

**SPACE COAST  
TRANSPORTATION  
PLANNING  
ORGANIZATION,  
FLORIDA**

**Basic  
Financial Statements and  
Supplemental Information**

**Year ended  
September 30, 2014**

# SPACE COAST TRANSPORTATION PLANNING ORGANIZATION, FLORIDA

## Official Directory

September 30, 2014

<u>Position</u>	<u>Name</u>	<u>Representing</u>
Chairman	Commissioner Jerry Allender	Canaveral Port Authority
Vice Chair	Mayor Kathy Meehan	City of Melbourne
Secretary	Councilman Patrick O'Neill	City of Rockledge
Member	Councilwoman Barbara Smith	City of West Melbourne
Member	Commissioner Robin Fisher	BOCC District 1
Member	Commissioner Chuck Nelson	BOCC District 2
Member	Commissioner Trudie Infantini	BOCC District 3
Member	Commissioner Mary Bolin Lewis	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	Councilman Greg Jones	City of Melbourne
Member	Councilwoman Kristine Isnardi	City of Palm Bay
Member	Councilman Ken Greene	City of Palm Bay
Member	Mayor William Capote	City of Palm Bay
Member	Mayor Jim Tulley	City of Titusville
Member	Council Member Martha Long	City of Titusville
Member	Mayor Rocky Randels	North Beaches Coalition
Member	Councilwoman Gail Gowdy	South Beaches Coalition

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## INDEPENDENT AUDITOR'S REPORT

To the Governing Board  
Space Coast Transportation Planning Organization, Florida

### 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, Florida (the "SCTPO"), as of and for the year ended September 30, 2014, which collectively comprise the SCTPO's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate 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 Space Coast Transportation Planning Organization, Florida as of September 30, 2014 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information and the schedule of funding progress for the retiree health plan, 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 Space Coast Transportation Planning Organization, Florida's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 May 5, 2015, on our consideration of the Space Coast Transportation Planning Organization, Florida'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 Space Coast Transportation Planning Organization, Florida's internal control over financial reporting and compliance.

May 5, 2015  
Melbourne, Florida

*Berman Hopkins Wright & LaHam*  
*CPAs and Associates, LLP*

**SPACE COAST TRANSPORTATION PLANNING ORGANIZATION, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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, 2014. Consideration should be given to the information presented here in conjunction with the information that has been furnished in the basic financial statements, on pages 10 through 28.

**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 \$113,984 (net deficit). Of this amount, \$5,062 is invested in capital asset inventory and a deficit of \$119,046 is unrestricted.
- The SCTPO's total net position on a government-wide basis reflects a deficit decrease of \$24,150.
- As of the close of the current fiscal year, the SCTPO's governmental funds reported combined ending fund balances of \$11,292, a decrease of \$5,841 over the previous fiscal year. Of this amount \$1,342 is non-spendable, and \$9,950 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 and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the 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.

**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. 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 30 of this report.

The basic governmental fund financial statements can be found on pages 10 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 on pages 16 through 28 of this report.

## Government-Wide Financial Analysis

Comparative data for fiscal years ending September 30, are shown below.

	Governmental Activities		
	2014	2013	Difference
<b>Assets</b>			
Current assets	\$ 612,506	\$ 731,578	\$ (119,072)
Capital assets	5,062	8,801	(3,739)
Total assets	<u>617,568</u>	<u>740,379</u>	<u>(122,811)</u>
<b>Liabilities</b>			
Current liabilities	601,214	714,445	(113,231)
Noncurrent liabilities	130,338	164,068	(33,730)
Total liabilities	<u>731,552</u>	<u>878,513</u>	<u>(146,961)</u>
<b>Net Position</b>			
Net investment in capital assets	5,062	8,801	(3,739)
Unrestricted	<u>(119,046)</u>	<u>(146,935)</u>	<u>27,889</u>
Total net position	<u>\$ (113,984)</u>	<u>\$ (138,134)</u>	<u>\$ 24,150</u>

The overall financial position of the SCTPO reflects a deficit net position due to the accruals posted for depreciation expense on capital assets, compensated absences, and other post employment benefits.

