

**SUWANNEE VALLEY TRANSIT AUTHORITY**  
**ANNUAL FINANCIAL REPORT**  
For the Fiscal Year Ended September 30, 2021

**SUWANNEE VALLEY TRANSIT AUTHORITY**

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## **INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS**

**Board of Directors**  
Suwannee Valley Transit Authority  
Live Oak, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of Suwannee Valley Transit Authority as of and for the fiscal year ended September 30, 2021, which comprise the Suwannee Valley Transit Authority's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of Suwannee Valley Transit Authority as of September 30, 2021, and the changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

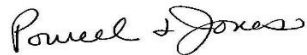
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and pension schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements,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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Suwannee Valley Transit Authority's financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis 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 and is not a required part of the financial statements. The Schedule of Expenditures of Federal Awards and State Financial Assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 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 April 11, 2022 on our consideration of Suwannee Valley Transit Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Suwannee Valley Transit Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Powell & Jones".

**POWELL & JONES**  
Certified Public Accountants  
April 11, 2022

## Management's Discussion and Analysis

As management of the Suwannee Valley Transit Authority, we offer readers of the Suwannee Valley Transit Authority's financial statements this narrative overview and analysis of the financial activities of the Suwannee Valley Transit Authority for the fiscal year ended September 30, 2021.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Suwannee Valley Transit Authority's basic financial statements. The Suwannee Valley Transit Authority's basic financial statements comprise 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.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Suwannee Valley Transit Authority's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Suwannee Valley Transit Authority's assets and liabilities, with the difference between the two 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 Suwannee Valley Transit Authority is improving or deteriorating.

The *statement of activities* presents information showing how the government'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 only result in cash flows in future fiscal periods.

The governmental activities of the Suwannee Valley Transit Authority include transportation services.

The government-wide financial statements can be found on pages 11 – 12 of this report.

**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 Suwannee Valley Transit Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**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 spendable resources*, as well as on *balances of spendable 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 balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Suwannee Valley Transit Authority maintains one governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund which is considered to be a major fund.

The Suwannee Valley Transit Authority adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate legal compliance with this budget.

The basic governmental fund financial statements can be found on pages 13 – 14 of this report.

**Notes to the financial statements.** The notes provide additional information that is 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 on pages 16 – 36 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Suwannee Valley Transit Authority's budgetary information. Required supplementary information can be found on pages 37 - 46 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Suwannee Valley Transit Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$685,306 at the close of the most recent fiscal year.

The largest portion of the Suwannee Valley Transit Authority's net position reflects its investment in capital assets (e.g., land, buildings, improvements, vehicles, and equipment), less any related debt used to acquire those assets that are still outstanding. The Suwannee Valley Transit Authority uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Suwannee Valley Transit Authority's investment in its capital assets is reported net of related debt (if applicable), it should be noted that the resources needed to repay liabilities must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.



## Suwannee Valley Transit Authority's Net Position

	Governmental Activities	
	September 30,	
	2021	2020
Current and other assets	\$ 763,807	\$ 758,462
Capital assets	768,038	799,897
Total assets	1,531,845	1,558,359
Deferred outflows of resources	209,772	263,310
Current liabilities	142,606	236,756
Net pension liability	341,932	854,337
Other noncurrent liabilities	51,044	49,582
Total liabilities	535,582	1,140,675
Deferred inflows of resources	520,729	124,921
Net position		
Invested in capital assets, net of related debt	768,038	799,897
Unrestricted	(82,732)	(243,824)
Total net position	\$ 685,306	\$ 556,073

**Governmental activities.** Governmental activities increased the Suwannee Valley Transit Authority's net assets by \$129,233.

The key element of this increase was and increase in grant activities.

## Suwannee Valley Transit Authority's Changes In Net Position

	Governmental Activities	
	For the Fiscal Year Ended September 30,	
	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 121,321	\$ 113,695
Operating grants and contributions	1,491,145	1,710,663
Capital grants and contributions	241,334	182,699
General revenues:		
Intergovernmental and other	61,041	89,767
Total revenues	1,914,841	2,096,824
Expenses:		
Transportation services	1,756,341	1,702,390
Loss on disposition of fixed assets	29,267	-
Total expenses	1,785,608	1,702,390
Change in net position	129,233	394,434
Net position, beginning of year	556,073	161,639
Total net position	\$ 685,306	\$ 556,073

## **Financial Analysis of the Government's Funds**

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

**Governmental funds.** The focus of the Suwannee Valley Transit Authority's *governmental fund* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Suwannee Valley Transit Authority's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Suwannee Valley Transit Authority's governmental funds reported ending fund balance of \$688,786 on the Governmental Fund Balance Sheet, a net increase of \$53,076.

The general fund is the chief operating fund of the Suwannee Valley Transit Authority. At the end of the current fiscal year, unassigned fund balance was \$658,740.

## **General Fund Budgetary Highlights**

The final budgeted expenditures were the same as the original budget. Final total budgeted revenues were also the same amount as the original total budgeted revenues for the fiscal year.

## **Capital Asset and Debt Administration**

**Capital assets.** The Suwannee Valley Transit Authority's investment in capital assets for its governmental activities as of September 30, 2021, amounts to \$768,038 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, and vehicles. The total decrease in the Suwannee Valley Transit Authority's investment in capital assets for the current fiscal year was \$31,859, a 4% percent decrease. The key factor in this grant related fixed asset purchases.

## **Economic Factors and Next Year's Budgets and Rates**

The main considerations for the 2020-2021 budget and rates were the economy, local government funding and governmental grant funding. These factors were considered in preparing the Suwannee Valley Transit Authority's budget for the 2021-2022 fiscal year.

## **Requests for Information**

This financial report is designed to provide a general overview of the Suwannee Valley Transit Authority'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 Administrator, 1907 Voyles Street, Live Oak, Florida 32060.

**SUWANNEE VALLEY TRANSIT AUTHORITY**  
**STATEMENT OF NET POSITION**  
**September 30, 2021**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 403,701
Receivables	330,060
Prepaid expenses	30,046
Capital assets	
Capital assets not being depreciated	
Land	15,715
Capital assets being depreciated	
Other capital assets, net	<u>752,323</u>
<b>Total Assets</b>	<u><b>1,531,845</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>209,772</b></u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	75,021
Accrued compensated absences	9,008
Current portion net pension liability	58,577
Noncurrent liabilities:	
Accrued compensated absences	51,044
Net pension liability	<u>341,932</u>
<b>Total Liabilities</b>	<u><b>535,582</b></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u><b>520,729</b></u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	768,038
Unrestricted	<u>(82,732)</u>
<b>Total Net Position</b>	<u><u><b>\$ 685,306</b></u></u>

See notes to financial statements.

