation.

(c) **Measurement focus, basis of accounting, and financial statement presentation**—The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Organization considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Charges for services associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Organization reports the following major governmental fund:

- **General Fund:** The General Fund is the general operating fund of the Organization and is used to account for all financial resources except those required to be accounted for in another fund.
- **Special Revenue Fund:** The Special Revenue Fund is used to account for the financial resources related to the planning and programming activities of the Organization. Funds are provided from the Florida Department of Transportation, the Federal Highway Administration, and the Federal Transit Administration.

**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

(1) **Summary of Significant Accounting Policies:** (Continued)

(d) **Budgets and budgetary accounting**—Budgets are adopted on a basis consistent with GAAP. An annual appropriated budget is adopted for the general fund and special revenue fund. The annual operating budget serves as legal authorization for expenditures and proposed means of financing them. The legal level of budgetary control is the Unified Planning Work Program (UPWP) task level. For the year ended June 30, 2021, the budget presented has been adopted according to Organization’s procedures.

On or before July 1 of each year, the Organization administrator shall submit a budget in accordance with state law. It shall outline the financial policies of the Organization for the ensuing fiscal year, describe the important features of the budget, indicate any major changes from the current year in fiscal policy, summarize the Organization’s fiscal position, and include any other material as the Organization administrator deems necessary.

The Organization Board shall adopt a budget for the ensuing fiscal year by resolution on or before June 30 of each year. The Organization Board shall not authorize or allow to be authorized a budget that exceeds the reasonably expected revenue for the ensuing fiscal year.

All appropriations shall lapse at the end of the budget year to the extent that such appropriations have not been expended or encumbered, and any appropriation made in one budget year shall not be valid or effective during any subsequent budget year.

(e) **Cash and cash equivalents**—The Organization defines cash and cash equivalents as cash on hand, demand deposits and short-term investments that are readily convertible to known amounts of cash. Investments with original maturities of three months or less are considered to be cash equivalents.

(f) **Due from other governments**—After reviewing the individual account balances, the Organization’s management has determined that 100% of receivables are fully collectible as all amounts receivable consist of grants and other governmental revenues. Therefore, no allowance for doubtful accounts has been provided.

(g) **Capital assets**—Capital assets are reported in the applicable governmental columns in the government-wide financial statements. The Organization defines capital assets as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at cost when purchased. Contributed capital assets are capitalized at their acquisition value at the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is provided using the straight-line method over the estimated useful lives of the various classes of depreciable assets. The estimated useful lives of equipment range from 3 – 7 years.

(h) **Compensated absences**—The Organization records the vested portion of accumulated unused compensated absences, if material, at year-end based on each employee’s unused hours and rate of pay, including the Organization’s share of payroll taxes. All compensated absences are accrued when incurred in the government-wide financial statements as accrued liabilities. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements. Estimates have been utilized to determine the amount to report as the current portion.

**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

(1) **Summary of Significant Accounting Policies:** (Continued)

(i) **Fund equity**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Organization is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

*Nonspendable* – Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. “Not in spendable form” includes items that are not expected to be converted to cash (inventories, prepaid expenditures) and items such as long-term amount of loans, property acquired for resale, as well as unrealized gains.

*Restricted* – Amounts that have externally enforceable limitations on use of resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed* – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Organization Board of Directors, the Organization’s highest level of decision making authority. Commitments may only be removed or changed by the Organization Board of Directors taking the same formal action (resolution) that imposed the constraint originally.

*Assigned* – Amounts that are constrained by the Organization’s intent to be used for specific purposes that are neither considered restricted or committed. The authority to assign fund balance lies with the Organization Executive Director.

*Unassigned* – The residual classification for the General Fund resources. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The Organization would typically use restricted fund balances 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. Restricted net position is also assumed to be used before unrestricted net position.

(j) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial 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(s) and so will not be recognized as an outflow of resources (expenditure) until then. The Organization has deferred outflows related to pensions in the government-wide statement of net position, which qualifies for reporting in this category. Deferred outflows related to pensions are discussed further in Note (9).

