

**SPACE COAST
TRANSPORTATION
PLANNING
ORGANIZATION,
FLORIDA**

**Basic
Financial Statements and
Supplemental Information**

**Year ended
September 30, 2015**

SPACE COAST TRANSPORTATION PLANNING ORGANIZATION, FLORIDA

Official Directory

September 30, 2015

| <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 T. Patrick O'Neill | City of Rockledge |
| 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 Tres Holton | City of Palm Bay |
| Member | Councilman Harry Santiago Jr. | 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, 2015, 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, 2015 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.

Emphasis of Matters

As described in Note A-13 to the financial statements, in 2015, the SCTPO implemented GASB Statement No. 68, *Accounting for Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* for reporting the SCTPO's pension associated with the active employee members of the Florida Retirement System and the primary activity associated with the pension arrangements reflective for the year ending September 30, 2015 (Notes H and I).

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, the schedule of funding progress for the retiree health plan, the schedule of proportionate share of net pension liability and the schedule of contributions, 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 SCTPO'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 6, 2016, on our consideration of the SCTPO'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 SCTPO's internal control over financial reporting and compliance.

May 6, 2016
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, 2015**

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, 2015. 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

- Due to GASB Statement No. 68 implementation, the SCTPO's October 1, 2014, net position has been restated as a deficit of \$419,789. This restatement recognizes the \$305,805 prior cumulative effect of the SCTPO's net pension liability for its general employee pension fund.
- The liabilities for the government-wide financial statements of the SCTPO exceeded its assets at the close of the most recent fiscal year by \$411,965 (net deficit). Of this amount, \$10,934 is invested in capital assets and a deficit of \$422,889 is unrestricted.
- The SCTPO's total net position on a government-wide basis reflects an increase of \$7,824.
- As of the close of the current fiscal year, the SCTPO's governmental funds reported a combined ending fund balance of \$11,219, a decrease of \$73 over the previous fiscal year. Of this amount \$878 is non-spendable, and \$10,341 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 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.

Net Pension Liability

This year, with the implementation of GASB 68, the unfunded pension obligations (Net Pension Liability) will become a new liability on the Statement of Net Position within the SCTPO's basic financial statements. 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, September 30 of the current fiscal year, was chosen for the SCTPO's measurement date. The original measurement date must be anytime within one year of the current fiscal year end, September 30, 2015. The SCTPO's Net Pension Liability for fiscal years ending September 30, 2015 are shown below:

| | | |
|---------------------------------|----|----------------|
| Florida Retirement System (FRS) | \$ | 178,519 |
| Health Insurance Subsidy (HIS) | | 170,627 |
| Total pension liability | \$ | <u>349,146</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 40 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 16 of this report.

Government-Wide Financial Analysis

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

| | Governmental Activities | | |
|--------------------------------------|-------------------------|--------------|--------------|
| | 2015 | 2014 | Difference |
| Assets | | | |
| Current assets | \$ 369,843 | \$ 612,506 | \$ (242,663) |
| Capital assets | 10,934 | 5,062 | 5,872 |
| Total assets | 380,777 | 617,568 | (236,791) |
| Deferred outflow of resources | 106,157 | - | 106,157 |
| Liabilities | | | |
| Current liabilities | 358,624 | 601,214 | (242,590) |
| Noncurrent liabilities | 133,952 | 130,338 | 3,614 |
| Net pension liability | 349,146 | - | 349,146 |
| Total liabilities | 841,722 | 731,552 | 110,170 |
| Deferred inflow of resources | 57,177 | - | 57,177 |
| Net Position | | | |
| Net investment in capital assets | 10,934 | 5,062 | 5,872 |
| Unrestricted | (422,899) | (119,046) | (303,853) |
| Total net position (deficit) | \$ (411,965) | \$ (113,984) | \$ (297,981) |

Government-Wide Financial Analysis (continued)