**SUWANNEE VALLEY TRANSIT AUTHORITY  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended September 30, 2021**

<u>FUNCTIONS AND PROGRAMS</u>	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	<u>NET REVENUE (EXPENSE) AND CHANGE IN NET POSITION</u>
Governmental activities					
Transportation services	\$ 1,756,341	\$ 121,321	\$ 1,491,145	\$ 241,334	\$ 97,459
Total governmental activities	<u>\$ 1,756,341</u>	<u>\$ 121,321</u>	<u>\$ 1,491,145</u>	<u>\$ 241,334</u>	
			General revenues:		
			Interest revenue		12
			Other		61,029
			Disposition of fixed assets		(29,267)
					<u>129,233</u>
			Net position, beginning of year		556,073
			Net position, end of year		<u>\$ 685,306</u>

See notes to financial statements.

**SUWANNEE VALLEY TRANSIT AUTHORITY  
GOVERNMENTAL FUND  
BALANCE SHEET  
September 30, 2021**

	<b>General Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 403,701
Receivables	330,060
Prepaid expenses	30,046
<b>Total Assets</b>	<b>763,807</b>
 <b>LIABILITIES AND FUND BALANCE</b>	
<b>Liabilities</b>	
Accounts payable	29,854
Accrued wages and benefits	45,167
<b>Total Liabilities</b>	<b>75,021</b>
 <b>Fund Balance</b>	
Non-spendable - Prepaid expenses	30,046
Unassigned	658,740
<b>Total Fund Balance</b>	<b>688,786</b>
 Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	768,038
Deferred outflows of resources represent a consumption of fund equity that will be reported as an outflow of resources in a future period and therefore are not reported in the governmental funds.	209,772
Deferred inflows of resources represent an acquisition of fund equity that will be recognized as an inflow of resources in a future period and therefore are not reported in the governmental funds.	(520,729)
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds.	
FRS pension liability	(400,509)
Accrued compensated absences	(60,052)
<b>Net position of governmental activities</b>	<b>\$ 685,306</b>

See notes to financial statements.

**SUWANNEE VALLEY TRANSIT AUTHORITY  
GOVERNMENTAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
For the Fiscal Year Ended September 30, 2021**

	<b>General Fund</b>
<b>Revenues</b>	
Intergovernmental	\$ 1,732,479
Charges for services	121,321
Other	61,041
<b>Total revenues</b>	<b>1,914,841</b>
<b>Expenditures</b>	
Transportation	
Personnel	1,175,400
Current operating	463,048
Capital outlay	222,633
<b>Total expenditures</b>	<b>1,861,081</b>
<b>Excess of revenues over expenditures</b>	<b>53,760</b>
<b>Fund balance, beginning of year</b>	<b>635,026</b>
<b>Fund balance, end of year</b>	<b>\$ 688,786</b>

See notes to financial statements.

**SUWANNEE VALLEY TRANSIT AUTHORITY  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE OF  
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended September 30, 2021**

Amounts reported for net change in fund balance in the governmental fund and change in net position in the statement of activities are different because:

Net change in fund balance - total governmental fund	\$	53,760
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Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Losses on the disposition of fixed assets are not recorded in governmental funds but are reported on the Statement of Activities.

This is the amount by which depreciation and losses on disposal of fixed assets exceeded capital outlay		(31,859)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences		(1,720)
Change in net pension liability and deferred inflows/outflows of resources		109,052

Change in net position of governmental activities	\$	<u>129,233</u>
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See notes to financial statements.

**SUWANNEE VALLEY TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**I. Summary of Significant Accounting Policies**

**A. Reporting Entity**

Suwannee Valley Transit Authority (Authority) is a separate governmental authority created by an Interlocal agreement on August 9, 1976 between Columbia, Suwannee and Hamilton Counties. It is governed by an appointed six member board. As required by accounting principles generally accepted in the United States of America, these financial statements present the Authority only since there are no entities for which the Authority is considered to be financially accountable.

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

**C. Measurement focus, basis of accounting, and financial statement preparation**

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 government 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. An exception to this is when federal and state grants collected on a reimbursement basis are recognized as revenue when reimbursable expenditures are made. The Authority considers reimbursement amounts received within one year as available. Debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.



Program Revenues - Amounts reported as program revenues include 1) charges to customers for transportation services and 2) grants and contributions that are restricted to meeting the operational or capital requirements of the government. Other revenues are reported as general revenue rather than as program revenues.

Encumbrances - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not used by the Authority.

The Authority reports the following major governmental fund:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities, and Net Position or Equity**

**1. Deposits**

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Authority to invest in direct obligations of the U.S. Treasury, Local Government Surplus Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Inter-local Cooperation Act of 1969, SEC registered money market funds with the highest credit quality rating, and savings and CD accounts in state-certified public depositories. The Authority had no such investments during the year.

**2. Compensated Absences**

It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**3. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make

estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**4. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**5. Capital Assets**

Capital assets, which include property and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. For financial reporting purposes, capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property and equipment of the Authority is depreciated using the straight line method over the following estimate useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15 - 31.5
Vehicles	10 - 15
Office equipment	5 - 7
Computer equipment	5

**6. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority only has one item that qualifies for reporting in this category. It is the deferred charge on pensions in the government-wide statement of net position. Deferred outflows of resources on pensions are recorded when actual earnings on pension plan investments exceed projected earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred outflows of resources on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the Authority's proportionate share of net pension liability. These are amortized over the average

expected remaining service lives of all employees that are provided with pensions through each pension plan. Contributions to pension plans made subsequent to the measurement date are also deferred and reduce net pension liability in the subsequent year.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement's element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has only one type of item that qualifies for reporting in this category, which is related to pensions. Deferred inflows on pensions are recorded when actual earnings on pension plan investments exceed projected earnings and are amortized to pension revenue using a systematic and rational method over a closed five-year period. Deferred inflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the Authority's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan.

## **7. Fund Equity**

The Authority follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints.

**Non-spendable fund balance** – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Authority had prepaid expenses of \$30,046 which were considered to be non-spendable resources as of September 30, 2021.