**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

(1) **Summary of Significant Accounting Policies:** (Continued)

In addition to liabilities, the statement of financial 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 will not be recognized as an inflow of resources (revenue) until that time. The Organization has deferred inflows related to pensions in the government-wide statement of net position, which qualifies for reporting in this category. Deferred inflows related to pensions are discussed further in Note (9).

(k) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

(2) **Reconciliation of Government-Wide and Fund Financial Statement:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

(3) **Cash Deposits and Investments:**

At June 30, 2021, the Organization’s cash on deposit in its bank accounts was placed on deposit with financial institutions in the form of demand deposit accounts, time deposit accounts, and certificates of deposit, and is defined as public deposits.

The Organization’s public deposits are held in qualified public depositories pursuant to Florida Statutes, Chapter 280, “Florida Security of Public Deposits Act”, and are covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the Act. Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits, times the depository’s collateral pledging level.



**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**(3) Cash Deposits and Investments:** (Continued)

The pledging level may range from 50% to 125% depending upon the depository's financial condition and establishment period. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. Any losses to the public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the deposit in default.

The Organization invests temporarily idle resources in the Florida PRIME Investment Pool (Florida PRIME) that is administered by the Florida State Board of Administration (SBA), who provides regulatory oversight. Florida PRIME is similar to money market funds in which units are owned in the fund rather than the underlying investments. These investments are reported at amortized cost and meet the requirements of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. There is no limitation or restrictions on withdrawals from Florida PRIME; although in the occurrence of an event that has a material impact on liquidity or operations of the trust fund, the funds' executive director may limit contributions to or withdrawals from the trust fund for a period of 48 hours.

As of June 30, 2021, the investment pool had a weighted average maturity of 50 days, was rated AAAm by Standard & Poor's (S&P), and had a carrying value of \$135,148. The Organization held no assets or investments carried at fair value at June 30, 2021, and subject to the required disclosures of GASB 72.

*Interest Rate Risk:* The Organization does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rates. Instead, all investments are governed by state statutes. Generally, the Organization's surplus funds are invested in the Local Government Surplus Trust Fund.

*Credit Risk:* Credit risk is the risk that a debt issuer or other counter-party to an investment will not fulfill its obligations. The Organization's entire portfolio is invested in SBA funds, as described above.

*Concentration of Credit Risk:* The Organization has adopted no formal investment policy and follows the investment policies set forth in Florida Statutes, Chapter 218.

*Custodial Credit Risk:* All demand deposits are held with qualified public depositories, as defined above. In the case of investments, this is the risk that, in the event of the failure of the counterparty, the Organization will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2021, the Organization's investment of \$135,148 in SBA funds are backed by the full faith and credit of the State of Florida, or explicitly guaranteed by the State of Florida.

**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**(4) Capital Assets:**

Capital asset activity for the fiscal year ended June 30, 2021 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, being depreciated –				
Furniture, fixtures, and equipment	\$ 132,902	\$ 5,075	\$ (1,600)	\$ 136,377
Less accumulated depreciation	(69,994)	(15,254)	1,600	(83,648)
Governmental activities capital assets, net	<u>\$ 62,908</u>	<u>\$ (10,179)</u>	<u>\$ -</u>	<u>\$ 52,729</u>

During the year ended June 30, 2021, depreciation expense of \$15,254 was charged to the general government function of the Organization.

