

**RIVER TO SEA TRANSPORTATION PLANNING
ORGANIZATION**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION
BOARD OF DIRECTORS – VOTING MEMBERS
AS OF JUNE 30, 2022**

Position	Name	Representing
Chairperson	Council Vice Chair Billie Wheeler	Volusia County District 2
1 st Vice Chair	Council Member Barbara Girtman	Volusia County District 1
2 nd Vice Chair	Commissioner Chris Cloudman	City of DeLand
Member	Commissioner Jeffrey Schuitema	City of Beverly Beach
Member	Commissioner Tina-Marie Schultz	City of Bunnell
Member	Commissioner Stacy Cantu	City of Daytona Beach
Member	Council Member Richard Bryan	City of Daytona Beach Shores
Member	Mayor Karen Chasez	City of DeBary
Member	Commissioner Victor Ramos	City of Deltona
Member	Councilwoman Christine Power	City of Edgewater
Member	Commissioner James Sherman	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	Commissioner Jason McGuirk	City of New Smyrna Beach
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	Mayor David Alfin	City of Palm Coast
Member	Mayor Samuel G.S. Bennett	City of Pierson
Member	Vice Mayor Gary Smith	City of Ponce Inlet
Member	Council Member Reed Foley	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:

Opinions

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Organization as of June 30, 2022, and the respective changes in financial position and the respective budgetary comparison for the general and special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter – Implementation of New Accounting Standard

As discussed in Note (5) to the financial statements, the Organization has adopted the provisions of GASB Statement No. 87, *Leases*. This adoption did not lead to a restatement of net position as of year-end. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

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.

Supplementary Information

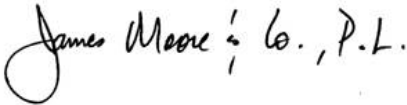
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's basic financial statements. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform 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 February 1, 2023, 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
February 1, 2023

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style and is enclosed within a thin black rectangular border.

**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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, 2022. 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 \$365,023 (net position). Of this amount, \$21,282 is invested in capital assets and \$343,741 is unrestricted.
- The Organization's total net position on a government-wide basis reflects a change of \$23,561 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 \$562,208, a change of \$29,583 over the previous fiscal year. Of this amount, \$543,734 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 11 and 12 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, 2022. The Organization's Net Pension Liability for fiscal years ending June 30, 2022, based on a measurement date of June 30, 2021, is shown below:

Florida Retirement System (FRS)	\$	31,468
Health Insurance Subsidy (HIS)		<u>94,496</u>
Total net pension liability	\$	<u><u>125,964</u></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 17 of this report.

The basic governmental fund financial statements can be found on pages 13 through 16 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 19 of this report.

Government-Wide Financial Analysis

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

	Governmental Activities		Difference
	2022	2021	
Assets			
Current assets	\$ 598,118	\$ 616,086	\$ (17,968)
Capital assets	422,443	52,729	369,714
Total assets	<u>1,020,561</u>	<u>668,815</u>	<u>351,746</u>
Deferred outflows of resources	<u>100,164</u>	<u>145,584</u>	<u>(45,420)</u>
Liabilities			
Current liabilities	37,562	83,461	(45,899)
Noncurrent liabilities	439,958	52,924	387,034
Net pension liability	125,964	313,211	(187,247)
Total liabilities	<u>603,484</u>	<u>449,596</u>	<u>153,888</u>
Deferred inflows of resources	<u>152,218</u>	<u>23,341</u>	<u>128,877</u>
Net Position			
Net investment in capital assets	21,282	43,177	(21,895)
Unrestricted	343,741	298,285	45,456
Total net position	<u>\$ 365,023</u>	<u>\$ 341,462</u>	<u>\$ 23,561</u>

Current assets and current liabilities experienced corresponding decreases in fiscal year 2022 due to timing related to cash inflow and outflows. Deferred outflows of \$100,164 is related to GASB 68 adjustments in the current year. Current liabilities decreased due to 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. Increases in noncurrent assets and noncurrent liabilities are due to recognition of right-to-use assets under GASB 87, implemented during fiscal year 2022.