**Restricted fund balance** – includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or (b) imposed by provisions or enabling legislation. The Authority did not have any restricted resources as of September 30, 2021.

**Committed fund balance** – includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Authority did not have any committed resources as of September 30, 2021.

Assigned fund balance – includes amounts that are constrained by the Authority’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board delegating this responsibility to the Administrator through the budgetary process. The Authority did not have any assigned resources as of September 30, 2021.

Unassigned fund balance – includes amounts that have not been assigned, committed, or restricted within the General fund.

The Authority 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.

**II. Reconciliation of Government-Wide and Fund Financial Statements**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. “Net Position” of the Authority’s governmental fund \$688,786 differs from “net position” of governmental activities \$685,306 reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet.

Capital related items

When capital assets (property and equipment) that are to be used in governmental activities are purchased or constructed, the cost of these assets are reported as expenditures in the governmental fund. However, the statement of net position included those capital assets among the assets of the Authority as a whole.

Cost of capital assets	\$ 3,345,734
Accumulated depreciation	<u>(2,577,696)</u>
Fixed assets, net	<u>\$ 768,038</u>

Long-term liabilities

One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” Also, repayment of long-term debt is an expenditure in governmental fund statements, but reduces long-term debt in the statement of net position. The details of this difference are as follows:

Net pension liability	\$ (400,509)
Compensated absences	<u>(60,052)</u>
	<u>\$ (460,561)</u>

Deferred outflows/inflows of resources

Deferred outflows of resources represent a consumption of net position in a future period while deferred inflows of resources represent an acquisition of net position in a future period and accordingly, are not reported in the governmental fund statements. However, the statement of net position included those deferred outflows/inflows of resources.

Net deferred inflows and outflows of resources \$ (310,957)

The following is a reconciliation of the government-wide to the fund financial statements:

	Total Governmental Funds	Deferred Outflows/Inflows of Resources	Capital Related Items	Long-Term Debt Transactions	Statement of Net Position
<b>ASSETS</b>					
Cash and cash equivalents	\$ 403,701	\$ -	\$ -	\$ -	\$ 403,701
Accounts receivable - net	330,060	-	-	-	330,060
Prepaid expenses	30,046	-	-	-	30,046
Capital assets - net	-	-	768,038	-	768,038
<b>Total assets</b>	<u>763,807</u>	<u>-</u>	<u>768,038</u>	<u>-</u>	<u>1,531,845</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>-</u>	<u>209,772</u>	<u>-</u>	<u>-</u>	<u>209,772</u>
<b>LIABILITIES</b>					
Accounts payable	29,854	-	-	-	29,854
Accrued payroll liabilities	45,167	-	-	-	45,167
Accrued compensated absences	-	-	-	60,052	60,052
Net pension liability	-	-	-	400,509	400,509
<b>Total liabilities</b>	<u>75,021</u>	<u>-</u>	<u>-</u>	<u>460,561</u>	<u>535,582</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>520,729</u>	<u>-</u>	<u>-</u>	<u>520,729</u>
<b>NET POSITION</b>					
Invested in capital assets	-	-	768,038	-	768,038
Unrestricted	688,786	(310,957)	-	(460,561)	(82,732)
<b>TOTAL NET POSITION</b>	<u>\$ 688,786</u>	<u>\$ (310,957)</u>	<u>\$ 768,038</u>	<u>\$ (460,561)</u>	<u>\$ 685,306</u>

**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**

The governmental fund change in fund balance on the statement of revenues, expenditures, and changes in fund balance, \$53,760, differs from changes in net position of governmental activities as reported in the government-wide statement of activities \$129,233. A reconciliation of this difference follows:

One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is

allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital outlay	\$222,633
Depreciation expense	(225,225)
Loss on disposition of fixed assets	(29,267)
Net adjustments due to fixed asset transactions	<u><u>(\$31,859)</u></u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The detail of this difference is as follows:

Compensated absences	\$ (1,720)
Pension liability	558,398
Net deferred inflows and outflows of resources	(449,346)
	<u><u>\$ 107,332</u></u>

The following is a reconciliation of the change in fund balance in the governmental fund to the change in net position in the Statement of Activities:

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

B. Explanation of Differences Between Government Fund Operating Statements and the Statement of Activities

	Total Governmental Funds	Capital Related Items	Long-Term Debt Transactions/ Eliminations	Deferred Outflows/Inflows of Resources	Statement of Activities
<b>REVENUES</b>					
Intergovernmental	\$ 1,732,479	\$ -	\$ -	\$ -	\$ 1,732,479
Charges for services	121,321	-	-	-	121,321
Interest	12	-	-	-	12
Miscellaneous	61,029	-	-	-	61,029
Total revenues	<u>1,914,841</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,914,841</u>
<b>EXPENDITURES</b>					
Transportation					
Personnel	1,175,400	-	(556,678)	449,346	1,068,068
Current expenditures	463,048	225,225	-	-	688,273
Capital outlay	222,633	(222,633)	-	-	-
Total expenditures	<u>1,861,081</u>	<u>2,592</u>	<u>(556,678)</u>	<u>449,346</u>	<u>1,756,341</u>
Excess of revenues over (under) expenditures	53,760	(2,592)	556,678	(449,346)	158,500
Other financing sources (uses)					
Disposition of fixed assets	-	(29,267)	-	-	(29,267)
Net change in fund balance	53,760	(31,859)	556,678	(449,346)	129,233
Fund balances at beginning of year	635,026	799,897	(1,017,239)	138,389	556,073
Fund balances at end of year	<u><u>\$ 688,786</u></u>	<u><u>\$ 768,038</u></u>	<u><u>\$ 460,561</u></u>	<u><u>\$ (310,957)</u></u>	<u><u>\$ 685,306</u></u>

### III. Detailed Notes on All Funds

#### A. Deposits

At year end, the carrying amount of the Authority's deposits was \$403,551 and the bank balance was \$429,134. Of the bank balance, 100% was covered by Federal depository insurance or by collateral held by the Authority's custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Acts Chapter 280, *Florida Statutes*.