**(5) Long-Term Liabilities:**

For the year ended June 30, 2021, long-term liability activity was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Capital lease payable	\$ 14,328	\$ -	\$ (4,776)	\$ 9,552	\$ 4,776
Compensated absences	33,702	72,399	(62,729)	43,372	6,043
Total long-term liabilities	<u>\$ 48,030</u>	<u>\$ 72,399</u>	<u>\$ (67,505)</u>	<u>\$ 52,924</u>	<u>\$ 10,819</u>

The Organization has a capital lease for office equipment dated June 28, 2018, payable in monthly installments of \$398 through June 2023, with no interest, secured with office equipment with a book value of \$9,552 at June 30, 2021. Future minimum capital lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2022	\$ 4,776
2023	4,776
Total	<u>\$ 9,552</u>

**(6) Operating Leases:**

The Organization leases building and office facilities under a non-cancelable operating lease that was originally signed on July 1, 2010. This lease was amended on March 28, 2018. The amended lease provides for current monthly bare rent payments of \$6,192. In addition to the monthly base rent, the lease provides that the lessee will reimburse the lessor for their pro-rata share of contingent charges (specified common area maintenance and taxes) which based on the amended lease are currently billed at \$2,381 per month. At the end of each annual rental year, all actual contingent facilities common area costs are recalculated by the lessor to determine a pro-rata true-up adjustment which is will (or refunded) to the Organization at the start of each annual rental cycle.

**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

(6) **Operating Leases:** (Continued)

This lease is accounted for as an operating lease and contains an option to be cancelled in the even annual appropriations are not authorized. This lease expires April 1, 2028. For the year ended June 30, 2021, total costs for the office space was \$105,193. The following is a schedule of future minimum operating lease payments for each of the next five years and in the aggregate:

<u>Year Ending June 30,</u>	<u>Total</u>
2022	\$ 74,951
2023	76,907
2024	77,558
2025	79,514
2026	80,165
Thereafter	<u>143,711</u>
Total	<u>\$ 532,806</u>

(7) **Risk Management:**

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

(8) **Commitments and Contingencies:**

During the ordinary course of its operations, the Organization is party to various claims, legal actions and complaints. Some of these matters are covered by the Organization insurance program. While the ultimate effect of any litigation cannot be ascertained at this time, management believes, based on the advice of legal counsel, that there will be no material effect on the Organization's financial position and/or that the Organization has sufficient insurance coverage to cover any claims.

During the year ended June 30, 2021, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Council as of December 22, 2021, management believes that an impact on the Council's financial position and results of future operations is reasonably possible.

**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**(9) Employee Pension Plans:**

**A. Defined Contribution Plan**

The Organization contributes to a defined contribution pension plan for all full-time employees who were employed prior to July 1, 2009, which is fully administered by the Principal Financial Group under a plan originally established by the Board of Directors in October 1980.

On June 23, 2009, the Board approved Resolution 2009-13, amending the pension plan to allow for the conversion to the Florida Retirement System, effective July 1, 2009. As a result of these actions, only one employee remains in the original plan. New employees are only eligible to enroll into the Florida Retirement System.

Plan provisions, benefit terms, and contribution requirements are established and may be amended by the Board. Employer and plan member contributions are recognized in the period that contributions are due. For each participating employee in the pension plan, the Organization is required to contribute 9.85% of employees' earnings to an individual employee account. Employees are permitted to make contributions to the pension plan, up to the application Internal Revenue code limits. During the year ended June 30, 2021, there were no employee contributions. The employer recognized pension expense of \$17,177. Each employee participating in the Principal purchase pension plan will become 100% vested after one year of employment with the Organization. If the employee becomes separated from the employment with the Organization prior to achieving one year of service, the employer's contribution to that employee's account is forfeited by that employee. All employee forfeitures remain in the account for the Organization's use in offsetting its next contribution. An additional deferred compensation plan is also offered that allows all employees to contribution additional funds for retirement on a voluntary basis through payroll deductions.

**B. Florida Retirement System**

**Plan Description and Administration**

The Organization participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the Organization's full-time employees. The System is a retirement plan, administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 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. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the Organization are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5.

**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**(9) Employee Pension Plans:** (Continued)

The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

**Benefits Provided and Employees Covered**

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the 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. All members enrolled in the 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. Members of both Plans may include up to four years of credit for military service toward creditable service. The 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 Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the 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.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.).

Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

**Financial Statements**

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site ([www.myfloridacfo.com](http://www.myfloridacfo.com)).