## 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		
	2014	2013	Difference
Revenues:			
Program revenues:			
Charges for services	\$ 60,450	\$ 63,925	\$ (3,475)
Operating grants and contributions	1,687,058	1,247,642	439,416
Total program revenues	1,747,508	1,311,567	435,941
General revenues:			
Concurrency review fees	8,277	8,391	(114)
Miscellaneous revenues	526	2,187	(1,661)
Total general revenues	8,803	10,578	(1,775)
Total revenues	1,756,311	1,322,145	434,166
Expenses:			
General government	72,345	69,702	2,643
Transportation	1,659,816	1,276,864	382,952
Total expenses	1,732,161	1,346,566	385,595
Increase (decrease) in net position	24,150	(24,421)	48,571
Net position - beginning	(138,134)	(113,713)	(24,421)
Net position - end	\$ (113,984)	\$ (138,134)	\$ 24,150

## 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 Space Coast Transportation Planning Organization, Florida's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Space Coast Transportation Planning Organization, Florida'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.

As of the end of the current fiscal year, the SCTPO's governmental funds reported combined fund balances of \$11,292, a decrease of \$5,841 in comparison with the prior year. The entire combined fund balance amount constitutes *unassigned funds* of \$9,950 which is available for spending at the government's discretion. At the year end, there were no outstanding contracts or purchase orders.

The general fund is the chief operating fund of the SCTPO. At the end of the current fiscal year, total fund balance of the General Fund was \$11,292, and \$9,950 of which is *unassigned fund balance*.

### **General Fund Budgetary Highlights**

The following information is presented to assist the reader in comparing actual results with budgetary amounts.

A comparison of the final operating revenue budget to actual revenues produced a positive variance of \$1,283. Revenue differences were mainly due to \$6,170 more being received from the charges for services and currency review fees and \$4,887 less being received from miscellaneous revenue than was budgeted. Actual expenditures were lower than final budgeted expenditures by \$9,933, due to a reduction of expenditures in overall general government expenditures and increase in capital outlay.

### **Capital Asset and Debt Administration**

- Capital Assets: The SCTPO's total investment in capital assets for its governmental activities as of September 30, 2014, amounts to \$5,062 (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 D in the notes to the financial statements. Additional information on the SCTPO's long-term liabilities can be found in Notes F in the notes to the financial statements.

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

- State and local match funds are anticipated to remain mostly unchanged.
- Revenue sources are expected to slightly increase as the TPO anticipates developing a pedestrian/bicycle safety action plan and to conduct a rail station location study. Many projects initiated in FY 14 will carry forward to FY 15 at which time they will be completed.
- For expenditures, work is expected to continue on the following: 2040 Long Range Transportation Plan (LRTP), Intelligent Transportation System (ITS) Master Plan, Complete Streets Program, and US 192 intersection analysis.
- Certain programs are expected to be conducted in the next year such as traffic counts; annual State of the System Report; Transportation Improvement Program; Crash Analysis; a service agreement with Brevard County and a new agreement with Canaveral Port Authority.

These factors were considered in preparing the SCTPO's budget for the 2015 fiscal year.

## Request for information

This financial report is designed to provide a general overview of the Space Coast Transportation Planning Organization, Florida'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 Space Coast Transportation Planning Organization, Florida.

**Space Coast Transportation Planning Organization, Florida**

**STATEMENT OF NET POSITION**

**September 30, 2014**

	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Prepaid expenditures	\$ 1,342
Due from other governments	611,164
Total current assets	<u>612,506</u>
 <b>CAPITAL ASSETS</b>	
Capital assets, net of accumulated depreciation	5,062
Total capital assets	<u>5,062</u>
Total assets	<u>617,568</u>
 <b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accrued liabilities	151,674
Due to Brevard County	449,540
Total current liabilities	<u>601,214</u>
 <b>NONCURRENT LIABILITIES</b>	
Due within one year	
Compensated absences	40,543
Due in more than one year	
Compensated absences	26,020
Other post employment benefits	63,775
Total noncurrent liabilities	<u>130,338</u>
Total liabilities	<u>731,552</u>
 <b>NET POSITION</b>	
Net investment in capital assets	5,062
Unrestricted	<u>(119,046)</u>
Total net position	<u><u>\$ (113,984)</u></u>