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 decreased in fiscal year 2015 due to timing related to cash inflow and outflows. Deferred inflow of \$106,157 is related to GASB 68 implementation 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 \$349,146 and the increase in the net deficit is related to the GASB 68 implementation in 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 | | |
|-------------------------------------|-------------------------|---------------------|---------------------|
| | 2015 | 2014 | Difference |
| Revenues: | | | |
| Program revenues: | | | |
| Charges for services | \$ 70,192 | \$ 60,450 | \$ 9,742 |
| Operating grants and contributions | 1,687,286 | 1,687,058 | 228 |
| Total program revenues | <u>1,757,478</u> | <u>1,747,508</u> | <u>9,970</u> |
| General revenues: | | | |
| Concurrency review fees | 11,637 | 8,277 | 3,360 |
| Miscellaneous revenues | 256 | 526 | (270) |
| Total general revenues | <u>11,893</u> | <u>8,803</u> | <u>3,090</u> |
| Total revenues | <u>1,769,371</u> | <u>1,756,311</u> | <u>13,060</u> |
| Expenses: | | | |
| General government | 72,759 | 72,345 | 414 |
| Transportation | 1,688,788 | 1,659,816 | 28,972 |
| Total expenses | <u>1,761,547</u> | <u>1,732,161</u> | <u>29,386</u> |
| Increase (decrease) in net position | 7,824 | 24,150 | (16,326) |
| Beginning net position (deficit) | (113,984) | (138,134) | 24,150 |
| Prior period adjustment | <u>(305,805)</u> | <u>-</u> | <u>(305,805)</u> |
| Ending net position (deficit) | <u>\$ (411,965)</u> | <u>\$ (113,984)</u> | <u>\$ (297,981)</u> |

Program revenues increased by approximately \$10,000 due to additional funds being provided by the Florida Department of Transportation (FDOT) in fiscal year 2015. Transportation expenses increased by \$28,972 due to additional expenditures related to the GASB 68 implementation. An increase in a deficit net position due to GASB 68 implementation is shown as a prior period adjustment of \$305,805. Fiscal year 2014 was not restated for comparison purposes.

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 a combined fund balance of \$11,219, a decrease of \$73 in comparison with the prior year. The entire combined fund balance amount constitutes unassigned funds of \$10,341 which is available for spending at the government's discretion. At the year end, there were no outstanding contracts or purchase orders encumbered.

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 \$11,219, and \$10,341 of which is unassigned fund balance.

General Fund Budgetary Highlights

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

A comparison of revenue budgeted to actual produced a positive variance of \$1,622. Revenue differences were mainly due to \$4,271 less received from charges for services and \$5,637 more received from additional concurrency review fees than was budgeted. The SCTPO's actual revenues and expenditures were more than the final budgeted by \$1,622 and \$1,695 respectively, resulting in a net over expenditure of \$73.

Capital Asset and Debt Administration

- Capital Assets: The SCTPO's total investment in capital assets for its governmental activities as of September 30, 2015, amounts to \$10,934 (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 Note 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 decline.
- Revenue sources and associated expenditures are expected to decrease due to the completion of non-recurring planning projects such as Complete Streets Feasibility Studies, supplemental funding from the Florida Department of Transportation for the development of the 2040 Long Range Transportation Plan, US 192 Intersection Analysis and Intelligent Transportation Systems Master Plan.
- 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 2016 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, 2015

| | Governmental Activities |
|--|------------------------------------|
| ASSETS | |
| CURRENT ASSETS | |
| Prepaid expenditures | \$ 878 |
| Due from other governments | 368,965 |
| Total current assets | 369,843 |
| CAPITAL ASSETS | |
| Capital assets, net of accumulated depreciation | 10,934 |
| Total assets | 380,777 |
| DEFERRED OUTFLOW OF RESOURCES | |
| Deferred assumptions, contributions, and experience | 106,157 |
| LIABILITIES | |
| CURRENT LIABILITIES | |
| Accrued liabilities | 147,184 |
| Due to Brevard County | 211,440 |
| Total current liabilities | 358,624 |
| NONCURRENT LIABILITIES | |
| Due within one year | |
| Compensated absences | 43,480 |
| Due in more than one year | |
| Compensated absences | 26,020 |
| Other post employment benefits | 64,452 |
| Net pension liability | 349,146 |
| Total noncurrent liabilities | 483,098 |
| Total liabilities | 841,722 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred change in proportion (NPL), contributions, experience, and investments | 57,177 |
| NET POSITION | |
| Net investment in capital assets | 10,934 |
| Unrestricted | (422,899) |
| Total net position | \$ (411,965) |