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>2022</u>	<u>2021</u>	
Revenues			
Program Revenues			
Charges for services	\$ 69,161	\$ 91,041	\$ (21,880)
Operating grants and contributions	1,083,181	1,174,477	(91,296)
General Revenues			
Miscellaneous revenues	319	1,400	(1,081)
Total revenues	<u>1,152,661</u>	<u>1,266,918</u>	<u>(114,257)</u>
Expenses			
General government	62,349	107,289	(44,940)
Transportation	1,045,679	1,217,970	(172,291)
Interest expense	<u>21,072</u>	<u>-</u>	<u>21,072</u>
Total expenses	<u>1,129,100</u>	<u>1,325,259</u>	<u>(196,159)</u>
Increase (decrease) in net position	23,561	(58,341)	81,902
Beginning net position	<u>341,462</u>	<u>399,803</u>	<u>(58,341)</u>
Ending net position	<u>\$ 365,023</u>	<u>\$ 341,462</u>	<u>\$ 23,561</u>

Program revenues and expenses decreased in 2022 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. 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 \$562,208, and \$543,734 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 \$46,030. Revenue differences were mainly due to reduced copy machine costs, and the local match requirement associated with feasibility studies recorded in the Special Revenue Fund opposed to the General Fund. The Organization's actual expenditures were less than the final budget by \$63,639 for the same reasons, as well as due to projects budgeted but not undertaken and benefits budgeted for the prior Executive Director that were not expended due to resignation.

Capital Asset and Debt Administration

- **Capital Assets:** The Organization's total investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$422,443 (net of accumulated depreciation and amortization).
- **Long-term Debt:** At the end of the current fiscal year, the Organization owed \$401,161 related to a capital lease for copier equipment set to mature in fiscal year 2023 and a liability related to the leased office space.

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, 2022. 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, additional allocations from the Infrastructure Investment and Jobs Act as well as carryover funding in the amount of \$505,419 resulted in additional budget for personnel and to conduct projects and studies identified in the Organization's work plan. Moving into 2023, the Organization is collaborating with agency partners and pursuing discretionary grant funding to bring additional resources for specific projects and studies. Recent changes have occurred in leadership and the Organization expects to conduct an assessment of the agency to include an updated personnel study and salary assessment. In addition, the Organization will be relocated its office in the coming year.

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, 2022

	<u>Governmental Activities</u>
ASSETS	
Equity in pooled cash	\$ 157,996
Investments	135,444
Due from other governments	298,178
Deposits	6,500
Capital assets, net of accumulated depreciation	422,443
Total assets	<u>\$ 1,020,561</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>\$ 100,164</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 37,562
Noncurrent liabilities:	
Due within one year:	
Compensated absences	5,017
Leases	63,190
Due in more than one year:	
Compensated absences	33,780
Leases	337,971
Net pension liability	125,964
Total liabilities	<u>\$ 603,484</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>\$ 152,218</u>
NET POSITION	
Net investment in capital assets	\$ 21,282
Unrestricted	343,741
Total net position	<u>\$ 365,023</u>

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, 2022**

<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>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
General government	\$ 62,349	\$ 69,161	\$ -	\$ -	\$ 6,812
Transportation	1,045,679	-	1,083,181	-	37,502
Interest	21,072	-	-	-	(21,072)
Total governmental activities	<u>\$ 1,129,100</u>	<u>\$ 69,161</u>	<u>\$ 1,083,181</u>	<u>\$ -</u>	<u>23,242</u>
General revenues:					
Interest income					319
Total general revenues					<u>319</u>
Change in net position					23,561
Net position - beginning of year					341,462
Net position - ending of year					<u><u>\$ 365,023</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, 2022**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Equity in pooled cash	\$ 157,996	\$ -	\$ 157,996
Investments	135,444	-	135,444
Due from other governments	-	298,178	298,178
Due from other funds	274,283	-	274,283
Deposits	6,500	-	6,500
Total assets	<u>\$ 574,223</u>	<u>\$ 298,178</u>	<u>\$ 872,401</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 23,989	\$ 11,921	\$ 35,910
Due to other funds	-	274,283	274,283
Total liabilities	<u>23,989</u>	<u>286,204</u>	<u>310,193</u>
FUND BALANCES			
Nonspendable:			
Deposits	6,500	-	6,500
Assigned for:			
Transportation	-	11,974	11,974
Unassigned	543,734	-	543,734
Total fund balances	<u>550,234</u>	<u>11,974</u>	<u>562,208</u>
Total liabilities and fund balances	<u>\$ 574,223</u>	<u>\$ 298,178</u>	<u>\$ 872,401</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, 2022**

Fund balances - total governmental funds \$ 562,208

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds

Total governmental capital assets	584,971	
Less: accumulated depreciation	<u>(162,528)</u>	422,443

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.