**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**(9) Employee Pension Plans:** (Continued)

An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services  
Division of Retirement, Research and Education Services  
P.O. Box 9000  
Tallahassee, FL 32315-9000  
850-488-5706 or toll free at 877-377-1737

**Contributions**

The Organization participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect at June 30, 2021, as follows (contribution rates are in agreement with the actuarially determined rates):

<b>FRS Membership Plan &amp; Class</b>	<b>Through June 30, 2021</b>
Regular Class	10.00%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll.

For the plan year ended June 30, 2021, actual contributions made for Organization employees participating in FRS and HIS were as follows:

Organization Contributions – FRS	\$ 15,870
Organization Contributions – HIS	4,528
Employee Contributions – FRS	5,778

**Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions**

At June 30, 2021, the Organization reported a liability related to FRS and HIS as follows:

<b>Plan</b>	<b>Net Pension Liability</b>
FRS	\$ 195,521
HIS	117,690
Total	\$ 313,211

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Organization's proportion of the net pension liability was based on a projection of the Organization's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2020 and June 30, 2019, the Organization's proportionate share of the FRS and HIS net pension liabilities were as follows:

**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

(9) **Employee Pension Plans:** (Continued)

Plan	2020	2019
FRS	0.000451190%	0.000487411%
HIS	0.000963896%	0.000881963%

For the plan year ended June 30, 2021, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$	42,371
HIS		16,042
Total	\$	58,413

*Deferred outflows/inflows related to pensions:*

At June 30, 2021, the Organization reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,483	\$ -	\$ 4,814	\$ (91)
Changes of assumptions	35,396	-	12,655	(6,843)
Net difference between projected and actual investment earnings	11,642	-	94	-
Change in Organization's proportionate share	19,701	(12,192)	33,401	(4,215)
Contributions subsequent to measurement date	15,870	-	4,528	-
	\$ 90,092	\$ (12,192)	\$ 55,492	\$ (11,149)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from Organization contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

2022	\$	22,290
2023		28,040
2024		24,025
2025		18,030
2026		6,167
Thereafter		3,293
Total	\$	101,845

*Actuarial assumptions:*

The Actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**(9) Employee Pension Plans:** (Continued)

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.80%.

This rate decreased from the prior year rate, which was 6.90%. The plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.21% was used to determine the total pension for the program. This rate decreased from the prior year rate, which was 3.50%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details.

*Long-term expected rate of return:*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2021, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.2%
Fixed income	19.0%	3.0%
Global equities	54.2%	8.0%
Real estate	10.3%	6.4%
Private equity	11.1%	10.8%
Strategic investments	4.4%	5.5%
Total	<u>100.0%</u>	



**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

(9) **Employee Pension Plans:** (Continued)

*Sensitivity of the net pension liability to changes in the discount rate:*

The following presents the proportionate shares of the FRS and HIS net pension liability of the Organization calculated using the current discount rates, as well as what the Organization's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.80%	\$ 312,215	\$ 195,521	\$ 98,059
HIS	2.21%	136,045	117,690	102,667

(10) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for fiscal years subsequent to June 30, 2021, that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the Organization's financial statements:

- (a) GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in GASB 87 are effective for periods beginning after June 15, 2021.