The Florida Security for Public Deposits Act established guidelines for qualifications and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

#### B. Receivables

The Authority's receivables due on account and from governmental agencies are for transportation services provided. Management considers all receivables to be collectible. The Authority's receivables at September 30, 2021, are as follows:

Due from other governmental units	\$ 328,667
Other receivables	<u>1,393</u>
	<u><u>\$ 330,060</u></u>

#### C. Capital Assets

Capital assets activity for the year ended September 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 15,715	\$ -	\$ -	\$ 15,715
Capital assets, being depreciated				
Buildings and improvements	820,070	-	-	820,070
Equipment, furniture, fixtures and vehicles	2,390,814	222,633	(103,498)	2,509,949
Total capital assets being depreciated,	<u>3,210,884</u>	<u>222,633</u>	<u>(103,498)</u>	<u>3,330,019</u>
Less accumulated depreciation				
Buildings and improvements	(728,005)	(13,545)	-	(741,550)
Equipment, furniture, fixtures and vehicles	(1,698,697)	(211,680)	74,231	(1,836,146)
Total accumulated depreciation, net	<u>(2,426,702)</u>	<u>(225,225)</u>	<u>74,231</u>	<u>(2,577,696)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>784,182</u>	<u>(2,592)</u>	<u>(29,267)</u>	<u>752,323</u>
Capital assets, net	<u>\$ 799,897</u>	<u>\$ (2,592)</u>	<u>\$ (29,267)</u>	<u>\$ 768,038</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Transportation services	<u>\$ 225,225</u>

**D. Long-term Debt**

**General Long-term Liabilities**

Long-term liability for the year ended September 30, 2021 was as follows:

	Balance 09/30/20	Additions	Retirements	Balance 09/30/21	Due within one year
Net pension liability	\$ 958,907	\$ -	\$ (558,398)	\$ 400,509	\$ 58,577
Compensated absences	58,332	1,720	-	60,052	9,008
	<u>\$ 866,584</u>	<u>\$ 1,720</u>	<u>\$ (558,398)</u>	<u>\$ 460,561</u>	<u>\$ 67,585</u>

**IV. Stewardship, Compliance, and Accountability**

**A. Budgetary Information**

The following procedures are utilized by the Authority in establishing and/or amending the budgetary information obtained in the general purpose financial statements:

- Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by law.
- Budgets are generally prepared for the governmental fund types on a basis consistent with generally accepted accounting principles and are presented based upon the final amended amounts.
- Appropriations lapse at year end to the extent that they have not been expended. Budget appropriations may not be legally exceeded on a fund basis.

**B. Excess of Appropriations Over Expenditures**

Appropriations exceeded expenditures in the general fund.

Fund	Appropriations	Expenditures	Excess of Appropriations Over Expenditures
General Fund	\$ 3,407,063	\$ 1,861,081	\$ 1,545,982



## **V. Other Information**

### **A. Risk Management**

The Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance.

### **B. Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by grantors cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

### **C. Cost-sharing Multiple Employer Defined Benefit Pension Plans – Florida Retirement System Pension Plan and the Retirement Health Insurance Subsidy Program**

#### **Florida Retirement System**

**General Information** - All of the Authority's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan ("Investment Plan") alternative to the FRS Pension Plan, which is administered by the State Board of Administration ("SBA"). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site: [www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

#### **Pension Plan**

**Plan Description** – The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

**Benefits Provided** - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011,

Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

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

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions - Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2020 through June 30, 2021 and from July 1, 2021 through September 30, 2021, respectively, were as follows:

<u>Class</u>	<u>October 1, 2020 - June 30, 2021</u>	<u>July 1, 2021 - September 30, 2021</u>
Regular Class	10.00%	10.82%
Special Risk Class	24.45%	25.89%
Special Risk Administrative Support	35.84%	37.76%
County Elected Officers Class	49.18%	51.42%
Senior Management Class	27.29%	29.01%
Deferred Retirement Option Program	16.98%	18.34%

These employer contribution rates include 1.66% and 1.66% HIS Plan subsidy for the periods October 1, 2020 through June 30, 2021 and from July 1, 2021 through September 30, 2021, respectively.

The Authority's contributions, including employee contributions, to the Pension Plan totaled \$100,130 for the fiscal year ended September 30, 2021.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At September 30, 2021, the Authority reported pension liability of \$127,524 for its proportionate share of the Pension Plan's net pension liability. 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 July 1, 2021. The Authority's proportionate share of the net pension liability was based on the Authority's 2020-21 fiscal year contributions relative to the 2019-20 fiscal year contributions of all participating members. At June 30, 2021, the Authority's proportionate share was 0.001688190%, which was an increase of 0.0001480% from its proportionate share measured as of June 30, 2020.

For the fiscal year ended September 30, 2021, the Authority recognized pension expense of \$(14,991) relating to the adjustment in the FRS pension liability for the fiscal year. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,858	\$ -
Changes in assumptions	87,258	-
Net difference between projected and actual earnings on Pension Plan investments	-	(444,898)
Changes in proportion and differences between Authority Pension Plan contributions and proportionate share of contributions	45,754	(22,029)
Authority Pension Plan contributions subsequent to the measurement date	17,723	-
<b>Total</b>	<b>\$ 172,593</b>	<b>\$ (466,927)</b>

The deferred outflows of resources related to the Pension Plan, totaling \$17,723 resulting from Authority contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending	
September 30	
2022	\$ (54,961)
2023	(64,090)
2024	(84,894)
2025	(108,786)
2026	674
Thereafter	-
	<u>\$ (312,057)</u>

**Actuarial Assumptions** – The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Valuation and Timing Actuarially determined contribution rates for a given plan year are calculated in the valuation conducted as of the beginning of the preceding plan year (e.g. rates for the 2022-2023 plan year are calculated in the 7/1/2021 actuarial valuation)

Actuarial Cost Method	Individual Entry Age
Level percent of level dollar	Level percent
Closed, open or layered periods	Closed, layered
Amortization period	Effective July 1, 2021: New bases are amortized over 20 years Bases established prior to July 1, 2021: amortized over maximum of 20 years.
2019 actuarial cost method change	Amortized over 30 years as level percentage of Tier I pay
Payroll growth rate	3.25%

Asset Valuation Method	
Smoothing period	5 years
Recognition method	Asymptotic
Corridor	80% - 120% of fair market value
Inflation	2.40%

Salary Increases Varies by membership class and length of service; details in funding actuarial valuation report

Investment Rate of Return 6.80%

Cost of Living Adjustments 3% for pre-July 2011 benefit service; 0% thereafter

Retirement Age Varies by tier, membership class, age and sex; details in funding actuarial valuation report

Turnover Varies by membership class, length of service, age and sex; details in funding actuarial valuation report

Mortality PUB-2010 base table varies by member category and sex, projected generally with Scale MP-2018, details in funding actuarial valuation report

**Other Key Actuarial Assumptions:**

The actuarial assumptions that determined the total pension liability as of June 30, 2021 were based on the results of an actuarial experience study for the July 1, 2013 - June 30, 2018 experience observation period.

