

**SPACE COAST TRANSPORTATION PLANNING
ORGANIZATION**

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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Space Coast Transportation Planning Organization
Official Directory
September 30, 2016

| Position | Name | Representing |
|-----------------|--------------------------------|--------------------------|
| Chairman | Mayor Kathy Meehan | City of Melbourne |
| Vice Chair | Councilman T. Patrick O'Neil | City of Rockledge |
| Secretary | Councilman Tres Holton | City of Palm Bay |
| Member | Councilwoman Barbara Smith | City of West Melbourne |
| Member | Commissioner Robin Fisher | BOCC District 1 |
| Member | Commissioner Jim Barfield | BOCC District 2 |
| Member | Commissioner Trudie Infantini | BOCC District 3 |
| Member | Commissioner Curt Smith | BOCC District 4 |
| Member | Commissioner Andy Anderson | BOCC District 5 |
| Member | Councilman Don Boisvert | City of Cocoa |
| Member | Councilman Mike Nowlin | City of Melbourne |
| Member | Councilwoman Betty Moore | City of Melbourne |
| Member | Councilman Harry Santiago, Jr. | City of Palm Bay |
| Member | Councilman Jeff Bailey | City of Palm Bay |
| Member | Mayor Jim Tulley | City of Titusville |
| Member | Council Member Martha Long | City of Titusville |
| Member | Commissioner Jerry Allender | Canaveral Port Authority |
| Member | Commissioner Skip Williams | North Beaches Coalition |
| Member | Council Member Jill Hoffman | South Beaches Coalition |

INDEPENDENT AUDITORS' REPORT

To the Governing Board,
Space Coast Transportation Planning Organization:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Space Coast Transportation Planning Organization (the Organization), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Organization as of September 30, 2016, and the respective changes in financial position and the respective budgetary comparison for the General and Special Revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

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

Other Information

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

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2017, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Daytona Beach, Florida
March 30, 2017



**SPACE COAST TRANSPORTATION PLANNING ORGANIZATION, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

As management of the Space Coast Transportation Planning Organization, Florida (the "SCTPO"), we offer readers of the SCTPO's financial statements this narrative overview and analysis of the financial activities of the SCTPO for the fiscal year ended September 30, 2016. Consideration should be given to the information presented here in conjunction with the information that has been furnished in the basic financial statements and notes, as listed in the table of contents.

FINANCIAL HIGHLIGHTS

- The liabilities for the government-wide financial statements of the SCTPO exceeded its assets at the close of the most recent fiscal year by \$432,981 (net deficit). Of this amount, \$7,049 is invested in capital assets and a deficit of \$440,030 is unrestricted.
- The SCTPO's total net position on a government-wide basis reflects a decrease of \$21,016. As of the close of the current fiscal year, the SCTPO's governmental funds reported a combined ending fund balance of \$5,597, a decrease of \$5,622 over the previous fiscal year. Of this amount \$400 is non-spendable, and \$5,197 of this fund balance is available for spending at the government's discretion (unassigned).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

Net Pension Liability

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

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

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

According to GASB 68 guidelines, June 30 of the current fiscal year was used for the SCTPO's measurement date based on the most recent valuation of the FRS and HIS plans. The original measurement date must be anytime within one year of the current fiscal year end, September 30, 2016. The SCTPO's Net Pension Liability for fiscal years ending September 30, 2016, is shown below:

| | |
|---------------------------------|-------------------|
| Florida Retirement System (FRS) | \$ 325,956 |
| Health Insurance Subsidy (HIS) | <u>198,100</u> |
| Total net pension liability | <u>\$ 524,056</u> |

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

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

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

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

The SCTPO maintains two individual governmental funds, general and special revenue. The SCTPO adopts an annual appropriated budget for its funds. Budgetary comparison statements have been provided

for the general and special revenue fund to demonstrate compliance with the budget and can be found starting on page 16 of this report.

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

3) Notes to financial statements. The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 20 of this report.

Government-Wide Financial Analysis

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

| | Governmental Activities | | Difference |
|----------------------------------|--------------------------------|---------------------|--------------------|
| | 2016 | 2015 | |
| Assets | | | |
| Current assets | \$ 198,885 | \$ 369,843 | \$ (170,958) |
| Capital assets | 7,049 | 10,934 | (3,885) |
| Total assets | <u>205,934</u> | <u>380,777</u> | <u>(174,843)</u> |
| Deferred outflow of resources | <u>214,353</u> | <u>106,157</u> | <u>108,196</u> |
| Liabilities | | | |
| Current liabilities | 193,288 | 358,624 | (165,336) |
| Noncurrent liabilities | 113,229 | 133,952 | (20,723) |
| Net pension liability | <u>524,056</u> | <u>349,146</u> | <u>174,910</u> |
| Total liabilities | <u>830,573</u> | <u>841,722</u> | <u>(11,149)</u> |
| Deferred inflow of resources | <u>22,695</u> | <u>57,177</u> | <u>(34,482)</u> |
| Net Position | | | |
| Net investment in capital assets | 7,049 | 10,934 | (3,885) |
| Unrestricted | <u>(440,030)</u> | <u>(422,899)</u> | <u>(17,131)</u> |
| Total net position (deficit) | <u>\$ (432,981)</u> | <u>\$ (411,965)</u> | <u>\$ (21,016)</u> |

The overall financial position of the SCTPO reflects a deficit net position due to compensated absences, net pension liability and other post-employment benefits. Current assets and current liabilities experienced corresponding decreases in fiscal year 2016 due to timing related to cash inflow and outflows. Deferred outflows of \$214,353 is related to GASB 68 adjustments in the current year. Current liabilities decreased due to the decrease in the use of the line of credit available from Brevard County. The net pension liability of \$524,056 and the increase in the net deficit are related to the GASB 68 adjustments during the current year.