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

Space Coast Transportation Planning Organization, Florida

STATEMENT OF ACTIVITIES

Year ended September 30, 2014

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 72,345	\$ 60,450	\$ -	\$ -	\$ (11,895)
Transportation	1,659,816	-	1,687,058	-	27,242
Total governmental activities	<u>\$ 1,732,161</u>	<u>\$ 60,450</u>	<u>\$ 1,687,058</u>	<u>\$ -</u>	<u>15,347</u>
		General revenues:			
		Taxes:			
		Concurrency review fees		8,277	
		Miscellaneous revenues		526	
		Total general revenues		<u>8,803</u>	
		Change in net position		<u>24,150</u>	
		Net position - beginning		<u>(138,134)</u>	
		Net position - ending		<u>\$ (113,984)</u>	

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

Space Coast Transportation Planning Organization, Florida

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2014

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>ASSETS</b>			
Prepaid expenditures	\$ 1,342	\$ -	\$ 1,342
Due from other governments	-	611,164	611,164
Due from other funds	611,164	-	611,164
Total assets	<u>\$ 612,506</u>	<u>\$ 611,164</u>	<u>\$ 1,223,670</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 151,674	\$ -	\$ 151,674
Due to Brevard County	449,540	-	449,540
Due to other funds	-	611,164	611,164
Total liabilities	<u>601,214</u>	<u>611,164</u>	<u>1,212,378</u>
Fund balance			
Non-spendable	1,342	-	1,342
Unassigned	9,950	-	9,950
Total fund balances	<u>11,292</u>	<u>-</u>	<u>11,292</u>
Total liabilities and fund balances	<u>\$ 612,506</u>	<u>\$ 611,164</u>	<u>\$ 1,223,670</u>

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



Space Coast Transportation Planning Organization, Florida

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION

September 30, 2014

Fund balance - total governmental funds	\$	11,292
The net position reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:		
Equipment, net		5,062
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Compensated absences		(66,563)
Other post employment benefits		<u>(63,775)</u>
Total net position of governmental activities	\$	<u>(113,984)</u>

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

Space Coast Transportation Planning Organization, Florida

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year ended September 30, 2014

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 1,687,058	\$ 1,687,058
Charges for services	60,450	-	60,450
Concurrency review fees	8,277	-	8,277
Miscellaneous revenues	526	-	526
	<u>69,253</u>	<u>1,687,058</u>	<u>1,756,311</u>
<b>EXPENDITURES</b>			
Current			
General government	72,345	-	72,345
Transportation	-	1,687,058	1,687,058
Capital outlay	2,749	-	2,749
	<u>75,094</u>	<u>1,687,058</u>	<u>1,762,152</u>
Deficiency of revenues over expenditures	(5,841)	-	(5,841)
Fund balance - beginning	17,133	-	17,133
Fund balance - ending	<u>\$ 11,292</u>	<u>\$ -</u>	<u>\$ 11,292</u>

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

Space Coast Transportation Planning Organization, Florida

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended September 30, 2014

Net change in fund balance - total governmental funds	\$	(5,841)
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		2,749
Depreciation expense		(6,488)
Some expenses reported in the statement of activities did not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in compensated absences		(5,889)
Change in other post employment benefits		39,619
Change in net position of governmental activities	\$	<u>24,150</u>

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

**Space Coast Transportation Planning Organization, Florida**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2014**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Reporting entity

The Space Coast Transportation Planning Organization, Florida (the "SCTPO"), 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 Interlocal Agreement was recorded and filed on July 15, 2014. The TPO went through the process of adopting a new interlocal agreement in 2014 that was finalized and recorded on July 15, 2014.

The SCTPO 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 SCTPO is a planning agency and not an implementing agency. The SCTPO is created to work in cooperation with the Florida Department of Transportation, the Federal Highway Administration, and the Federal Transit Administration. The SCTPO staff and operations are separated from the Brevard County Board of County Commissioners, effective October 1, 2010, and they are now operated independently from the control, supervision and direction of Brevard County through the Interlocal Agreement.