Net pension liability	(125,964)	
Deferred outflows related to pensions	100,164	
Deferred inflows related to pensions	<u>(152,218)</u>	(178,018)

Long-term liabilities, including leases 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:

Leases		(401,161)
Leases interest payable		(1,652)
Compensated absences		(38,797)

Net position of governmental activities \$ 365,023

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, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Charges for services	\$ 69,161	\$ -	\$ 69,161
Intergovernmental:			
Federal	-	1,028,100	1,028,100
Non-federal	-	55,081	55,081
Investment income	319	-	319
Total revenues	<u>69,480</u>	<u>1,083,181</u>	<u>1,152,661</u>
Expenditures			
Current:			
General government	51,871	-	51,871
Transportation	-	991,477	991,477
Debt service:			
Principal	-	60,310	60,310
Interest	-	19,420	19,420
Total expenditures	<u>51,871</u>	<u>1,071,207</u>	<u>1,123,078</u>
Net change in fund balances	<u>17,609</u>	<u>11,974</u>	<u>29,583</u>
Fund balances, beginning of year	532,625	-	532,625
Fund balances, end of year	<u>\$ 550,234</u>	<u>\$ 11,974</u>	<u>\$ 562,208</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, 2022**

Net change in fund balances - total governmental funds	\$	29,583
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.		
Depreciation expense		(82,205)
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		12,950
Lease and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of lease and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the Statement of Activities.		
Change in lease interest payable		(1,652)
Change in lease liability		60,310
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. These adjustments are as follows:		
Change in compensated absences liability		4,575
Change in net position of governmental activities	\$	<u>23,561</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 - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 114,310	\$ 114,310	\$ 69,161	\$ (45,149)
Investment income	1,200	1,200	319	(881)
Total revenues	<u>115,510</u>	<u>115,510</u>	<u>69,480</u>	<u>(46,030)</u>
Expenditures				
Current:				
General government	115,510	115,510	51,871	63,639
Net change in fund balances	<u>-</u>	<u>-</u>	<u>17,609</u>	<u>17,609</u>
Fund balances, beginning of year	532,625	532,625	532,625	-
Fund balances, end of year	<u>\$ 532,625</u>	<u>\$ 532,625</u>	<u>\$ 550,234</u>	<u>\$ 17,609</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, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 1,704,700	\$ 1,704,700	\$ 1,083,181	\$ (621,519)
Total revenues	<u>1,704,700</u>	<u>1,704,700</u>	<u>1,083,181</u>	<u>(621,519)</u>
Expenditures				
Current:				
Transportation	1,699,700	1,699,700	991,477	708,223
Capital outlay	5,000	5,000	-	5,000
Debt service:				
Principal	-	-	60,310	(60,310)
Interest	-	-	19,420	(19,420)
Total expenditures	<u>1,704,700</u>	<u>1,704,700</u>	<u>1,071,207</u>	<u>633,493</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>11,974</u>	<u>11,974</u>
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,974</u>	<u>\$ 11,974</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, 2022

(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, 2022

(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, 2022

(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, 2022, 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, 2022

(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) **Leases**—The Organization leases copiers and building facilities, and determines if an arrangement is a lease at inception. The Organization recognizes intangible right-to-use (RTU) assets and corresponding lease liabilities for all leases that are not considered short-term. RTU assets represent the Organization’s right to use an underlying asset for the lease term and lease liabilities represent the Organization’s obligation to make lease payments arising from the lease. RTU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

Basis of lease classification – Leases that meet the following requirement will not be considered short term: the maximum possible lease term(s) is non-cancelable by both lessee and lessor, and is more than 12 months, and (2) the present value of lease payments for the lease is more than \$5,000.

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

Discount Rate – Unless explicitly stated in the lease agreement, known by the Organization, or the Organization is able to determine the rate implicit within the lease, the discount rate used to calculate lease right-to-use assets and liabilities will be the Organization’s incremental borrowing rate (IBR), which will be the rate utilized for the subsequent fiscal year. The Organization’s IBR was 5.00% at June 30, 2021, and was the discount rate utilized for applicable leases beginning July 1, 2021 and applicable lease conversions.

The Organization’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

(k) **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).

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).

(l) **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.

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

(3) Cash Deposits and Investments:

At June 30, 2022, 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.