Analysis of the SCTPO's Operations

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

| | Governmental Activities | | Difference |
|-------------------------------------|--------------------------------|---------------------|--------------------|
| | 2016 | 2015 | |
| Revenues: | | | |
| Program Revenues: | | | |
| Charges for services | \$ 10,554 | \$ 11,637 | \$ (1,083) |
| Operating grants and contributions | 1,249,111 | 1,757,734 | (508,623) |
| General Revenues: | | | |
| Miscellaneous revenues | 106 | - | 106 |
| Total revenues | <u>1,259,771</u> | <u>1,769,371</u> | <u>(509,600)</u> |
| Expenses: | | | |
| General government | 106,784 | 72,759 | 34,025 |
| Transportation | 1,174,003 | 1,688,788 | (514,785) |
| Total expenses | <u>1,280,787</u> | <u>1,761,547</u> | <u>(480,760)</u> |
| Increase (decrease) in net position | (21,016) | 7,824 | (28,840) |
| Beginning net position (deficit) | <u>(411,965)</u> | <u>(419,789)</u> | <u>7,824</u> |
| Ending net position (deficit) | <u>\$ (432,981)</u> | <u>\$ (411,965)</u> | <u>\$ (21,016)</u> |

Program revenues and expenses decreased in 2016 due to the completion of non-recurring projects such as the Complete Streets Feasibility Studies, ITS Master Plan, and US-192 LAP project.

Fund Financial Statements

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

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

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

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

The general fund is the chief operating fund of the SCTPO. At the end of the current fiscal year, fund balance of the general fund was \$5,597, and \$5,197 of which is unassigned fund balance. At the year end, there were no outstanding contracts or purchase orders encumbered.

General Fund Budgetary Highlights

The following information is presented to assist the reader in comparing actual results with budgetary amounts. A comparison of revenue budgeted to actual produced a negative variance of \$8,368. Revenue differences were mainly due to \$9,554 less received from intergovernmental transactions and \$1,186 more received from additional concurrency review fees than was budgeted. The SCTPO's actual general fund revenues and expenditures were less than the final budget by \$8,262 and \$1,393, respectively. Only minor amendments to the approved budget were made for minor revenue and expense adjustments and additional grant monies awarded during the year.

Capital Asset and Debt Administration

- Capital Assets: The SCTPO's total investment in capital assets for its governmental activities as of September 30, 2016, amounts to \$7,049 (net of accumulated depreciation).
- Long-term Debt: At the end of the current fiscal year, the SCTPO did not have any general long-term outstanding debt.

Additional information on the SCTPO's capital assets can be found in Note 5 in the notes to the financial statements. Additional information on the SCTPO's long-term liabilities can be found in Note 7 in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- State and local match funds are anticipated to decline.
- Revenue sources and associated expenditures are expected to remain relatively the same with a slight increase due to new non-recurring planning projects such as Operational Study on Wickham Road, Corridor Studies along Aurora and Sarno Roads, a Sea Level Rise analysis and the initial start of following up studies to safety reports.
- On-going programs are expected to continue next year that include annual collection of traffic counts, State of the System Report, Transportation Improvement Program and implementation of Complete Streets, Intelligent Transportation System Master Plan, and Bicycle/Pedestrian Mobility Plan.

These factors were considered in preparing the SCTPO's budget for the 2017 fiscal year.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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

**SPACE COAST TRANSPORTATION PLANNING ORGANIZATION
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016**

| | Governmental Activities |
|---|------------------------------------|
| ASSETS | |
| Due from other governments | \$ 198,485 |
| Prepays | 400 |
| Capital assets, net of accumulated depreciation | 7,049 |
| Total assets | \$ 205,934 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred outflows related to pensions | \$ 214,353 |
| LIABILITIES | |
| Accounts payable and accrued liabilities | \$ 68,731 |
| Due to Brevard County | 124,557 |
| Noncurrent liabilities: | |
| Due within one year: | |
| Compensated absences | 31,710 |
| Due in more than one year: | |
| Compensated absences | 18,624 |
| Net OPEB obligation | 62,895 |
| Net pension liability | 524,056 |
| Total liabilities | \$ 830,573 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred inflows related to pensions | \$ 22,695 |
| NET POSITION | |
| Net investment in capital assets | \$ 7,049 |
| Unrestricted | (440,030) |
| Total net position | \$ (432,981) |

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

**SPACE COAST TRANSPORTATION PLANNING ORGANIZATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue and Changes in Net Position</u> |
|-------------------------------|---------------------|---------------------------------|---|---|--|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | |
| Governmental activities: | | | | | |
| General government | \$ 106,784 | \$ 10,554 | \$ 75,108 | \$ - | \$ (21,122) |
| Transportation | 1,174,003 | - | 1,174,003 | - | - |
| Total governmental activities | <u>\$ 1,280,787</u> | <u>\$ 10,554</u> | <u>\$ 1,249,111</u> | <u>\$ -</u> | <u>(21,122)</u> |
| General revenues: | | | | | |
| Miscellaneous revenues | | | | | 106 |
| Change in net position | | | | | (21,016) |
| Net position - beginning | | | | | (411,965) |
| Net position - ending | | | | | <u>\$ (432,981)</u> |