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

Space Coast Transportation Planning Organization, Florida

STATEMENT OF ACTIVITIES

Year ended September 30, 2015

| 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 | \$ 72,759 | \$ 70,192 | \$ - | \$ - | \$ (2,567) |
| Transportation | 1,688,788 | - | 1,687,286 | - | (1,502) |
| Total governmental activities | <u>\$ 1,761,547</u> | <u>\$ 70,192</u> | <u>\$ 1,687,286</u> | <u>\$ -</u> | <u>(4,069)</u> |
| | | General revenues: | | | |
| | | Taxes: | | | |
| | | | | Concurrence review fees | 11,637 |
| | | | | Miscellaneous revenues | 256 |
| | | | | Total general revenues | <u>11,893</u> |
| | | | | Change in net position | <u>7,824</u> |
| | | | | Net position - beginning | (113,984) |
| | | | | Prior period adjustment | <u>(305,805)</u> |
| | | | | Net position - ending | <u>\$ (411,965)</u> |

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

Space Coast Transportation Planning Organization, Florida

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2015

| | General Fund | Special Revenue Fund | Total Governmental Funds |
|--------------------------------------|-------------------|----------------------------|--------------------------------|
| ASSETS | | | |
| Prepaid expenditures | \$ 878 | \$ - | \$ 878 |
| Due from other governments | - | 368,965 | 368,965 |
| Due from other funds | 368,965 | - | 368,965 |
| Total assets | <u>\$ 369,843</u> | <u>\$ 368,965</u> | <u>\$ 738,808</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities | | | |
| Accounts payable | \$ 134,726 | \$ - | \$ 134,726 |
| Accrued liabilities | 12,458 | - | 12,458 |
| Due to Brevard County | 211,440 | - | 211,440 |
| Due to other funds | - | 368,965 | 368,965 |
| Total liabilities | <u>358,624</u> | <u>368,965</u> | <u>727,589</u> |
| Fund balance | | | |
| Non-spendable | 878 | - | 878 |
| Unassigned | 10,341 | - | 10,341 |
| Total fund balances | <u>11,219</u> | <u>-</u> | <u>11,219</u> |
| Total liabilities and fund balances | <u>\$ 369,843</u> | <u>\$ 368,965</u> | <u>\$ 738,808</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, 2015

Fund balance - total governmental funds \$ 11,219

The net position reported for governmental activities
in the statement of net position is 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 10,934

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 (69,500)

Other post employment benefits (64,452)

Deferred amounts are reported in the Statement of Net Position
as deferred outflows or deferred inflows of resources but are
not reported in the funds. Those deferred amounts consist of:

Deferred assumptions, contributions, change in proportion
(NPL), and experience 106,157

Deferred change in proportion (NPL), contributions,
experience and investments (57,177)

Net pension liabilities (349,146)

Total net position of governmental activities \$ (411,965)

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, 2015

| | General Fund | Special Revenue Fund | Total Governmental Funds |
|--|-----------------|-------------------------|--------------------------------|
| REVENUES | | | |
| Intergovernmental | \$ - | \$ 1,687,286 | \$ 1,687,286 |
| Charges for services | 70,192 | - | 70,192 |
| Concurrency review fees | 11,637 | - | 11,637 |
| Miscellaneous revenues | 256 | - | 256 |
| | 82,085 | 1,687,286 | 1,769,371 |
| EXPENDITURES | | | |
| Current | | | |
| General government | 72,759 | - | 72,759 |
| Transportation | - | 1,687,286 | 1,687,286 |
| Capital outlay | 9,399 | - | 9,399 |
| | 82,158 | 1,687,286 | 1,769,444 |
| Deficiency of revenues over expenditures | (73) | - | (73) |
| Fund balance - beginning | 11,292 | - | 11,292 |
| Fund balance - ending | \$ 11,219 | \$ - | \$ 11,219 |

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, 2015

| | | |
|---|----|--------------|
| Net change in fund balance - total governmental funds | \$ | (73) |
| 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 | | 9,399 |
| Depreciation expense | | (3,527) |
| 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 | | (2,937) |
| Change in other post employment benefits | | (677) |
| Change in pension expense | | 5,639 |
| Change in net position of governmental activities | \$ | <u>7,824</u> |

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

Space Coast Transportation Planning Organization, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

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 TPO went through the process of adopting a new inter-local agreement in 2015 that was finalized and recorded on September 10, 2015.

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 operate independently from the control, supervision and direction of Brevard County through the Inter-local Agreement.