In evaluating the SCTPO as a reporting entity, management has addressed all potential component units that may or may not fall within the SCTPO's oversight and control, and thus, be included in the SCTPO's financial statements. The SCTPO did not exercise oversight responsibility over any other potential component units, thus, there are no component units included.

The accounting policies of the Space Coast Transportation Planning Organization, Florida conform to accounting principles generally accepted in the United States of America as applicable to governments as established by the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

**Space Coast Transportation Planning Organization, Florida**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2014**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

2. 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 and liabilities, as presented in the statement of net position, are subdivided into two categories: net investment in capital assets and unrestricted 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. Taxes and other items not included among program revenues are reported instead as general revenues.

Separate fund financial statements report detailed information about the SCTPO'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 and non-major funds are aggregated and presented as a single column on each statement. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

3. 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 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.

Space Coast Transportation Planning Organization, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

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 SCTPO 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, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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 SCTPO reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the SCTPO 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.

4. Cash and cash equivalents

The SCTPO's cash and cash equivalents are considered to be cash on hand and demand deposits.

5. Receivables

After reviewing the individual account balances, the SCTPO's management has determined that 100% of receivables are fully collectible. Therefore, no allowance for doubtful accounts has been provided.

Space Coast Transportation Planning Organization, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Capital assets

Capital assets are reported in the applicable governmental columns in the government-wide financial statements. The SCTPO defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life 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.

7. Due to Brevard County

The Interlocal Agreement signed by Brevard County, Florida and the SCTPO specifies that, at no cost to the SCTPO, Brevard County, Florida agrees to provide the SCTPO with an annual "line of credit" for each County fiscal year of up to \$500,000 for operating expenses.

8. Compensated absences

The SCTPO 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 SCTPO'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.

9. Grants

Revenues received or used from grants for governmental funds are recognized as current revenues when they become subject to accrual, which is both measurable and available (modified accrual basis).

10. Income tax

The SCTPO qualifies as a tax-exempt entity. Accordingly, no tax provision has been made in the accompanying financial statements.

Space Coast Transportation Planning Organization, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Use of estimates

The preparation of financial statements, in accordance with generally accepted accounting principals in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

12. Fund balance classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the SCTPO is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Fund Balance - The difference between assets and all current operational commitments and liabilities reported in a governmental fund.

Non-spendable Fund Balance - 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 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. Commitments may only be removed or changed by the SCTPO Board taking the same formal action (resolution) that imposed the constraint originally.

Assigned Fund Balance - 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 SCTPO Executive Director.



**Space Coast Transportation Planning Organization, Florida**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2014**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

12. Fund balance classification (continued)

Unassigned Fund Balance - 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.

Restricted amounts shall be spent first unless there are legal documents/contracts prohibiting this, such as grant agreements. Further, the order of priority shall be Committed Fund Balance, followed by Assigned Fund Balance, and then Unassigned Fund Balance when expenditures are incurred for purposes for which amounts in any of classifications could be used.

For the year ending September 30, 2014, the breakout of the fund balances is shown below:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Unassigned	<u>\$ 9,950</u>	<u>\$ -</u>	<u>\$ 9,950</u>

**NOTE B - CASH AND INVESTMENTS**

Cash and investment balances of the SCTPO 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, 2014 the cash and investments had a zero balance.

**NOTE C - INTERFUND BALANCES**

The outstanding balances between funds result mainly from the time lag between when reimbursable expenditures occur and when the SCTPO is reimbursed by grantor agencies. As a result, advances from the general fund are required to finance these costs until reimbursement is received. As of September 30, 2014, the composition of interfund balances is as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$ 611,164	\$ -
Special revenue fund	-	611,164
Total	<u>\$ 611,164</u>	<u>\$ 611,164</u>