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

**SPACE COAST TRANSPORTATION PLANNING ORGANIZATION
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

| | <u>General</u> | <u>Special Revenue Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------|-------------------------------------|---|
| ASSETS | | | |
| Due from other governments | \$ - | \$ 198,485 | \$ 198,485 |
| Due from other funds | 198,485 | - | 198,485 |
| Prepaid items | 400 | - | 400 |
| Total assets | <u>\$ 198,885</u> | <u>\$ 198,485</u> | <u>\$ 397,370</u> |
| LIABILITIES | | | |
| Accounts payable and accrued liabilities | \$ 68,731 | \$ - | \$ 68,731 |
| Due to Brevard County | 124,557 | - | 124,557 |
| Due to other funds | - | 198,485 | 198,485 |
| Total liabilities | <u>\$ 193,288</u> | <u>\$ 198,485</u> | <u>\$ 391,773</u> |
| FUND BALANCES | | | |
| Nonspendable: | | | |
| Prepaid items | \$ 400 | \$ - | \$ 400 |
| Unassigned | 5,197 | - | 5,197 |
| Total fund balances | <u>\$ 5,597</u> | <u>\$ -</u> | <u>\$ 5,597</u> |

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

**SPACE COAST TRANSPORTATION PLANNING ORGANIZATION
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016**

| | | |
|--|-----------------|------------------|
| Fund balances - total governmental funds | \$ | 5,597 |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p> | | |
| <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds</p> | | |
| Total governmental capital assets | \$ | 34,138 |
| Less: accumulated depreciation | <u>(27,089)</u> | 7,049 |
| <p>On the governmental fund statements, a net pension liability is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the Statement of Net Position, the Organization's net pension liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported in accordance with GASB Statement No. 68.</p> | | |
| Net pension liability | (524,056) | |
| Deferred outflows related to pensions | 214,353 | |
| Deferred inflows related to pensions | <u>(22,695)</u> | (332,398) |
| <p>Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities, deferred outflows, and other debt-related deferred charges consist of the following:</p> | | |
| Net OPEB obligation | (62,895) | |
| Compensated absences | <u>(50,334)</u> | (113,229) |
| Net position of governmental activities | <u>\$</u> | <u>(432,981)</u> |

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

**SPACE COAST TRANSPORTATION PLANNING ORGANIZATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

| | <u>General</u> | <u>Special Revenue Fund</u> | <u>Total Governmental Funds</u> |
|--|-----------------|-------------------------------------|---|
| Revenues | | | |
| Intergovernmental | \$ 75,108 | \$ 1,174,003 | \$ 1,249,111 |
| Charges for services | 10,554 | - | 10,554 |
| Miscellaneous | 106 | - | 106 |
| Total revenues | <u>85,768</u> | <u>1,174,003</u> | <u>1,259,771</u> |
| Expenditures | | | |
| Current: | | | |
| General government | 91,390 | - | 91,390 |
| Transportation | - | 1,174,003 | 1,174,003 |
| Total expenditures | <u>91,390</u> | <u>1,174,003</u> | <u>1,265,393</u> |
| Excess (deficiency) of revenues over expenditures | <u>(5,622)</u> | <u>-</u> | <u>(5,622)</u> |
| Fund balances, beginning of year | 11,219 | - | 11,219 |
| Fund balances, end of year | <u>\$ 5,597</u> | <u>\$ -</u> | <u>\$ 5,597</u> |

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

**SPACE COAST TRANSPORTATION PLANNING ORGANIZATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

| | |
|--|--------------------|
| Net change in fund balances - total governmental funds | \$ (5,622) |
| Differences in amounts reported for governmental activities in the statement of activities are: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives. | |
| Depreciation expense | (1,175) |
| Loss on disposal of capital assets | (2,710) |
| Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the Statement of Activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the Statement of Activities are amounts required to be amortized in accordance with GASB Statement No. 68. | |
| Change in net pension liability and deferred inflows/outflows related to pensions | (32,232) |
| Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows: | |
| Change in compensated absences liability | 19,166 |
| Change in net OPEB obligation | 1,557 |
| Change in net position of governmental activities | \$ (21,016) |

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

**SPACE COAST TRANSPORTATION PLANNING ORGANIZATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget - Positive (Negative) |
|---|-------------------------|-----------------|-----------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| REVENUES | | | | |
| Intergovernmental | \$ 84,632 | \$ 84,662 | \$ 75,108 | \$ (9,554) |
| Charges for services | 7,368 | 9,368 | 10,554 | 1,186 |
| Miscellaneous | - | - | 106 | 106 |
| Total revenues | <u>92,000</u> | <u>94,030</u> | <u>85,768</u> | <u>(8,262)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Transportation | 83,500 | 102,049 | 91,390 | 10,659 |
| Capital outlay | 8,500 | 3,200 | - | 3,200 |
| Total expenditures | <u>92,000</u> | <u>105,249</u> | <u>91,390</u> | <u>13,859</u> |
| Net change in fund balances | <u>-</u> | <u>(11,219)</u> | <u>(5,622)</u> | <u>5,597</u> |
| Fund balances, beginning of year | 11,219 | 11,219 | 11,219 | - |
| Fund balances, end of year | <u>\$ 11,219</u> | <u>\$ -</u> | <u>\$ 5,597</u> | <u>\$ 5,597</u> |