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, 2022, 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 \$135,444. The Organization held no assets or investments carried at fair value at June 30, 2022, 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, 2022, the Organization's investment of \$135,444 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, 2022

(4) Capital Assets:

Capital asset activity for the fiscal year ended June 30, 2022 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	\$ 112,497	\$ -	\$ (3,325)	\$ 109,172
Right-to-use assets	475,799	-	-	475,799
Accumulated depreciation / amortization				
Furniture, fixtures, and equipment	(69,320)	(10,478)	3,325	(76,473)
Right-to-use assets	(14,328)	(71,727)	-	(86,055)
Governmental activities capital assets, net	<u>\$ 504,648</u>	<u>\$ (82,205)</u>	<u>\$ -</u>	<u>\$ 422,443</u>

During the year ended June 30, 2022, depreciation expense of \$82,205 was charged to the general government function of the Organization.

(5) Leases:

Organization as Lessee

The Organization has leases for two copiers and office space, which have remaining lease terms expiring in years 2023 through 2028. A right-to-use asset was added to the Organization' capital asset records for each of the assets which are included in the building and equipment classes. The estimated incremental borrowing rate applied to the office lease is 6.5%. The details of the leases are as follows.

The Organization entered into a 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 \$4,776 at June 30, 2022. The copiers have a five-year estimated useful life. The accumulated depreciation at June 30, 2022 was \$19,104.

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 the current monthly bare rent payments of \$6,409. In addition to the monthly base rent, the lease provides that the lessee will reimburse the lessor for their pro-rate share of contingent charges (specified common area maintenance and taxes) which based on the amended lease are currently billed at \$2,620 per month. At the end of each annual rental year, all contingent facilities common area costs are recalculated by the lessor to determine a pro-rata true-up adjustment which is due to or from the Organization at the start of each annual cycle. This lease expires April 1, 2028. As of June 30, 2022, the accumulated depreciation was \$66,951.

The amortization expense and interest expense for the underlying lease assets for the year ended June 30, 2022 was \$71,727 and \$19,420, respectively.

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

(5) **Leases:** (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Leases					
Copiers	\$ 9,552	\$ -	\$ (4,776)	\$ 4,776	\$ 4,776
Office space	451,919	-	(55,534)	396,385	58,414
Total leases	<u>\$ 461,471</u>	<u>\$ -</u>	<u>\$ (60,310)</u>	<u>\$ 401,161</u>	<u>\$ 63,190</u>

The principal and interest requirements to maturity for the office space lease liability as of June 30, 2022 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 63,190	\$ 18,493	\$ 81,683
2024	62,057	15,501	77,558
2025	67,245	12,269	79,514
2026	71,340	8,825	80,165
2027	77,003	5,118	82,121
2028	60,326	1,263	61,589
Total	<u>\$ 401,161</u>	<u>\$ 61,469</u>	<u>\$ 462,630</u>

(6) **Compensated Absences:**

For the year ended June 30, 2022, 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>
Governmental activities:					
Compensated absences	\$ 43,372	\$ 49,603	\$ (54,178)	\$ 38,797	\$ 5,017
Total long-term liabilities	<u>\$ 43,372</u>	<u>\$ 49,603</u>	<u>\$ (54,178)</u>	<u>\$ 38,797</u>	<u>\$ 5,017</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 2022. Settled claims resulting from the risks described above have not exceeded the insurance coverage for the past three years.

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

(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.

(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, 2022, there were no employee contributions. The employer recognized pension expense of \$7,028. 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).

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

(9) Employee Pension Plans: (Continued)

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, 2022, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5.

The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree 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.

**RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

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).

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, 2022, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Through June 30, 2022
Regular Class	10.82%

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

For the plan year ended June 30, 2022, actual contributions made for Organization employees participating in FRS and HIS were as follows:

Organization Contributions – FRS	\$ 18,191
Organization Contributions – HIS	4,318
Employee Contributions – FRS	6,952

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

At June 30, 2022, the Organization reported a liability related to FRS and HIS as follows:

Plan	Net Pension Liability
FRS	\$ 31,468
HIS	94,496
Total	\$ 125,964

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

The net pension liability was measured as of June 30, 2021, 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, 2021 and June 30, 2020, the Organization's proportionate share of the FRS and HIS net pension liabilities were as follows:

Plan	2021	2020
FRS	0.000416576%	0.000451190%
HIS	0.000770361%	0.000963896%

For the plan year ended June 30, 2022, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$	(122)
HIS		9,679
Total	\$	9,557

Deferred outflows/inflows related to pensions:

At June 30, 2022, 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	\$ 5,394	\$ -	\$ 3,162	\$ (40)
Changes of assumptions	21,532	-	7,425	(3,893)
Net difference between projected and actual investment earnings	-	(109,783)	99	-
Change in Organization's proportionate share	14,361	(17,536)	25,683	(20,966)
Contributions subsequent to measurement date	18,191	-	4,318	-
	\$ 59,477	\$ (127,319)	\$ 40,687	\$ (24,899)

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, 2023. 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:

2023	\$	(9,627)
2024		(13,122)
2025		(18,818)
2026		(30,254)
2027		(1,882)
Thereafter		(859)
Total	\$	(74,562)

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

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.