**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**LAST 10 FISCAL YEARS**  
**(UNAUDITED)**

	As of the Plan Year Ended June 30,							
	2020	2019	2018	2017	2016	2015	2014	2013
<b>Florida Retirement System (FRS)</b>								
Proportion of the net pension liability	0.000451190%	0.000487411%	0.000438377%	0.000302097%	0.000373827%	0.000384098%	0.000387873%	0.000437583%
Proportionate share of the net pension liability	\$ 195,521	\$ 167,853	\$ 132,041	\$ 89,389	\$ 94,392	\$ 49,611	\$ 23,666	\$ 75,328
Covered payroll	272,782	127,144	168,312	161,627	185,334	154,275	153,730	149,526
Proportionate share of the net pension liability as a percentage of covered payroll	71.68%	132.02%	78.45%	55.31%	50.93%	32.16%	15.39%	50.38%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%	88.54%
<b>Health Insurance Subsidy Program (HIS)</b>								
Proportion of the net pension liability	0.000963896%	0.000881963%	0.000008143%	0.000507082%	0.000600356%	0.000508502%	0.000517389%	0.000514725%
Proportionate share of the net pension liability	\$ 117,690	\$ 98,683	\$ 86,190	\$ 54,220	\$ 69,969	\$ 51,859	\$ 48,377	\$ 44,814
Covered payroll	272,782	127,144	168,312	161,627	185,334	154,275	153,730	149,526
Proportionate share of the net pension liability as a percentage of covered payroll	43.14%	77.62%	51.21%	33.55%	37.75%	33.61%	31.47%	29.97%
Plan fiduciary net position as a percentage of the total pension liability	3.00%	2.63%	2.15%	1.64%	97.00%	50.00%	0.99%	1.78%

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

**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION**  
**SCHEDULE OF CONTRIBUTIONS**  
**LAST 10 FISCAL YEARS**  
**(UNAUDITED)**

	As of the Plan Year Ended June 30,							
	2020	2019	2018	2017	2016	2015	2014	2013
<b>Florida Retirement System (FRS)</b>								
Contractually required contribution	\$ 15,870	\$ 7,895	\$ 11,109	\$ 7,864	\$ 9,116	\$ 9,365	\$ 8,496	\$ 5,889
Contributions in relation to the contractually required contribution	15,870	7,895	11,109	7,864	9,116	9,365	8,496	5,889
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 272,782	\$ 127,144	\$ 168,312	\$ 161,627	\$ 185,334	\$ 154,275	\$ 153,730	\$ 149,526
Contributions as a percentage of covered payroll	5.82%	6.21%	6.60%	4.87%	4.92%	6.07%	5.53%	3.94%
<b>Health Insurance Subsidy Program (HIS)</b>								
Contractually required contribution	\$ 4,528	\$ 5,553	\$ 4,896	\$ 2,684	\$ 3,077	\$ 1,944	\$ 1,772	\$ 1,686
Contributions in relation to the contractually required contribution	4,528	5,553	4,896	2,684	3,077	1,944	1,772	1,686
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 272,782	\$ 127,144	\$ 168,312	\$ 161,627	\$ 185,334	\$ 154,275	\$ 153,730	\$ 149,526
Contributions as a percentage of covered payroll	1.66%	4.37%	2.91%	1.66%	1.66%	1.26%	1.15%	1.13%

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

**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

<u>Federal Grantor / Pass-Through Grantor Program or Cluster Title, Contract No.</u>	<u>Grant or Contract Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Department of Transportation			
Passed through the Florida Department of Transportation			
Highway Planning and Construction	FMN 439333-3-14-01	20.205	\$ 695,685
Highway Planning and Construction	FPN 439333-3-14-02	20.205	107,476
Highway Planning and Construction	FPN 439333-2-14-02	20.205	95,226
Highway Planning and Construction	FPN 439333-2-14-02	20.205	75,264
Total Highway Planning and Construction Cluster			<u>973,651</u>
Metropolitan Transportation Planning	FPN 431403-1-14-27	20.505	4,127
Metropolitan Transportation Planning	FPN 431403-1-14-28	20.505	2,137
Metropolitan Transportation Planning	FPN 431403-1-14-29	20.505	39,066
Metropolitan Transportation Planning	FPN 431403-1-14-30	20.505	108,361
Total Metropolitan Transportation Planning			<u>153,691</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,127,342</u></u>

The accompanying notes to schedule of expenditures of federal awards are an integral part of this schedule.

**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION  
NOTES TO THE SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

(1) **Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the River to Sea Transportation Planning Organization (the Organization), and is presented on the modified accrual basis of accounting. 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). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Organization.

(2) **Summary of Significant Accounting Policies:**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

(3) **Subrecipients:**

During the fiscal year ended June 30, 2021, no amounts were passed through to subrecipients.