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

**SPACE COAST TRANSPORTATION PLANNING ORGANIZATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget - Positive (Negative) |
|---|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Intergovernmental | \$ 1,399,590 | \$ 1,421,170 | \$ 1,174,003 | \$ (247,167) |
| Total revenues | <u>1,399,590</u> | <u>1,421,170</u> | <u>1,174,003</u> | <u>(247,167)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Transportation | 1,399,590 | 1,421,170 | 1,174,003 | 247,167 |
| Total expenditures | <u>1,399,590</u> | <u>1,421,170</u> | <u>1,174,003</u> | <u>247,167</u> |
| Net change in fund balances | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances, beginning of year | - | - | - | - |
| Fund balances, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

SPACE COAST TRANSPORTATION PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

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

(a) **Reporting entity**— The Organization was created and shall be operated pursuant to Florida Statute 339.175 through an Interlocal Agreement between local jurisdictions and agencies. The parties to the Interlocal Agreement are: Brevard County, the City of Cape Canaveral, the City of Cocoa, the City of Cocoa Beach, the Town of Indialantic, the City of Indian Harbour Beach, the City of Melbourne, the Town of Melbourne Beach, the City of Palm Bay, the City of Rockledge, the City of Satellite Beach, the City of Titusville, the City of West Melbourne, the Canaveral Port Authority, and the Florida Department of Transportation. The TPO went through the process of adopting a new inter-local agreement in 2015 that was finalized and recorded on September 10, 2015.

The Organization is responsible for planning and programming the expenditure of State and Federal (not local) transportation funds and provides technical guidance to local governments regarding transportation planning issues. The Organization is a planning agency and not an implementing agency. The Organization is created to work in cooperation with the Florida Department of Transportation, the Federal Highway Administration, and the Federal Transit Administration. The Organization staff and operations are separated from the Brevard County Board of County Commissioners, effective October 1, 2010, and they operate independently from the control, supervision and direction of Brevard County through the Inter-local Agreement.

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

SPACE COAST TRANSPORTATION PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

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

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

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

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

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

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

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

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

SPACE COAST TRANSPORTATION PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

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

The Organization reports the following major governmental funds:

General Fund—The General Fund is the general operating fund of the Organization and is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund—The Special Revenue Fund is used to account for the planning and programming activities. Funds are provided from Florida Department of Transportation, the Federal Highway Administration, and the Federal Transit Administration.

(d) **Budgets and budgetary accounting**—Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue fund. The annual operating budget serves as legal authorization for expenditures and proposed means of financing them. The legal level of budgetary control is the fund level. For fiscal year ended September 30, 2016, the budgets presented have been adopted according to Organization's procedures.

On or before July 15 of each year, the Organization administrator shall submit a budget in accordance with state law. It shall outline the financial policies of the Organization for the ensuing fiscal year, describe the important features of the budget, indicate any major changes from the current year in fiscal policy, summarize the Organization's fiscal position, and include any other material as the Organization administrator deems necessary.

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

If at any time during the fiscal year it appears probable to the Organization administrator that the revenues available will be insufficient to meet the amount appropriated in the budget, the Organization administrator shall report to the Organization Board without delay. The Organization Board shall then take action to prevent or minimize any deficit and for that purpose may, by resolution, reduce one or more appropriations.

The Organization administrator shall have full authority to transfer unencumbered funds between different programs within a department, office, or agency.

The Organization Board may, by resolution, transfer or otherwise allocate or reallocate part or all of any unencumbered balance within a department, office, or agency to any other department, office, or agency.

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

SPACE COAST TRANSPORTATION PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

(e) **Cash and cash equivalents**—The Organization defines cash and cash equivalents as cash on hand, demand deposits and short-term investments that are readily convertible to known amounts of cash. Investments with original maturities of three months or less are considered to be cash equivalents. The Organization had no cash and cash equivalents at September 30, 2016.

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

(g) **Capital assets**—Capital assets are reported in the applicable governmental columns in the government-wide financial statements. The Organization defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful in excess of one year. Such assets are recorded at cost when purchased. Contributed capital assets are capitalized at their fair value at the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

(i) **Due to Brevard County**—The interlocal agreement signed by Brevard County, Florida and the Organization specifies that, at no cost to the Organization, Brevard County, Florida agrees to provide the Organization with an annual “line of credit” for each County fiscal year of up to \$500,000 for operating expenses. The line of credit shall be repaid from time to time by the Organization from State or Federal transportation planning grants that the Organization receives as a metropolitan planning organization. At September 30, 2016, the balance on the line of credit to Brevard County, Florida was \$198,485 due to the timing of funds to be received from the State of Florida.

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

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

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

SPACE COAST TRANSPORTATION PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

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

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

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

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

(k) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The Organization has one item, deferred outflows related to pensions, which qualifies for reporting in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows related to pensions are discussed further in Note (11).

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Organization has one item, deferred inflows related to pensions in the proprietary funds and government-wide statement of net position, which qualifies for reporting in this category. Deferred inflows related to pensions are discussed further in Note (11).