**Space Coast Transportation Planning Organization, Florida**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2014**

**NOTE D - CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2014 was as follows:

	Balance at October 1, 2013	Increases	Decreases	Balance at September 30, 2014
<b>Governmental activities:</b>				
Capital assets, being depreciated:				
Equipment	\$ 71,283	\$ 2,749	\$ 2,844	\$ 71,188
Total capital assets, being depreciated:	71,283	2,749	2,844	71,188
Less accumulated depreciation for:				
Equipment	62,482	6,488	2,844	66,126
Total accumulated depreciation	62,482	6,488	2,844	66,126
Governmental activities capital assets, net	\$ 8,801	\$ (3,739)	\$ -	\$ 5,062

During the year ended September 30, 2014, depreciation expense of \$6,488 was charged to the general government functions of the SCTPO.

**NOTE E - DUE TO BREVARD COUNTY**

The Interlocal Agreement between Brevard County, Florida and SCTPO provided for, at no cost to the SCTPO, an annual "line of credit" for each County fiscal year of up to Five Hundred Thousand Dollars (\$500,000), for operating expenses. The line of credit shall be repaid from time to time by the SCTPO from State and Federal transportation planning grants that the SCTPO receives as a metropolitan planning organization. At September 30, 2014 the balance on the line of credit to Brevard County, Florida was \$449,540 due to the timing of funds to be received from the State of Florida.

**Space Coast Transportation Planning Organization, Florida**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2014**

**NOTE F - LONG-TERM LIABILITIES**

Changes in long-term liabilities for the year ended September 30, 2014 are summarized as follows:

	Balance at October 1, 2013	Additions	Reductions	Balance at September 30, 2014	Due within one year
Compensated absences	\$ 60,674	\$ 54,762	\$ 48,873	\$ 66,563	\$ 40,543
Other post employment benefits	103,394	742	40,361	63,775	-
	<u>\$ 164,068</u>	<u>\$ 55,504</u>	<u>\$ 89,234</u>	<u>\$ 130,338</u>	<u>\$ 40,543</u>

Historically, compensated absences have been generally liquidated by the general fund. The OPEB liability has been accounted for in the annual required contribution (ARC) for reconciliation in the Other Postemployment Benefits note.

**NOTE G - OPERATING LEASES**

The SCTPO is obligated under three noncancelable operating leases for copiers and one noncancelable operating lease for office space. On August 26, 2010 the SCTPO entered into a five year office space agreement terminating September 30, 2015 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 \$15,062 for the first year, payable in monthly installments of \$1,255. Thereafter, the annual rental may be adjusted annually on October 1<sup>st</sup> of each year (the "Adjustment Date") of the lease, beginning with October 1, 2011, and each and every one-year anniversary thereafter. The County shall advise the SCTPO of the dollar amount of rental increases or decreases at least ninety (90) days before the Adjustment Date of each lease fiscal year. The SCTPO is exempt from the payment of Florida sales tax. For the year ended September 30, 2014, total costs for the copiers and office space was \$15,392. The future minimum lease payments for these leases are as follows:

Year ending September 30,	Copier	Office Space	Total
2015	\$ 3,899	\$ 15,068	\$ 18,967
2016	3,899	-	3,899
2017	2,924	-	2,924
Total	<u>\$ 10,722</u>	<u>\$ 15,068</u>	<u>\$ 25,790</u>

**Space Coast Transportation Planning Organization, Florida**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2014**

**NOTE H - RETIREMENT PLANS**

The SCTPO staff participates in the Florida Retirement System (FRS) (the "Plan"), which is a multiple-employer, cost-sharing, public employee retirement system. The County provides administrative support to SCTPO employees for participation in FRS, to the same extent as provided to County employees per the Interlocal agreement with the County. This retirement system is administered by the State of Florida, department of Administration, Division of Retirement. The retirement system, as of July 1, 2011, mandates that all employees contribute 3% of gross pay and remaining contributions are made by participating employers. Membership in the FRS is mandatory if an employee is in a fulltime or part-time regularly established position in a state agency, county government, district school board, state university, community college, or any other qualified participating agency. The retirement system provides for vesting of benefits after six years of service.