(4) **De Minimis Indirect Cost Rate Election:**

The Organization did not elect to use the 10% de minimis indirect cost rate as covered in §200.414, *Indirect (F&A) costs*, of the Uniform Guidance.

**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

A. **Summary of Auditors' Results:**

***Financial Statements:***

Type of audit report issued on the basic financial statements: *Unmodified.*

Internal Control over Financial Reporting:

Material weakness(es) identified?  yes  no  
 Significant deficiency(ies) identified?  yes  none reported  
 Noncompliance material to financial statements noted?  yes  no

***Federal Awards:***

Internal Control over Major Programs:

Material weakness(es) identified?  yes  no  
 Significant deficiency(ies) identified?  yes  none reported

Type of report issued on compliance for each major federal program: *Unmodified.*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  yes  none reported  
 Auditee qualified as a low-risk auditee?  yes  no

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Major program identification:

CFDA Number	Program Name
20.205	Highway Planning and Construction Cluster

B. **Financial Statement Findings:**

**2021-001 Preparation of Financial Statements**

*Criteria:* Professional standards promulgated by the American Institute of Certified Public Accountants (AICPA) provide a system of internal control over financial reporting should allow the Organization to prepare financial statements, including note disclosures, in accordance with generally accepted accounting principles (GAAP).

*Condition:* Management was unable to generate a trial balance or other reports on a GAAP basis, and the accounting procedures in place did not demonstrate the ability to generate accurate GAAP-basis financial statements, whether through a manual or system-generated process.

*Cause:* Certain deficiencies exist in either 1) the design and structure of the accounting system implementation and/or 2) management's understanding of the operational accounting procedures to generate GAAP-basis accounting data from the new accounting system. The Organization presents multiple governmental funds, however, the accounting system does not run the trial balance or reporting features using multiple funds.

*Effect:* Management decisions based on financial reporting, such as budgetary matters, could be based on incomplete or incorrect information.

*Recommendation:* We recommend management perform the following steps to enhance the overall understanding and ability to generate financial reports out of the new accounting system: 1) assess the accounting system current structure and identify areas for improvement; 2) establish a methodology to internally generate GAAP-basis financial data, whether in the form of full financial statements, a trial balance, or similar report; and 3) ensure proper training and review procedures are implemented related to the financial statement preparation process. Management may also want to consider reporting all activity in one governmental fund, a general fund, that accounts for and presents all activity of the Organization to ensure that the balances from the accounting system are accurately presented to the users of the financial statements.

#### **2021-002 Material Audit Adjustments**

*Criteria:* Internal controls over financial reporting should include year-end reconciliations of all significant account balances, with such reconciliations to also include procedures related to the proper cutoff of significant revenue and expense activities. These reconciliations should be performed on a timely and regular basis to help prevent misappropriation and ensure timely identification of errors or other issues.

*Condition:* Various material audit adjustments were required to correct certain financial statement balances.

*Cause:* Based on our audit procedures, certain adjustments were required to be made to the accounting records subsequent to the start of the audit process related to year-end accrual entries, capital assets, and other activity.

*Effect:* Financial statements would be materially misstated if significant adjustments were not made. Errors or improper activity may not be detected on a timely basis if reconciliations are not performed timely. Many of the adjustments identified were related to the systems inability to record transactions within separate funds and the manual input needed to produce multiple fund statements.

*Recommendation:* We recommend management select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles.

#### **2021-003 Authorized Bank Signors**

*Criteria:* Only current authorized employees should be responsible for check signing and wire processing for cash disbursements.

*Condition:* During audit discussions, we noted that bank accounts were not updated in a timely manner to reflect changes in authorized signers. It was also noted that a credit card was still open under the name of a former employee.

*Cause:* The former Executive Director resigned in July 2021 and the bank was not contacted in a timely manner to remove former employee as a signer and to close a credit card in former employee's name.

*Effect:* Assets could potentially be misappropriated or accounting records could be misstated, with such issues not being identified on a timely basis, if at all.