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

**SPACE COAST TRANSPORTATION PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

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

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

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

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

Cash and investment balances of the Organization are combined with those of Brevard County, Florida and, to the extent practicable, invested as required in pooled cash and non-pooled investments with original maturities of three months or less, as an internal participant in the Brevard County external investment pool. At September 30, 2016, the cash and investments had a zero balance.

(4) **Interfund Loans, Advances, Fees, and Transfers:**

The outstanding balances between funds result mainly from the time lag between the dates reimbursable expenditures occur, when transactions are recorded in the accounting system, and when payments between funds are made. Individual fund interfund receivables and payables for the primary government at September 30, 2016, were comprised of the following:

| | Due From Other Funds | Due to Other Funds |
|--------------------------|---------------------------------|-------------------------------|
| Governmental Activities: | | |
| General Fund: | | |
| Special Revenue Fund | \$ 198,485 | \$ - |
| Special Revenue Fund: | | |
| General Fund | - | 198,485 |
| Total – All Funds | \$ 198,485 | \$ 198,485 |

**SPACE COAST TRANSPORTATION PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

(5) **Capital Assets:**

Capital asset activity for the fiscal year ended September 30, 2016 is as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|-------------------|-------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets, being depreciated – | | | | |
| Equipment | \$ 77,081 | \$ - | \$ (42,943) | \$ 34,138 |
| Less accumulated depreciation | (66,147) | (1,175) | 40,233 | (27,089) |
| Governmental activities capital assets, net | <u>\$ 10,934</u> | <u>\$ (1,175)</u> | <u>\$ (2,710)</u> | <u>\$ 7,049</u> |

During the year ended September 30, 2016, depreciation expense of \$1,175 was charged to the general government functions of the Organization.

(6) **Operating Leases:**

The Organization is obligated under one cancelable operating lease for copiers and one cancelable operating lease for office space. On October 1, 2015, the Organization entered into a five-year office space agreement terminating September 30, 2020 with an option to renew the lease for an additional five (5) year term if exercised at least 180 days prior to expiration. The lease terms are \$15,268 for the first year, payable in monthly installments of \$1,272. Thereafter, the annual rental may be adjusted annually on October 1 of each year (the “Adjustment Date”) of the lease, beginning with October 1, 2016, and each and every one-year anniversary thereafter. The County shall advise the Organization of the rental increases or decreases at least ninety (90) days before the Adjustment Date of each lease fiscal year. The Organization is exempt from the payment of Florida sales tax. For the year ended September 30, 2016, total costs for the copiers and office space was \$19,167.

| <u>Year Ending September 30,</u> | <u>Total</u> |
|--------------------------------------|------------------|
| 2017 | \$ 18,213 |
| 2018 | 15,268 |
| 2019 | 15,268 |
| 2020 | 15,268 |
| Total | <u>\$ 64,017</u> |

**SPACE COAST TRANSPORTATION PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

(7) **Long-Term Debt:**

Long-term liability activity for the year ended September 30, 2016, was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---------------------------------|------------------------------|------------------|---------------------|---------------------------|--------------------------------|
| Governmental activities: | | | | | |
| Compensated absences | \$ 69,500 | \$ 81,295 | \$ (100,461) | \$ 50,334 | \$ 31,710 |
| Governmental activities – | | | | | |
| Total long-term liabilities | <u>\$ 69,500</u> | <u>\$ 81,295</u> | <u>\$ (100,461)</u> | <u>\$ 50,334</u> | <u>\$ 31,710</u> |

(8) **Risk Management:**

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. In order to limit its exposure to these risks, the Organization is a participant in the Florida Municipal Insurance Trust for general and auto liability. The insurance program purchases excess and specific coverages from third party carriers. Participants in the program are billed annually for their portion of the cost of the program adjusted for actual experience during the period of coverage. Participants are not assessed for unanticipated losses incurred by the program. There have been no significant reductions in insurance coverage during fiscal year 2016. Settled claims resulting from the risks described above have not exceeded the insurance coverage for the past year.

(9) **Commitments and Contingencies:**

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

(10) **Other Postemployment Benefits (OPEB):**

Plan Description. The Brevard County Board of County Commissioners (Board) administers a single employer defined benefit healthcare plan (the "Plan"), under which, as provided for under the Interlocal Agreement between Brevard County, Florida and the Organization, the Organization employees are covered. The Plan provides health care benefits including medical coverage and prescription drug benefits to both active and eligible retired employees and their dependents. Florida Statutes require local governments to offer the same health and hospitalization insurance coverage to retirees and their eligible dependents as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. For the retired employees and their eligible dependents, the cost of any such continued participation may be paid by the employer or by the retired employees. Full time employees of the Organization are eligible to participate in the Plan. Employees who are active participants in the plan at the time of retirement and are either age 62 with completion of six years of service or have 30 years of service are also eligible to participate. The Plan does not issue a publicly available financial report.

**SPACE COAST TRANSPORTATION PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

(10) Other Postemployment Benefits (OPEB): (Continued)

The Board may amend the plan design, with changes to the benefits, premiums and/or levels of participant contribution at any time. On at least an annual basis and prior to the enrollment process, the Board approves the rates for the coming year for the retiree, employee and County contributions.

As of September 30, 2016, the membership of the Organization's medical plan consisted of nine active employees.

Funding Policy. The contribution requirements of plan members and the Organization are established by state statutes and may be amended by the state legislature. The required contribution is based on projected pay-as-you-go financing requirements and is subject to constant revision. The Organization has opted to not fund the net OPEB obligation or the resulting unfunded actuarial accrued liability on an annual basis. The Organization utilizes the General Fund to liquidate the liability for the OPEB obligation from previous years.