Employees are eligible for normal retirement with 30 years of creditable service or at age 62. Early retirement may be taken any time after six years of service (eight years for elected county officials); however, there is a 5% benefit reduction for each year prior to normal retirement. Benefits are computed on the basis of age, average final compensation, and service credit.

Average final compensation is the average of the five highest fiscal years of earnings. The system also provides for death and disability benefits, which are established by Florida Statutes.

The SCTPO is required to contribute an actuarially determined rate. The retirement plan is funded by employer contributions, based on gross pay, at a rate of 6.95% through June 2014, and changed to 7.37% effective July 2014, for regular employees. Contributions for the year ending September 30, 2014, represented 8.79% of covered payroll.

The SCTPO contributed \$42,180 to the Plan for the year ended September 30, 2014. Plan provisions may be amended by the SCTPO Governing Board. The Plan is held in a trust for the exclusive benefit of the participants and their beneficiaries, consequently, the SCTPO has no fiduciary responsibility, and therefore, the net assets of the Plan are not included in the SCTPO's financial statements.

**Space Coast Transportation Planning Organization, Florida**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2014**

**NOTE I - OTHER POST EMPLOYMENT BENEFITS**

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 Space Coast Transportation Planning Organization, the SCTPO 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 Space Coast Transportation Planning 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.

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, 2014, the membership of the SCTPO's medical plan consisted of nine active employees.

Annual OPEB Costs and Net OPEB Obligation - The SCTPO's annual other post employment 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 SCTPO has elected not to completely fund the ARC.

Space Coast Transportation Planning Organization, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE I - OTHER POST EMPLOYMENT BENEFITS (continued)

The following table shows the actuarial determined components of the obligation as of September 30, 2014 based on the plan provisions:

	September 30, 2014
Annual required contribution	\$ 3,510
Interest on net OPEB contribution	630
Adjustment to annual required contribution	(42,779)
Annual OPEB cost (expense)	(38,639)
Contributions made	980
Increase in net OPEB obligation	(39,619)
Net OPEB obligation - beginning of year	103,394
Net OPEB obligation - end of year	\$ 63,775

No trust or agency fund has been established for the Plan.

Funded Status and Funding Progress - The contributions made for 2014 were 57% of the annual OPEB cost. As of the October 1, 2011 actuarial valuation date, the actuarial accrued liability for benefits was \$36,670, all of which was unfunded. The annual payroll of active employees covered by the OPEB plan was \$479,873 and the ratio of the UAAL to the covered payroll was 7.64%.

Actuarial Methods and Assumption - 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.

**Space Coast Transportation Planning Organization, Florida**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2014**

**NOTE I - OTHER POST EMPLOYMENT BENEFITS (continued)**

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.

The actuarial methods are:

Actuarial cost method	Projected unit credit
Amortization method	Level percent of compensation
Amortization period (closed)	30 years

The actuarial assumptions are:

Investment rate of return	1.00%
Projected annual salaries increase	0.00%
Healthcare cost trend rate	6.67% for fiscal year 2014, decreasing to a rate of 5% for the 2020 fiscal year
Inflation rate	0.00%

**NOTE J - COMMITMENTS AND CONTINGENCIES**

During the ordinary course of its operations, the SCTPO is party to various claims, legal actions and complaints. Some of these matters are covered by the SCTPO's 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 SCTPO's financial position and/or that the SCTPO has sufficient insurance coverage to cover any claims.

**Space Coast Transportation Planning Organization, Florida**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2014**

**NOTE K - RISK MANAGEMENT**

The SCTPO 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 SCTPO 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 2014. Settled claims resulting from the risks described above have not exceeded the insurance coverage for the past year.

**NOTE L - SUBSEQUENT EVENTS**

The SCTPO has evaluated subsequent events through May 5, 2015, the date on which the financial statements became available for issue and has determined no material events occurred that would require disclosure.