	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Discount Rate	6.80%	6.80%
Long-term expected rate of return net of investment expense	6.80%	6.80%
Municipal bond rates	NA	NA
Valuation Date	July 1, 2020	July 1, 2020
Measurement date	June 30, 2020	June 30, 2021
Inflation	2.40%	2.40%
Salary increases including inflation	3.25%	3.25%
Mortality	PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018	PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018
Actuarial cost method	Individual Entry Age	Individual Entry Age

The following changes to assumptions occurred in the 2021 fiscal year:

The maximum amortization period was decreased to 20 years for all current and future amortization bases.

The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees if future experience follows assumptions and the Actuarially Determined Contribution (ADC) is contributed in full each year. Therefore the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

The table below contains a summary of return assumptions for various asset classes based on the long-term target asset allocation. The six specific asset classes displayed are per system request and are summarized results of a more detailed market outlook model with additional asset classes.. Each asset class assumption is based on a consistent set of underlying real return assumptions and includes an adjustment for the FRS Actuarial Assumption

Conferences's 2.4% inflation assumption. The assumptions are not based on historical returns, by instead are based on a forward-looking capital market economic model.

Asset Class	Policy Allocation*	Annual Arithmetic Return	Compound Annual (Geometric) Return	Annual Standard Deviation
Cash Equivalents	1.0%	2.1%	2.1%	1.1%
Fixed Income	20.0%	3.8%	3.7%	3.3%
Global equity	54.2%	8.2%	6.7%	17.8%
Real estate	10.3%	7.1%	6.2%	13.8%
Private equity	10.8%	11.7%	8.5%	26.4%
Strategic investments	3.7%	5.7%	5.4%	8.4%
	<u>100.0%</u>			
Assumed inflation-mean			2.4%	1.2%

**Sensitivity of the Authority's Proportionate Share of the Net Position Liability to Changes in the Discount Rate** - The following represents the Authority's proportionate share of the net pension liability calculated using the discount rate of 6.80%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.80%) or one percentage point higher (7.80%) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
Authority's proportionate share of the net pension liability	\$ 570,294	\$ 127,524	\$ (242,583)

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

**Payables to the Pension Plan** - At September 30, 2020, the Authority had contributions payable of \$7,833 to the Pension Plan for the fiscal year ended September 30, 2020.

### **HIS Plan**

**Plan Description** - The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

**Benefits Provided** – For the fiscal year ended September 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

**Contributions** – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2021, the HIS contribution for the period October 1, 2020 through June 30, 2021 and from July 1, 2021 through September 30, 2021 was 1.66% and 1.66%, respectively. The Authority contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Authority's contributions to the HIS Plan totaled \$20,366 for the fiscal year ended September 30, 2021.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At September 30, 2021, the Authority reported liability of \$272,985 for its proportionate share of the HIS Plan's net pension liability. 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 June 30, 2020. The Authority's proportionate share of the net pension liability was based on the Authority's 2020-21 fiscal year contributions relative to the 2019-20 fiscal year contributions of all participating members. At June 30, 2021, the Authority's proportionate share was 0.002225452%, which was a (decrease) of (0.00016094%) percent from its proportionate share measured as of June 30, 2020.

For the fiscal year ended September 30, 2020, the Authority recognized pension expense of (\$11,750) relating to the adjustment in the HIS net pension liability for the fiscal year. In addition the Authority reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:



Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,135	\$ (114)
Changes in assumptions	21,451	(11,248)
Net difference between projected and actual earnings on HIS Plan investments	285	-
Changes in proportion and differences between Authority HIS Plan contributions and proportionate share of contributions	3,118	(42,440)
Authority HIS Plan contributions subsequent to the measurement date	3,192	-
<b>Total</b>	<b>\$ 37,179</b>	<b>\$ (53,802)</b>

The deferred outflows of resources related to the HIS Plan, totaling \$3,192 resulting from Authority contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	
2022	\$ (6,959)
2023	(2,217)
2024	(4,573)
2025	(624)
2026	(4,540)
Thereafter	(902)
	<b>\$ (19,815)</b>

**Actuarial Assumptions** – The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 %
Salary increases	3.25 %, average, including inflation
Discount rate and long-term expected rate of return	6.80%
Municipal bond rate	2.16% Bond Buyer Generational Obligation 20-Bond Municipal Bond index

Mortality rates were based on Pub-2010 base table.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an experience study completed in 2019, for the period July 1, 2013 through June 30, 2018.

The following changes to assumptions occurred in the 2021 year:

The municipal bonds rate used to determine total pension liability was decreased from 2.21% to 2.16%.

**Discount Rate** - The discount rate used to measure the total pension liability was 2.16%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**Sensitivity of the Authority's Proportionate Share of the Net Position Liability to Changes in the Discount Rate** - The following represents the Authority's proportionate share of the net pension liability calculated using the discount rate of 2.16%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Authority's proportionate share of the net pension liability	\$ 315,597	\$ 272,985	\$ 238,074

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

**Payables to the Pension Plan** - At September 30, 2021, the Authority had a payable of \$1,997 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2021.

## **Investment Plan**

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Authority employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected Authority Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2019-2020 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30%, Special Risk Administrative Support class 7.95%, Special Risk class 14.00%, Senior Management Service class 7.67% and Authority Elected Officers class 11.34%. Each of the member classes pay 3% of the contribution.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2021, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Authority.

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

The Authority did not have any participants in the Investment Plan for the fiscal year ended September 30, 2021.

**D. Significant Funding Source**

The Authority receives a substantial amount of its funding from the Florida Department of Transportation and State of Florida, Commission for the Transportation Disadvantaged. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the Authority's programs and activities.

**E. Subsequent Events**

The Authority has evaluated events and transactions for potential recognition or disclosure in the accompanying financial statements through March 30, 2022 the date which the financial statements were available to be issued.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) was characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Country. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all or which are uncertain.

**F. Other Post-Employment Benefits (OPEB)**

The Authority is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees, whether the premiums are paid by the Authority or the retiree. Participating retirees are considered to receive a secondary benefit known as an "implicit rate subsidy." This benefit relates to the assumption that the retirees are receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the county's younger and statistically healthier active employees. GASB Statements 45 and 74 require governments to report this cost and related liability in its financial statements.