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%. There was no change in the discount rate from the prior year. 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 2.16% was used to determine the total pension for the program. This rate decreased from the prior year rate, which was 2.20%. 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%	2.1%
Fixed income	20.0%	3.8%
Global equities	54.2%	8.2%
Real estate	10.3%	7.1%
Private equity	10.8%	11.7%
Strategic investments	3.7%	5.7%
Total	<u>100.0%</u>	

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

(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(asset) 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(A) with 1% Increase</u>
FRS	6.80%	\$ 140,725	\$ 31,468	\$ (59,859)
HIS	2.16%	109,247	94,496	82,412

(10) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (“GASB”) has issued pronouncements that have effective dates that may impact future financial statements. The Organization has considered the new pronouncements that altered accounting principles generally accepted in the United States of America, and other than as disclosed in the notes to the financial statements, does not believe that any other new or modified principles will have a material impact on the Organization’s reported financial position or operations in the near term.

- (a) GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB Statement No. 101 amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability. In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023.

(11) **Subsequent Events:**

Subsequent to June 30, 2022, the lessor terminated the office lease for the Organization effective February 28, 2023. Currently, the Organization is attempting to establish a short-term lease option to provide them the time and opportunity to find new office space for a long-term lease.

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,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	
Florida Retirement System (FRS)										
Proportion of the net pension liability	0.000416576%	0.000451190%	0.000487411%	0.000438377%	0.000302097%	0.000373827%	0.000384098%	0.000387873%	0.000437583%	
Proportionate share of the net pension liability	\$ 31,468	\$ 195,521	\$ 167,853	\$ 132,041	\$ 89,389	\$ 94,392	\$ 49,611	\$ 23,666	\$ 75,328	
Covered payroll	260,093	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	12.10%	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	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%	88.54%	
Health Insurance Subsidy Program (HIS)										
Proportion of the net pension liability	0.000770361%	0.000963896%	0.000881963%	0.000008143%	0.000507082%	0.000600356%	0.000508502%	0.000517389%	0.000514725%	
Proportionate share of the net pension liability	\$ 94,496	\$ 117,690	\$ 98,683	\$ 86,190	\$ 54,220	\$ 69,969	\$ 51,859	\$ 48,377	\$ 44,814	
Covered payroll	260,093	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	36.33%	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	3.56%	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,								
	2021	2020	2019	2018	2017	2016	2015	2014	2013
Florida Retirement System (FRS)									
Contractually required contribution	\$ 18,191	\$ 15,870	\$ 7,895	\$ 11,109	\$ 7,864	\$ 9,116	\$ 9,365	\$ 8,496	\$ 5,889
Contributions in relation to the contractually required contribution	18,191	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>	<u>\$ -</u>
Covered payroll	\$ 260,093	\$ 272,782	\$ 127,144	\$ 168,312	\$ 161,627	\$ 185,334	\$ 154,275	\$ 153,730	\$ 149,526
Contributions as a percentage of covered payroll	6.99%	5.82%	6.21%	6.60%	4.87%	4.92%	6.07%	5.53%	3.94%
Health Insurance Subsidy Program (HIS)									
Contractually required contribution	\$ 4,318	\$ 4,528	\$ 5,553	\$ 4,896	\$ 2,684	\$ 3,077	\$ 1,944	\$ 1,772	\$ 1,686
Contributions in relation to the contractually required contribution	4,318	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>	<u>\$ -</u>
Covered payroll	\$ 260,093	\$ 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%	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, 2022**