Annual OPEB Cost and Net OPEB Obligation. The Organization's annual other postemployment benefit (OPEB) cost is calculated based on the required contribution of the employer (ARC). The ARC is actuarially determined in accordance with standards set in accepted accounting standards and represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize past unfunded liabilities over thirty years. The Organization has elected not to completely fund the ARC.

The following table shows the components of the Organization's annual OPEB for the year, the amount actually contributed to the plan, and approximate changes in the Organization's net OPEB obligation to the Plan based on the most recent actuarial valuation dated October 1, 2015:

| | <u>9/30/2016</u> | <u>9/30/2015</u> | <u>9/30/2014</u> |
|--|------------------|------------------|------------------|
| Annual required contribution (ARC)..... | \$ 1,301 | \$ 3,476 | \$ 3,510 |
| Interest on prior Net OPEB obligation..... | 645 | 638 | 630 |
| Prior Net OPEB obligation adjustment..... | <u>(2,473)</u> | <u>(2,447)</u> | <u>(42,779)</u> |
| Annual OPEB cost (expense)..... | (527) | 1,667 | (38,639) |
| Estimated net contributions made..... | <u>(1,030)</u> | <u>(990)</u> | <u>(980)</u> |
| Increase in net OPEB obligation..... | (1,557) | 667 | (39,619) |
| Net OPEB obligation-beginning of year..... | <u>64,452</u> | <u>63,775</u> | <u>103,394</u> |
| Net OPEB obligation-end of year..... | <u>\$ 62,895</u> | <u>\$ 64,452</u> | <u>\$ 63,775</u> |

The Organization's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

| <u>Fiscal Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Actual Contribution</u> | <u>Percent of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|----------------------------------|---------------------------------|--------------------------------|--|------------------------------------|
| 9/30/2014 | \$(38,639) | \$980 | (2.53) % | \$63,775 |
| 9/30/2015 | \$1,667 | \$990 | 59.38% | \$64,452 |
| 9/30/2016 | \$(527) | \$1,030 | (195.4) % | \$62,895 |

SPACE COAST TRANSPORTATION PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(10) **Other Postemployment Benefits (OPEB):** (Continued)

Funded Status and Funding Progress. The contributions made for 2016 were 196% of the annual OPEB cost. As of the October 1, 2015 actuarial valuation date, the actuarial accrued liability for benefits was \$10,054, all of which was unfunded. The annual payroll of active employees covered by the OPEB plan was \$529,821 and the ratio of the UAAL to the covered payroll was 1.90%.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year-trend information about whether the actuarial value of the plan assets is increasing or decreasing over time, relative to the actuarial liabilities for benefits.

Calculations for financial reporting purposes are based on the benefits provided under terms of the substantive plan (the plan as understood by the employer and the plan members) in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitation or the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the October 1, 2015 actuarial valuation, the Project Unit Credit Cost Method was used. The actuarial assumptions included a 3.5% inflation rate, a 1.0% percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 6.67% percent initially, decreasing to an ultimate rate of 5%. If, and when, funded, the actuarial value of assets will be determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll (closed amortization over 30 years). The mortality table is the RPH-2014 Fully Generational Mortality adjusted to 2006 projected using Scale MP-2016.

SPACE COAST TRANSPORTATION PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(11) **Florida Retirement System:**

Plan Description and Administration

The Organization participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the Organization's full-time employees. The System is a retirement plan, administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the Organization are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

SPACE COAST TRANSPORTATION PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(11) **Florida Retirement System:** (Continued)

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial Statements

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

Florida Department of Management Services
Division of Retirement, Research and Education Services
P.O. Box 9000
Tallahassee, FL 32315-9000

Contributions

The Organization participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect at September 30, 2016, as follows (contribution rates are in agreement with the actuarially determined rates):

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

SPACE COAST TRANSPORTATION PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(11) **Florida Retirement System:** (Continued)

Actual contributions made for Organization employees participating in FRS and HIS for the each of last three fiscal years ended September 30 were as follows:

| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|----------------------------------|-------------|-------------|-------------|
| Organization Contributions – FRS | \$ 31,841 | \$ 36,697 | \$ 31,996 |
| Organization Contributions – HIS | 7,530 | 6,396 | 5,347 |
| Employee Contributions – FRS | 10,699 | 10,316 | 10,367 |

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

At September 30, 2016, the Organization reported a liability of \$524,056 for its proportionate share of the net pension liability, \$325,956 related to FRS and \$198,100 to HIS. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Organization’s proportion of the net pension liability was based on a projection of the Organization’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2016 and June 30, 2015, the Organization’s FRS proportion was 0.001290912% and 0.001382116%, respectively. At June 30, 2016 and June 30, 2015, the Organization’s HIS proportion was 0.001699757% and 0.001673069%, respectively. For the year ended September 30, 2016, the Organization’s recognized pension expense of \$54,477 from FRS and \$19,382 from HIS, for a grand total of \$73,859.