Due to the fact that no retirees participated in the plan during the year, management determined that its OPEB obligation at year end would be of a de minimis amount. Management will monitor this situation in the future and take appropriate steps to properly comply with these GASB Statements.

**SUWANNEE VALLEY TRANSIT AUTHORITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2021**

**SUWANNEE VALLEY TRANSIT AUTHORITY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Fiscal Year Ended September 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 3,205,098	\$ 3,205,098	1,732,479	\$ (1,472,619)
Charges for services	170,850	170,850	121,321	(49,529)
Miscellaneous	31,115	31,115	61,041	29,926
<b>Total revenues</b>	<u>3,407,063</u>	<u>3,407,063</u>	<u>1,914,841</u>	<u>(1,492,222)</u>
<b>Expenditures</b>				
Transportation				
Personnel	1,850,000	1,850,000	1,175,400	674,600
Current operating	1,557,063	1,557,063	463,048	1,094,015
Capital outlay	-	-	222,633	(222,633)
<b>Total expenditures</b>	<u>3,407,063</u>	<u>3,407,063</u>	<u>1,861,081</u>	<u>1,545,982</u>
<b>Excess of revenues over (under) expenditures</b>	-	-	53,760	53,760
<b>Fund balance, beginning of year</b>	635,026	635,026	635,026	-
<b>Fund balance, end of year</b>	<u>\$ 635,026</u>	<u>\$ 635,026</u>	<u>\$ 688,786</u>	<u>\$ 53,760</u>

See notes to required supplementary information.

**SCHEDULE OF SUWANNEE VALLEY TRANSIT AUTHORITY'S CONTRIBUTIONS  
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM**

**LAST 10 FISCAL YEARS\***

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required FRS contribution	\$ 100,130	\$ 73,983	\$ 75,954	\$ 70,439	\$ 79,669	\$ 65,463	\$ 49,030	\$ 82,432
Contractually required HIS contribution	20,366	19,882	22,444	15,886	7,892	14,483	11,501	16,387
Total Contractually Required Contributions	<u>120,496</u>	<u>93,865</u>	<u>98,398</u>	<u>86,325</u>	<u>87,561</u>	<u>79,946</u>	<u>60,531</u>	<u>98,819</u>
Contributions in relation to the contractually required contribution	<u>(120,496)</u>	<u>(93,865)</u>	<u>(98,398)</u>	<u>(86,325)</u>	<u>(87,561)</u>	<u>(79,946)</u>	<u>(60,531)</u>	<u>(98,819)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 837,210	\$ 787,712	\$ 912,652	\$ 854,617	\$ 867,803	\$ 871,340	\$ 879,915	\$ 1,208,494
Contributions as a percentage of covered-employee payroll	14.39%	11.92%	10.78%	10.10%	10.09%	9.18%	6.88%	8.18%

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

**See notes to required supplementary information.**

**SUWANNEE VALLEY TRANSIT AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM  
LAST 10 FISCAL YEARS\*  
For the Fiscal Year End September 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authority's proportion of the FRS net pension liability (asset)	0.001688190%	0.001540169%	0.001553794%	0.001710873%	0.001615210%	0.001579539%	0.001911498%	0.003763290%
Authority's proportionate share of the FRS net pension liability (asset)	127,524	\$ 667,532	\$ 535,105	\$ 515,234	\$ 477,768	\$ 398,835	\$ 346,896	\$ 229,616
Authority's proportion of the HIS net pension liability (asset)	0.002386%	0.238639%	0.002564%	0.002618%	0.002580100%	0.002533692%	0.002894730%	0.300478368%
Authority's proportionate share of the HIS net pension liability (asset)	272,985	291,375	286,868	277,127	276,876	295,291	295,172	1,444,589
Authority's proportionate share of the total net pension liability (asset)	400,509	\$ 958,907	\$ 821,973	\$ 792,361	\$ 754,644	\$ 694,126	\$ 642,068	\$ 676,902
Authority's covered-employee payroll	\$ 837,210	\$ 787,712	\$ 912,652	\$ 854,617	\$ 867,803	\$ 871,340	\$ 879,915	\$ 1,208,494
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll FRS	15.23%	84.74%	58.63%	60.29%	55.05%	45.77%	39.42%	19.00%
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll HIS	\$ 0.33	36.99%	31.43%	32.43%	31.91%	33.89%	33.55%	119.54%
Plan fiduciary net position as a percentage of the total pension liability FRS	96.40%	78.85%	82.61%	84.26%	83.89%	92.00%	92.00%	96.09%
Plan fiduciary net position as a percentage of the total pension liability HIS	3.56%	3.00%	2.63%	2.15%	1.64%			

Note 1) The amounts presented for each year were determined as of the June 30 year end of the Florida Retirement System

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

**See notes to required supplementary information.**



**SUWANNEE VALLEY TRANSIT AUTHORITY  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 For the Fiscal Year Ended September 30, 2021**

**A. Budgetary Information:**

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. All annual appropriations lapse at fiscal year end.

The Authority generally follows these procedures in establishing the budgetary data for the general fund as reflected in the financial statements:

1. Prior to September 30, the administrator submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following October. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted following preliminary examination and revision of the proposed operating budget by the Board.
3. After public hearings and necessary revisions have been completed, the budget is approved.
4. The legal level of budgetary control is the fund level.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

**B. Excess of Appropriations Over Expenditures**

Appropriations exceeded expenditures in the General Fund:

Fund	Appropriations	Expenditures	Excess of Appropriations Over Expenditures
General Fund	\$ 3,407,063	\$ 1,861,081	\$ 1,545,982

**SUWANNEE VALLEY TRANSIT AUTHORITY**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**B. Pension Plan:**

**Net Pension Liability**

The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of September 30, 2021, are shown below:

	<u>FRS</u>	<u>HIS</u>
<b>Total Pension Liability</b>	\$ 209,636,046	\$ 12,719,121
<b>Plan Fiduciary Net Position</b>	(202,082,183)	(452,618)
<b>Net Pension Liability</b>	<u>\$ 7,553,863</u>	<u>\$ 12,266,503</u>

<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>96.40%</b>	<b>3.56%</b>
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The total pension liability for each plan was determined by the plans' actuary and reported in the plans' GASB 67 valuation as of June 30, 2020. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

The total pension liability for the HIS was determined by the plan's actuary and reported in the plan's GASB 67 valuation as of June 30, 2021. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements.