Federal Grantor / Pass-Through Grantor Program or Cluster Title, Contract No.	Grant or Contract Number	Assistance Listing Number	Federal Expenditures
Department of Transportation			
Passed through the Florida Department of Transportation			
Highway Planning and Construction	FMN 439333-3-14-01	20.205	\$ 724,192
Highway Planning and Construction	FPN 439333-3-14-02	20.205	90,564
Highway Planning and Construction	FPN 439333-2-14-02	20.205	26,729
Total Highway Planning and Construction Cluster			<u>841,485</u>
Metropolitan Transportation Planning	FPN 431403-1-14-27	20.505	434
Metropolitan Transportation Planning	FPN 431403-1-14-30	20.505	139,879
Metropolitan Transportation Planning	FPN 431403-1-14-31	20.505	44,215
Metropolitan Transportation Planning	FPN 440798-1-14-31	20.505	544
Total Metropolitan Transportation Planning			<u>185,072</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,026,557</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, 2022**

(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 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, 2022, 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, 2022**

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:

<u>CFDA Number</u>	<u>Program Name</u>
20.205	Highway Planning and Construction Cluster

B. Financial Statement Findings:

2022-001 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.

C. **Federal Award Findings and Questioned Costs:** None.

D. **Summary Schedule of Prior Audit Findings:**

2021-001 Preparation of Financial Statements: See current-year finding 2022-001.

2021-002 Material Audit Adjustments: Corrective action taken.

2021-003 Authorized Bank Signors: Corrective action taken.

2021-004 Bank Statement Review and Approval: Corrective action taken.

2021-005 Payroll Report Review: Corrective action taken.

2021-006 Review and Approval of Adjusting Journal Entries: Corrective action taken.

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

Opinion on 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, 2022. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We identified certain deficiencies in internal control, as described in the accompanying schedule of findings and questioned costs, that we consider to be material weaknesses.

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

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

Daytona Beach, Florida
February 1, 2023



James Moore & Co., P.L.



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, 2022, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated February 1, 2023.

Report on 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.

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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. We identified certain deficiencies in internal control, as described in the accompanying schedule of findings and questioned costs as item 2022-001, that we consider to be material weaknesses.

Report on 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*.

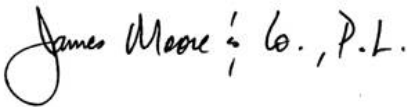
Management's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on 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
February 1, 2023

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style and is contained within a thin black rectangular border.



**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, 2022, and have issued our report thereon dated February 1, 2023.

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 Auditors' 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 February 1, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No repeat findings exist from the second preceding audit. See the summary schedule of prior audit findings on page 38 for a summary of prior year recommendations.

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.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

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.

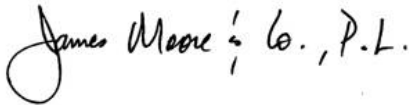
Management's Response to Findings

The Organization's response to the findings 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 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
February 1, 2023



INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

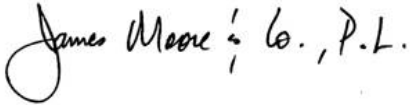
To the Governing Board,
River to Sea Transportation Planning Organization:

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, 2022. Management is responsible for the Organization's compliance with those requirements. Our responsibility is to obtain reasonable assurance by evaluation the Organization's investment policies against Section 218.415, Florida Statutes, *Local Government Investment Policies*, to determine the Organization's compliance and performing other procedures to obtain sufficient appropriate audit evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with attestation standards for a direct examination established by the American Institute of Certified Public Accountants. Those standards require that we obtain reasonable assurance by evaluating the Organization's investment policies against Section 218.415, Florida Statutes, *Local Government Investment Policies*, and performing procedures to obtain sufficient appropriate evidence to express an opinion that conveys the result of our measurement or evaluation of the Organization's compliance for the year ended June 30, 2022. 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.

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

In our opinion, the Organization complied with the aforementioned requirements for the year ended June 30, 2022, in all material respects.



Daytona Beach, Florida
February 1, 2023

MANAGEMENT'S RESPONSE TO FINDINGS

2022-001 Preparation of Financial Statements

Management recognizes that certain limitations exist in small offices with limited staffing resources and that the financial operations of the Organization are primarily performed by one individual, the TPO's Accounting Manager. Over the past fiscal year, the Organization experienced a change in leadership and key positions, including the Executive Director and Accounting Manager positions. The permanent placement of an Accounting Manager occurred in May of 2022. For the upcoming fiscal year, the Organization will take the following actions: 1) participate in training offered by the accounting software company (GMS); 2) continue to assess the accounting system structure and identify areas for improvement; 3) subscribe to software supplements that were previously not utilized by the organization including audit preparation tools and trial balance reports; and 4) join and pursue additional knowledge and training in a relevant accounting professional association, such as the Florida Government Finance Officers Association.