*Recommendation:* We recommend management annually, or more frequently, review the authorized check signers on record with the bank, as well as make any necessary updates as soon as possible. We also recommend an assessment be made as part of any personnel changes as to the need for immediate action with regard to banking authority, system access rights, etc.

#### **2021-004 Bank Statement Review and Approval**

*Criteria:* Bank reconciliations should be reviewed and approved by an individual independent of cash receipt and disbursement activities to help prevent the possibility of fraudulent activities due to the lack of adequate segregation of duties.

*Condition:* During audit discussions, we noted that there is no review process over bank reconciliations.

*Cause:* The Organization has a limited staff, typically with only one individual responsible for processing the financial activities of the Organization.

*Effect:* Assets could potentially be misappropriated or accounting records could be misstated, with such issues not being identified on a timely basis, if at all.

*Recommendation:* We recommend that management implement a policy that the bank statements be opened and reviewed prior to the bank reconciliation process by the Executive Director. We further recommend that the completed bank reconciliations be reviewed and approved on a timely basis by the Executive Director.

#### **2021-005 Payroll Report Review**

*Criteria:* Payroll duties should be segregated between multiple individuals to prevent and detect errors or fraud.

*Condition:* During audit discussions, we noted that there is no review of the payroll processing after the initial review of timesheets.

*Cause:* The Organization has a limited staff, typically with only one individual responsible for processing the financial activities of the Organization.

*Effect:* Assets could potentially be misappropriated or payroll records could be misstated, with such issues not being identified on a timely basis, if at all.

*Recommendation:* We recommend that management review the payroll report prepared and processed by the Organization for each payroll period. We also suggest that documentation of the review of these reports be made on the reports and maintained.



### **2021-006 Review and Approval of Adjusting Journal Entries**

*Criteria:* Without complete separation of duties, particularly between the approval and recording of adjusting journal entries, transactions may be inaccurately recorded in the general ledger through a journal entry and not be detected.

*Condition:* During our audit, we noted there is no formal process for the review of adjusting journal entries posted to the accounting system.

*Cause:* The Organization has a limited staff, typically with only one individual responsible for processing the financial activities of the Organization.

*Effect:* Financial statements may be materially misstated due to entries not being authorized or detected on a timely basis, if at all. Assets could potentially be misappropriated and concealed by journal entries, with such issues not being identified on a timely basis, if at all.

*Recommendation:* We recommend that management develop and implement a formal policy for the timely approval of all adjusting entries, and adhere to said policy. Entries should be reviewed and approved by the Executive Director or another appropriate individual.

- C. **Federal Award Findings and Questioned Costs:** None.
- D. **Summary Schedule of Prior Audit Findings:** Not applicable; no prior year findings reported.
- E. **Corrective Action Plan:** See Management's Response to Findings as listed in the table of contents.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Governing Board,  
River to Sea Transportation Planning Organization:

**Report on Compliance for Each Major Federal Program**

We have audited the River to Sea Transportation Planning Organization's (the Organization) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2021. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Organization 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 June 30, 2021.

## Report on Internal Control over Compliance

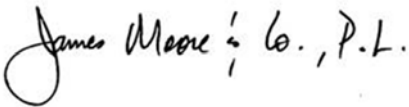
Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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 a 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify deficiencies in internal control over compliance that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

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.

Daytona Beach, Florida  
December 22, 2021

Handwritten signature in black ink that reads "James Moore & Co., P.L." with a stylized flourish at the end.

**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 Governing Board,  
River to Sea Transportation Planning Organization:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major funds of the River to Sea Transportation Planning Organization (the Organization), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated December 22, 2021.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal controls that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2021-001 through 2021-003 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2021-004 through 2021-006 to be significant deficiencies.

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### ***Compliance and Other Matters***

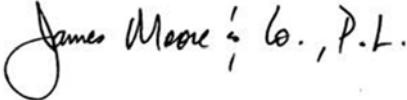
As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*.

### **Management's Response to Findings**

The Organization's response to the finding identified in our audit are outlined as listed in the table of contents. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.