**Basis for Allocation**

The employer's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the System's fiscal years ending June 30, 2013 through June 30, 2021, for employers that were members of the FRS and HIS during those fiscal years. For fiscal years June 30, 2015 through June 30, 2021, in addition to contributions from employers the required accrued contributions for the Division (paid on behalf of the Division's employees who administer the Plans) were allocated to each employer on a proportionate basis. The Division administers the Plans, and therefore, cannot allocate a portion of the liability to itself. Although GASB 68 encourages the use of the employers' projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system's ACFR for that fiscal year.

The proportion calculated based on contributions for each of the fiscal years presented in the pension allocation schedules was applied to the net pension liability and other pension amounts applicable for that fiscal year to determine each employer's proportionate share of the liability, deferred outflows of resources, deferred inflow of resources and associated pension expense.

For the purposes of the pension allocation schedules, pension amounts are allocated to reporting

employers. The pension amounts of participating employers whose payrolls are reported and contributions are remitted by another entity are included in the reporting employer's amounts and will be allocated to the participating employer by the reporting employer.

### **Actuarial Methods and Assumptions**

The Florida Retirement System (FRS) Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of the defined benefit pension plan pursuant to section 216.136(10), Florida Statutes. The division determines the assumptions in the valuations for GASB 67 reporting purposes. The FRS Pension Plan's GASB 67 is 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 Pension Plan was completed in 2019 for the period July 1, 2013 through June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age 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 the FRS Pension Plan is 6.80%. 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 the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.16% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both Plans were based on the PUB-2010 base table.

The following changes in actuarial assumptions occurred in 2021:

- FRS: Decreasing the maximum amortization period to 20 years for all current and future amortization bases.
- HIS: The municipal bonds rate used to determine total pension liability was decreased from 2.21% to 2.16%.

### **SENSITIVITY ANALYSIS**

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis show the impact to the collective net pension liability of the participating employers if the discount rate was 1.00% higher or 1.00% lower than the current discount rate at June 30, 2021:

**FRS Net Pension Liability**

1% Decrease	Current Discount Rate	1% Increase
5.80%	6.80%	7.80%
\$ 33,781,383,454	\$ 7,553,863,454	\$ (14,369,402,546)

**HIS Pension Liability**

1% Decrease	Current Discount Rate	1% Increase
1.16%	2.16%	3.16%
\$ 14,181,266,208	\$ 12,266,503,481	\$ 10,697,783,617

**PENSION EXPENSE AND DEFERRED OUTFLOWS / INFLOWS OF RESOURCES**

In accordance with GASB 68, paragraphs 54 and 71, changes in the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current reporting period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Changes of assumptions or other inputs are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Changes in proportion and differences between contributions and proportionate share of contributions are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Differences between expected and actual earnings on pension plan investments – amortized over five years

Employer contributions to the pension plans from employers are not included in collective pension expense; however, employee contributions are used to reduce pension expense.

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2021, was 5.7 years for FRS and 6.4 years for HIS. The components of collective pension expense reported in the pension allocation schedules for the fiscal year ended June 30, are presented below for each plan.

FRS			
Description	Recognized in Expense Reporting Period Ended 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Service Cost	\$ 2,648,469,100	\$ -	\$ -
Interest Cost	13,713,165,933	-	-
Effect of plan changes	-	-	-
Effect of economic, demographic, gains of losses (difference between expected and actual experience)	713,801,012	1,294,744,253	-
Effects of assumptions changes or inputs	2,677,457,858	5,168,727,859	-
Member contributions	(756,530,214)	-	-
Projected investment earnings	(10,737,817,022)	-	-
Changes in proportion and differences between Pension Plan contributions and proportionate share of contributions	-	1,590,291,600	(1,590,261,600)
Net difference between projected and actual investment earnings	8,282,725,714	-	(26,353,530,858)
Administrative expenses	21,740,598	-	-
<b>Total</b>	<b><u>\$ 16,563,012,979</u></b>	<b><u>\$ 8,053,763,712</u></b>	<b><u>\$ (27,943,792,458)</u></b>

HIS			
Description	Recognized in Expense Reporting Period Ended 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Service Cost	\$ 280,658,909	\$ -	\$ -
Interest Cost	278,746,908	-	-
Effect of plan changes	-	-	-
Effect of economic, demographic, gains of losses (difference between expected and actual experience)	84,706,748	410,468,172	(5,137,715)
Effects of assumptions changes or inputs	230,467,083	963,872,605	(505,411,160)
Member contributions	(55,181)	-	-
Projected investment earnings	(9,165,135)	-	-
Changes in proportion and differences between Pension Plan contributions and proportionate share of contributions	-	463,337,703	(463,337,703)
Net difference between projected and actual investment earnings	5,071,841	12,787,505	-
Administrative expenses	193,066	-	-
<b>Total</b>	<b><u>\$ 870,624,239</u></b>	<b><u>\$ 1,850,465,985</u></b>	<b><u>\$ (973,886,578)</u></b>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

<b>Reporting Period Ending</b>	<b>FRS</b>	<b>HIS</b>
2022	\$ (3,503,139,422)	\$ 241,439,339
2023	(4,084,984,352)	76,915,886
2024	(5,411,031,735)	158,699,494
2025	(6,933,858,540)	210,652,397
2026	42,955,303	157,543,841
Thereafter	-	31,328,450
:	<u>\$ (19,890,058,746)</u>	<u>\$ 876,579,407</u>

**SUWANNEE VALLEY TRANSIT AUTHORITY**

**SINGLE AUDIT AND COMPLIANCE SECTION**

**SEPTEMBER 30, 2021**

**SUWANNEE VALLEY TRANSIT AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
For the Fiscal Year Ended September 30, 2021**

<u>Grantor/Pass Through Grantor Program Title</u>	<u>Federal CFDA/State CSFA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
<b>FEDERAL AWARDS</b>			
<b>U.S. Department of Transportation</b>			
Passed Through State of Florida, Department of Transportation			
Buses and Bus Facilities Program	20.526		\$ 219,566
Formula Grants for Rural Areas	20.509	G1M42	799,496
<b>Total Federal Awards</b>			<u>1,019,062</u>
<b>STATE FINANCIAL ASSISTANCE</b>			
<b>State of Florida, Department of Transportation</b>			
Commission for the Transportation Disadvantaged (CTD) and Equipment Grant Program	55.001	G1N33	417,513
Commission for the Transportation Disadvantaged (CTD) and Equipment Grant Program	55.001	G1X59	123,910
Commuter Assistance Program	55.007	G1K04	25,038
<b>Total State Financial Assistance</b>			<u>566,461</u>
<b>Total Federal Awards and State Financial Assistance</b>			<u>\$ 1,585,523</u>

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of Federal Awards and State Financial Assistance includes the award activity of the Suwannee Valley Transit Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the State of Florida, Office of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. Amounts due on grant contracts that were not received for a period greater than sixty days after year end are generally not accrued unless consistent with prior periods.