**REQUIRED SUPPLEMENTAL INFORMATION**

Space Coast Transportation Planning Organization, Florida

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL - GENERAL FUND

Year ended September 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 56,557	\$ 56,557	\$ 60,450	\$ 3,893
Concurrency review fees	6,000	6,000	8,277	2,277
Miscellaneous revenues	5,413	5,413	526	(4,887)
	<u>67,970</u>	<u>67,970</u>	<u>69,253</u>	<u>1,283</u>
<b>EXPENDITURES</b>				
General government	85,027	85,027	72,345	12,682
Capital outlay	-	-	2,749	(2,749)
	<u>85,027</u>	<u>85,027</u>	<u>75,094</u>	<u>9,933</u>
<b>Deficiency of revenues over expenditures</b>	(17,057)	(17,057)	(5,841)	11,216
Fund balances - beginning	1,052	1,052	17,133	16,081
Fund balances - end	<u>\$ (16,005)</u>	<u>\$ (16,005)</u>	<u>\$ 11,292</u>	<u>\$ 27,297</u>

See accompanying not to required supplemental information.

Space Coast Transportation Planning Organization, Florida

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUND

Year ended September 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 1,902,857	\$ 1,902,857	\$ 1,687,058	\$ (215,799)
	<u>1,902,857</u>	<u>1,902,857</u>	<u>1,687,058</u>	<u>(215,799)</u>
<b>EXPENDITURES</b>				
Transportation	1,853,844	1,853,844	1,687,058	166,786
	<u>1,853,844</u>	<u>1,853,844</u>	<u>1,687,058</u>	<u>166,786</u>
<b>Excess of revenues over expenditures</b>	49,013	49,013	-	(49,013)
Fund balances - beginning	-	-	-	-
Fund balances - end	<u>\$ 49,013</u>	<u>\$ 49,013</u>	<u>\$ -</u>	<u>\$ (49,013)</u>

See accompanying note to required supplemental information.

Space Coast Transportation Planning Organization, Florida

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN

Year ended September 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered payroll	UAAL as % of Covered Payroll
10/1/2013	\$ -	\$ 36,670	\$ 36,670	0.0%	\$ 479,873	7.64%

See accompanying not to required supplemental information.

**Space Coast Transportation Planning Organization, Florida**

**NOTE TO REQUIRED SUPPLEMENTAL INFORMATION**

**September 30, 2014**

**NOTE A - BUDGETARY INFORMATION**

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 department level. The budgets presented for fiscal year ended September 30, 2014 have been adopted according to SCTPO's procedures.

On or before July 15 of each year, the SCTPO administrator shall submit a budget in accordance with state law. It shall outline the financial policies of the SCTPO 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 SCTPO's fiscal position, and include any other material as the SCTPO administrator deems necessary.

The SCTPO Board shall adopt a budget for the ensuing fiscal year by resolution on or before September 30 of each year. The final budget was duly adopted on October 1, 2014. The SCTPO 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 SCTPO administrator that the revenues available will be insufficient to meet the amount appropriated in the budget, the SCTPO administrator shall report to the SCTPO Board without delay. The SCTPO Board shall then take action to prevent or minimize any deficit and for that purpose may, by resolution, reduce one or more appropriations.

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

The SCTPO 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, Florida**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the year ended September 30, 2014**

Federal Grantor/Pass-Through Grantor Program or Cluster Title, Contract No.	Grant or Contract Number	Federal CFDA Number	Federal Expenditures
<b>DEPARTMENT OF TRANSPORTATION</b>			
Passed through the Florida Department of Transportation:			
Highway Planning and Construction (Federal-Aid Highway Program): PL-0263(049): 13/14	41795811490, A-5064	20.205	\$ 589,167
Highway Planning and Construction (Federal-Aid Highway Program): PL-0263(049): 14/15	41795811490, A-5064	20.205	281,184
Highway Planning and Construction (Federal-Aid Highway Program): Complete Streets, 0263(049)	41795811490, A-5064	20.205	5,629
Highway Planning and Construction (Federal-Aid Highway Program): US 192 Feasibility Study	43020911801, AQH 60	20.205	114,267
Highway Planning and Construction (Federal-Aid Highway Program): PL-0263(50)U	41795811492, A-5064	20.205	128,522
Highway Planning and Construction (Federal-Aid Highway Program): PL-0263(052)M	41795811493, A-5064	20.205	257,325
Highway Planning and Construction (Federal-Aid Highway Program): PL-0263(052)M	41795811493, A-5064	20.205	<u>9,232</u>
			1,385,326
Multi-Year Joint Participation Agreement: FL-80-X23	422438-1-14-23, AQF75	20.505	<u>210,987</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 1,596,313</u></u>

**NOTE 1. GENERAL**

The Schedule of Expenditures of Federal Awards presents the activity of all federal programs of Space Coast Transportation Planning Organization. The reporting entity of Space Coast Transportation Planning Organization is defined in the Notes to the Financial Statements.