Daytona Beach, Florida  
December 22, 2021

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED  
BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA  
OFFICE OF THE AUDITOR GENERAL**

To the Governing Board,  
River to Sea Transportation Planning Organization:

**Report on the Financial Statements**

We have audited the basic financial statements of River to Sea Transportation Planning Organization (the Organization), as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated December 22, 2021.

**Auditors' Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements of Federal Awards* (Uniform Guidance), and Chapter 10.550, Rules of the State of Florida Office of the Auditor General.

**Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and 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; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated December 22, 2021, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no such findings in the preceding annual financial audit report.

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority for the primary government of the reporting entity is disclosed in Note 1 of the basic financial statements.

### **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 Organization met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the Organization, did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

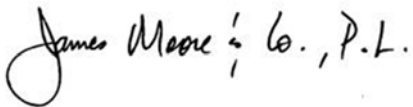
### **Additional Matters**

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 did not have any such findings.

### **Purpose of this Letter**

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

Daytona Beach, Florida  
December 22, 2021



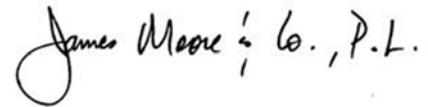
## INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Governing Board,  
River to Sea Transportation Planning Organization:

We have examined the River to Sea Transportation Planning Organization's (the Organization) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended June 30, 2021. Management is responsible for the Organization's compliance with those requirements. Our responsibility is to express an opinion on the Organization's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended June 30, 2021, in all material respects. An examination involves performing procedures to obtain evidence about the Authority's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, 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.

In our opinion, the River to Sea Transportation Planning Organization complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2021.



Daytona Beach, Florida  
December 22, 2021



## **MANAGEMENT'S RESPONSE TO FINDINGS**

### **2021-001 Preparation of Financial Statements**

Management agrees with this comment and will assess its ability to prepare financial statements going forward. The Organization is in the process of determining future leadership and staffing and intends to resolve this matter as expediently as possible. Colleen Nicoulin, Interim Executive Director, is responsible for this matter at the time of the report and the anticipated completion date is by June 30, 2022.

### **2021-002 Material Audit Adjustments**

Management agrees with this comment and will work to ensure all accounts are reconciled in a timely manner going forward. The Organization is in the process of determining future leadership and staffing and intends to resolve this matter as expediently as possible. Colleen Nicoulin, Interim Executive Director, is responsible for this matter at the time of the report and the anticipated completion date is by June 30, 2022.

### **2021-003 Authorized Bank Signors**

Management agrees with this comment and has already taken corrective action relate to specific matters identified during the audit. The Organization is in the process of determining future leadership and staffing and will consider specific policy implementation as soon as possible. Colleen Nicoulin, Interim Executive Director, is responsible for this matter at the time of the report and the anticipated completion date is by June 30, 2022.

### **2021-004 Bank Statement Review and Approval**

Management agrees with this comment and will reassess once the applicable leadership and staffing needs have been met. The Organization is in the process of determining future leadership and staffing and intends to resolve this matter as expediently as possible. Colleen Nicoulin, Interim Executive Director, is responsible for this matter at the time of the report and the anticipated completion date is by June 30, 2022.

### **2021-005 Payroll Report Review**

Management agrees with this comment and will reassess once the applicable leadership and staffing needs have been met. The Organization is in the process of determining future leadership and staffing and intends to resolve this matter as expediently as possible. Colleen Nicoulin, Interim Executive Director, is responsible for this matter at the time of the report and the anticipated completion date is by June 30, 2022.

### **2021-006 Review and Approval of Adjusting Journal Entries**

Management agrees with this comment and will reassess once the applicable leadership and staffing needs have been met. The Organization is in the process of determining future leadership and staffing and intends to resolve this matter as expediently as possible. Colleen Nicoulin, Interim Executive Director, is responsible for this matter at the time of the report and the anticipated completion date is by June 30, 2022.