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

To the Board of Directors,  
Suwannee Valley Transit Authority

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Suwannee Valley Transit Authority as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Suwannee Valley Transit Authority's basic financial statements and have issued our report thereon dated April 11, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Suwannee Valley Transit Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Suwannee Valley Transit Authority'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

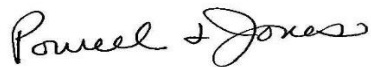
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Suwannee Valley Transit Authority'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 determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Powell & Jones".

**POWELL & JONES**  
Certified Public Accountants  
April 11, 2022

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

To the Board of Directors,  
Suwannee Valley Transit Authority

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

We have audited the Suwannee Valley Transit Authority's compliance with the types of compliance requirements described in the OMB Uniform Guidance that could have a direct and material effect on each of the Suwannee Valley Transit Authority's major federal programs for the year ended September 30, 2021. Suwannee Valley Transit Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the Suwannee Valley Transit Authority's 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 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (OMB Uniform Guidance). Those standards, and the OMB Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about the Suwannee Valley Transit Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, Suwannee Valley Transit Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2021.

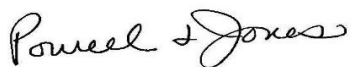
## Report on Internal Control Over Compliance

Management of the Suwannee Valley Transit Authority, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Suwannee Valley Transit Authority's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Suwannee Valley Transit Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



**POWELL & JONES**  
Certified Public Accountants  
Lake City, Florida  
April 11, 2022

**SUWANNEE VALLEY TRANSIT AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SEPTEMBER 30, 2021**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

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**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting

- Material weakness(es) identified? No
- Significant deficiencies identified not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiencies identified not considered to be material weaknesses? None reported

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

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

Identification of major programs:

Name of Federal Program	CFDA Number
U.S. Department of Transportation: Formula Grants for Rural Areas	20.509
Dollar threshold used to distinguish between type A and type B Programs	\$ 750,000
Auditee qualified as low risk auditee? Type A and Type B programs:	No

**SUWANNEE VALLEY TRANSIT AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SEPTEMBER 30, 2021**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

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None

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**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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None

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**SECTION IV - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

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None

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**SECTION V - OTHER**

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None



**Powell & Jones**  
Certified Public Accountants

Richard C. Powell, Jr., CPA  
Marian Jones Powell, CPA

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admin@powellandjonescpa.com

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

To the Board of Directors  
Suwannee Valley Transit Authority

**Report on the Financial Statements**

We have audited the financial statements of the Suwannee Valley Transit Authority, as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated April 11, 2022.

**Auditor's Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditor's 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*; our Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550 Rules of the Auditor General. Disclosures in those reports and schedules, which are dated April 11, 2022, should be considered in conjunction with this management letter.

Chapter 10.550, *Rules of the Auditor General*, governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedules:

- 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 Auditor's report:

- **Prior Year Findings**

There were no reportable findings in the prior year.

**Current Year Findings**

There were no reportable findings in the current year.

**Other Matters**

- Section 10.554(1)(i)3, *Rules of the Auditor General*, requires that we address violations of 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 more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)4., *Rules of the Auditor General*, require 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 Suwannee Valley Transit Authority was established by Inter-local agreement on August 9, 1976 between Columbia, Suwannee and Hamilton Counties in the State of Florida. There are no component units of the Suwannee Valley Transit Authority to be disclosed as required by accounting principles generally accepted in the United States of America.
- Pursuant to Sections 10.554(1)(i)5.a.. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not Suwannee Valley Transit Authority 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 Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes. Pursuant to Sections 10.554 (1)(i)5.b. and 10.556(8) we applied financial condition assessment procedures for the Suwannee Valley Transit Authority. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.
- Section 10.554(1)(i)2., *Rules of the Auditor General* requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

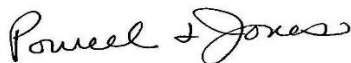
Specific information as required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, Suwannee Valley Transit Authority reported:



- a. The total number of District employees compensated in the last pay period of the District's fiscal year: 26
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year : 0
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency : \$837,210
- d. All compensation earned by or awarded to nonemployee independent contractors whether paid are accrued, regardless of contingency : \$0
- e. District that is scheduled to begin on or after October 1 of the fiscal year being reported , together with the total expenditures for such projec \$0
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning or the fiscal year being reported if the District amends a final budget under Section 159.016(6), Florida Statutes: The budget variance report is on page 38 of this report. The expenditure variance for the fiscal year was \$1,545,982.

The above information was not subjected to audit procedures and we express no opinion on it.

Pursuant to Chapter 119, *Florida Statutes*, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of Suwannee Valley Transit Authority's management, the Florida Auditor General, Federal awarding agencies, State awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



**POWELL & JONES**  
 Certified Public Accountants  
 April 11, 2022

## INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors  
Suwanee Valley Transit Authority

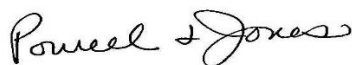
We have examined Suwanee Valley Transit Authority's (the Authority) compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2021.

Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examinations do not provide a legal determination on the Authority's compliance with the specified requirements.

In our opinion, Suwanee Valley Transit Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

This report is intended solely for the information and use of Suwanee Valley Transit Authority, the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.



**POWELL & JONES**  
Certified Public Accountants  
April 11, 2022

## **Communication with Those Charged with Governance**

April 11, 2022

To the Board of Directors  
Suwannee Valley Transit Authority

We have audited the financial statements of Suwannee Valley Transit Authority for the year ended September 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Suwannee Valley Transit Authority are described in Note A to the financial statements. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting Suwannee Valley Transit Authority's financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

#### ***Difficulties Encountered in Performing the Audit***

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

#### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements identified during our audit.

#### ***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that

could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated April 11, 2022.

#### *Management Consultations with Other Independent Accountants*

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

#### *Other Audit Findings or Issues*

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

#### Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Suwannee Valley Transit Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



**POWELL & JONES**  
Certified Public Accountants  
April 11, 2022