Deferred outflows/inflows related to pensions:

At September 30, 2016, the Organization reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>FRS</u> | | <u>HIS</u> | |
|--|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences between expected and actual experience | \$ 24,958 | \$ (3,035) | \$ - | \$ (451) |
| Changes of assumptions | 19,719 | - | 31,087 | - |
| Net different between projected and actual investment earnings | 84,256 | - | 100 | - |
| Change in Organization’s proportionate share | 28,808 | (19,209) | 14,373 | - |
| Contributions subsequent to measurement date | 8,940 | - | 2,112 | - |
| | <u>\$ 166,681</u> | <u>\$ (22,244)</u> | <u>\$ 47,672</u> | <u>\$ (451)</u> |

SPACE COAST TRANSPORTATION PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(11) **Florida Retirement System:** (Continued)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from Organization contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

| | | |
|------------|----|----------------|
| 2017 | \$ | 30,544 |
| 2018 | | 30,544 |
| 2019 | | 63,373 |
| 2020 | | 41,414 |
| 2021 | | 9,183 |
| Thereafter | | 5,548 |
| Total | \$ | <u>180,606</u> |

Actuarial assumptions:

The Actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth for both plans is assumed at 2.85%. Both the discount rate and the long-term expected rate of return used for FRS investments is 7.60%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.85% was used to determine was used to determine the total pension for the program. This rate decreased from the prior year rate, which was 3.80%. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2016, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

**SPACE COAST TRANSPORTATION PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

(11) **Florida Retirement System:** (Continued)

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Arithmetic Expected Rate of Return</u> |
|-----------------------|--------------------------|---|
| Cash | 1.0% | 3.0% |
| Fixed income | 18.0% | 4.7% |
| Global equities | 53.0% | 8.1% |
| Real estate | 10.0% | 6.4% |
| Private equity | 6.0% | 11.5% |
| Strategic investments | 12.0% | 6.1% |
| Total | 100.0% | |

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

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

| <u>Plan</u> | <u>Current Discount Rate</u> | <u>NPL with 1% Decrease</u> | <u>NPL at Current Discount Rate</u> | <u>NPL with 1% Increase</u> |
|-------------|------------------------------|-----------------------------|-------------------------------------|-----------------------------|
| FRS | 7.60% | \$ 600,107 | \$ 325,956 | \$ 97,762 |
| HIS | 2.85% | 227,265 | 198,100 | 173,894 |

(12) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for fiscal years subsequent to September 30, 2016, that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the Organization's financial statements:

- (a) GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, in June 2015, which establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB. GASB 73 is intended to improve the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The requirements of GASB 74 are effective for fiscal years beginning after June 15, 2016.
- (b) GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in June 2015, which establishes standards for recognizing and measuring liabilities, deferred outflows or resources, deferred inflows of resources, and expense/expenditures. GASB 75 seeks to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The provisions in GASB 75 are effective for fiscal years beginning after June 15, 2017.

SPACE COAST TRANSPORTATION PLANNING ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(12) **Recent Accounting Pronouncements:** (Continued)

- (c) GASB issued Statement No. 77, *Tax Abatement Disclosures*, in August 2015. GASB 77 requires governments that enter into tax abatement agreements to disclose the following information about the agreements: (1) brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients; (2) the gross dollar amount of taxes abated during the period; and (3) commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. The provisions in GASB 77 are effective for periods beginning after December 15, 2015.
- (d) GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, in January 2016. GASB 80 clarifies the financial statement presentation requirements for certain component units and amends the blending requirements for the financial statement presentation of component units. The provisions in GASB 80 are effective for periods beginning after June 15, 2016.
- (e) GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, in March 2016, which requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. GASB 81 enhances comparability of financial statements by providing accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary. The provisions in GASB 81 are effective for fiscal years beginning after December 15, 2016.
- (f) GASB issued Statement No. 82, *Pension Issues—An Amendment of GASB Statements No. 67, No. 68, and No. 73*, in March 2016. GASB 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The provisions in GASB 82 are effective for periods beginning after either June 15, 2016 or June 15, 2017, if certain assumptions are met.
- (g) GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, in November 2016. GASB 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs), which are legally enforceable liabilities associated with the retirement of a tangible capital asset. The provisions in GASB 81 are effective for periods beginning after June 15, 2018.
- (h) GASB issued Statement No. 84, *Fiduciary Activities*, in January 2017. GASB 84 improves guidance regarding the identification and reporting of fiduciary activities. The provisions in GASB 84 are effective for periods beginning after December 15, 2018.
- (i) GASB issued Statement No. 85, *Omnibus 2017*, in March 2017. GASB 85 improves guidance addressing several different accounting and financial reporting issues identified during the implementation and application of certain GASB pronouncements. The provisions in GASB 85 are effective for periods beginning after June 15, 2017.

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS – OPEB
SEPTEMBER 30, 2016**

Other Post Employment Benefit Plan

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL)--Entry Age (b) | Unfunded or (Assets in Excess of) AAL (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | Unfunded or (Assets in Excess of) AAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|---|---|--------------------------|---------------------------|--|
| 10/1/2015 | \$- | \$10,054 | \$10,054 | 0.00% | \$529,821 | 1.90% |
| 10/1/2013 | - | 36,670 | 36,670 | 0.00% | 479,873 | 7.64% |
| 10/1/2011 | - | 193,235 | 193,295 | 0.00% | 430,915 | 45.00% |