**NOTE 2. BASIS OF ACCOUNTING**

The Schedule of Expenditures of Federal Awards is maintained on a modified accrual basis of accounting for Governmental Fund types. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

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

To the Governing Board  
Space Coast Transportation Planning Organization, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Space Coast Transportation Planning Organization, Florida, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Space Coast Transportation Planning Organization, Florida's basic financial statements and have issued our report thereon dated May 5, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Space Coast Transportation Planning Organization, Florida'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 Space Coast Transportation Planning Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Space Coast Transportation Planning 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Space Coast Transportation Planning Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

May 5, 2015  
Melbourne, Florida

*Berman Hopkins Wright & LaHam*  
*CPAs and Associates, LLP*



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Governing Board  
Space Coast Transportation Planning Organization, Florida

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

We have audited Space Coast Transportation Planning Organization (the "SCTPO"), Florida's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the SCTPO's major federal program for the year ended September 30, 2014. SCTPO's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of SCTPO's major federal program 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 SCTPO'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 the major federal program. However, our audit does not provide a legal determination of SCTPO's compliance.

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

In our opinion, SCTPO, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2014.

## Report on Internal Control over Compliance

Management of SCTPO, 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 SCTPO's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 SCTPO's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

May 5, 2014  
Melbourne, Florida

*Berman Hopkins Wright & LaHam*  
*CPAs and Associates, LLP*

Space Coast Transportation Planning Organization, Florida

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2014

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

- |  |               |
|--|---------------|
| 1. Type of auditor's report issued:                      | Unmodified    |
| 2. Internal control over financial reporting:            |               |
| a. Material weakness(es) identified?                     | No            |
| b. Significant deficiency(ies) identified?               | None reported |
| 3. Noncompliance material to financial statements noted? | No            |

Federal Awards

- |   |               |
|---|---------------|
| 1. Internal control over the major program:   |               |
| a. Material weakness(es) identified?  | No            |
| b. Significant deficiency(ies) identified?  | None reported |
| 2. Type of auditor's report issued on compliance for the major program:   | Unmodified    |
| 3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | No            |
| 4. Dollar threshold used to distinguish between type A and type B Programs  | \$300,000     |
| 5. Auditee qualified as a low-risk auditee?   | Yes           |

Identification of major program Federal:

CFDA Number

Name of Program

20.205

Highway Planning and Construction

**Space Coast Transportation Planning Organization, Florida**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year Ended September 30, 2014**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None reported.

**SECTION III - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS**

None reported.

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

None reported related to major Federal programs.

## MANAGEMENT LETTER

To the Governing Board  
Space Coast Transportation Planning Organization, Florida

### Report on the Financial Statements

We have audited the financial statements of Space Coast Transportation Planning Organization, Florida, as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated May 5, 2015.

### Auditor's 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Florida Auditor General.

### 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 the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirement in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated May 5, 2015, 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 recommendations made in the preceding 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. This information is disclosed in Note A in the notes to the financial statements.

### **Annual Financial Report**

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for Space Coast Transportation Planning Organization, Florida for the fiscal year ended September 30, 2014, 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, 2014. 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 did not have any 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 the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

May 5, 2015  
Melbourne, Florida

*Berman Hopkins Wright & LaHam*  
*CPAs and Associates, LLP*

**Space Coast Transportation Planning Organization, Florida**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

**Year Ended September 30, 2014**

**Current Year**

There are no management comments or recommendations for the fiscal year ended September 30, 2014.

**Prior Year**

There were no management comments or recommendations for the fiscal year ended September 30, 2013.