**SPACE COAST TRANSPORTATION PLANNING ORGANIZATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NPL – FRS/HIS
SEPTEMBER 30, 2016**

| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|--------------|--------------|--------------|
| Florida Retirement System (FRS) | | | |
| Proportion of the net pension liability (NPL) | 0.001290912% | 0.001382116% | 0.001460719% |
| Proportionate share of the NPL | \$ 325,956 | \$ 178,519 | \$ 89,125 |
| Covered payroll | 453,594 | 516,030 | 445,583 |
| Proportionate share of the NPL as percentage of covered payroll | 71.86% | 34.59% | 20.00% |
| Plan fiduciary net position as a percentage of the NPL | 84.88% | 92.00% | 96.09% |
| Health Insurance Subsidy Program (HIS) | | | |
| Proportion of the net pension liability (NPL) | 0.001673069% | 0.001673069% | 0.001561006% |
| Proportionate share of the NPL | \$ 198,100 | \$ 170,627 | \$ 145,958 |
| Covered payroll | 453,594 | 516,030 | 445,583 |
| Proportionate share of the NPL as percentage of covered payroll | 43.67% | 33.07% | 32.76% |
| Plan fiduciary net position as a percentage of the NPL | 0.97% | 0.50% | 0.99% |

**SPACE COAST TRANSPORTATION PLANNING ORGANIZATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS – FRS/HIS
SEPTEMBER 30, 2016**

For the Plan Year ended June 30, 2016 2015 2014

Florida Retirement System (FRS)

| | | | |
|--|---------------|---------------|---------------|
| Contractually required contribution | \$ 31,841 | \$ 36,697 | \$ 31,996 |
| Contributions in relation to contractually required contribution | <u>31,841</u> | <u>36,697</u> | <u>31,996</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | | |
| Covered payroll | \$ 453,594 | \$ 516,030 | \$ 445,583 |
| Contributions as percentage of covered payroll | 7.02% | 7.11% | 7.18% |

Health Insurance Subsidy Program (HIS)

| | | | |
|--|--------------|--------------|--------------|
| Contractually required contribution | \$ 7,530 | \$ 6,402 | \$ 5,347 |
| Contributions in relation to contractually required contribution | <u>7,530</u> | <u>6,402</u> | <u>5,347</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | | |
| Covered payroll | \$ 453,594 | \$ 516,030 | \$ 445,583 |
| Contributions as percentage of covered payroll | 1.66% | 1.24% | 1.20% |

**SPACE COAST TRANSPORTATION PLANNING ORGANIZATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

| Federal Grantor / Pass-Through Grantor Program or Cluster Title, Contract No. | Grant or Contract Number | CFDA Number | Federal Expenditures |
|--|-------------------------------------|------------------------|---------------------------------|
| Department of Transportation | | | |
| Passed through the Florida Department of Transportation | | | |
| Highway Planning and Construction | 41795811493, A5064 | 20.205 | \$ 747,363 |
| Highway Planning and Construction | 43933011401, A5064 | 20.205 | 44,087 |
| Highway Planning and Construction | 43933011402, A5064 | 20.205 | 174,671 |
| | | | <u>966,121</u> |
| Metropolitan Transportation Planning | 42243811424, AQF75 | 20.505 | 9,295 |
| Metropolitan Transportation Planning | 42243811425, AQF75 | 20.505 | 198,587 |
| | | | <u>207,882</u> |
| Total Expenditures of Federal Awards | | | <u><u>\$ 1,174,003</u></u> |

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

**SPACE COAST TRANSPORTATION PLANNING ORGANIZATION
NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

(1) **Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Space Coast Transportation Planning Organization (the Organization), and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Organization.

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

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

Pass-through entity identifying numbers are presented where available.

No amounts were passed through to subrecipients during the fiscal year ended September 30, 2016.

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

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

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

To the Governing Board,
Space Coast Transportation Planning Organization:

Report on Compliance for Each Major Program

We have audited the Space Coast Transportation Planning Organization's (the Organization) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended September 30, 2016. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

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Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Daytona Beach, Florida
March 30, 2017



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

To the Governing Board,
Space Coast Transportation Planning Organization:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Space Coast Transportation Planning Organization (the Organization), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated March 30, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

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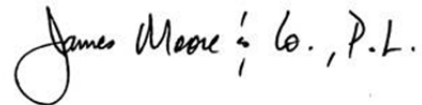
Compliance and Other Matters

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

We noted certain matters that we reported to the governing board and management of the Organization in a separate letter dated March 30, 2017.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial "J" and a distinct "Co." followed by "P.L.".

Daytona Beach, Florida
March 30, 2017

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

To the Governing Board,
Space Coast Transportation Planning Organization:

Report on the Financial Statements

We have audited the basic financial statements of Space Coast Transportation Planning Organization (the Organization), as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated March 30, 2017.

Auditors' Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 30, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

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Financial Condition

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the Organization has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the Organization, did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Organization for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we noted no such recommendations.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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

Daytona Beach, Florida
March 30, 2017

James Moore & Co., P.L.

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

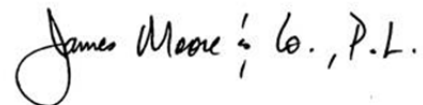
To the Governing Board,
Space Coast Transportation Planning Organization:

We have examined the Space Coast Transportation Planning Organization's (the Organization) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2016. Management is responsible for the Organization's compliance with those requirements. Our responsibility is to express an opinion on the Organization's compliance based on our examination.

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

In our opinion, the Space Coast Transportation Planning Organization complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

Daytona Beach, Florida
March 30, 2017



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