In evaluating how to define the SCTPO for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB No. 61, *The Financial Reporting Entity*, as amended. 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 SCTPO 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 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. There are no component units included.

Space Coast Transportation Planning Organization, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Reporting entity (continued)

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.

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, 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 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. Reconciliations are provided that convert the results of governmental fund accounting to the government-wide presentation.

Space Coast Transportation Planning Organization, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 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, 2015

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 \$5,000 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 Inter-local 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, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Use of estimates

The preparation of financial statements, in accordance with generally accepted accounting principles 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, 2015

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.

13. Impact of recently issued accounting principles

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*, to enhance the transparency and comparability of fair value measurements and disclosures in state and local governments' financial statements. This statement is effective for the SCTPO's September 30, 2016 fiscal year end. Management is currently evaluating the impact of the adoption of this statement on the SCTPO's financial statements.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets* that are not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68, which clarifies certain provisions of GASB No. 68, *Accounting and Financial Reporting for Pensions*, and it establishes requirements for defined contribution pensions that was not within the scope of GASB No. 68. This statement is effective for the SCTPO's September 30, 2017 fiscal year end. Management is currently evaluating the impact of the adoption of this statement on the SCTPO's financial statements.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*, which amends GASB Statement No. 14, *The Financial Reporting Entity*, as amended, by addressing the blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. This statement is effective for the SCTPO's September 30, 2017 fiscal year end. Management is currently evaluating the impact of the adoption of this statement on the SCTPO's financial statements.

Space Coast Transportation Planning Organization, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

14. Accounting and financial reporting for pensions

GASB Statement No. 68, *Accounting for Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, was issued June 2012 and effective for periods beginning after June 15, 2014. The SCTPO's active pension employees are members of the Florida Retirement System and Health Insurance Subsidy and the primary activity associated with the pension arrangements are to be reflective for the year ending September 30, 2015 (Notes H and I).

15. Restatement of prior year balances

As of September 30, 2015, beginning net position of the governmental activities was restated due to the implementation of GASB Statement No. 68. This restatement was the result of the cumulative effect in prior years for recognizing pension obligations, expenses, and deferred outflows or inflows of resources of \$305,805.

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, 2015 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, 2015, the composition of interfund balances is as follows:

| | Interfund Receivable | Interfund Payable |
|----------------------|-------------------------|----------------------|
| General fund | \$ 368,965 | \$ - |
| Special revenue fund | - | 368,965 |
| Total | <u>\$ 368,965</u> | <u>\$ 368,965</u> |

Space Coast Transportation Planning Organization, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE D - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015 was as follows:

| | Balance at October 1, 2014 | Increases | Decreases | Balance at September 30, 2015 |
|------------------------------------|----------------------------------|-----------------|-------------|-------------------------------------|
| Capital assets, being depreciated: | | | | |
| Equipment | \$ 71,188 | \$ 9,399 | \$ 3,506 | \$ 77,081 |
| Less accumulated depreciation | | | | |
| Equipment | 66,126 | 3,527 | 3,506 | 66,147 |
| Capital assets, net | <u>\$ 5,062</u> | <u>\$ 5,872</u> | <u>\$ -</u> | <u>\$ 10,934</u> |

During the year ended September 30, 2015, depreciation expense of \$3,527 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 \$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, 2015 the balance on the line of credit to Brevard County, Florida was \$211,440 due to the timing of funds to be received from the State of Florida.

NOTE F - LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended September 30, 2015 are summarized as follows:

| | Balance at October 1, 2014 | Additions | Reductions | Balance at September 30, 2015 | Due within one year |
|--------------------------------|----------------------------------|-------------------|------------------|-------------------------------------|------------------------|
| Compensated absences | \$ 66,563 | \$ 72,031 | \$ 69,094 | \$ 69,500 | \$ 43,480 |
| Other post employment benefits | 63,775 | 677 | - | 64,452 | - |
| Net pension liability | 235,083 | 114,063 | - | 349,146 | - |
| | <u>\$ 365,421</u> | <u>\$ 186,771</u> | <u>\$ 69,094</u> | <u>\$ 483,098</u> | <u>\$ 43,480</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.

Space Coast Transportation Planning Organization, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE G - OPERATING LEASES

The SCTPO is obligated under three cancelable operating leases for copiers and one cancelable 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. In September 2015 SCTPO renewed the existing lease agreement for an additional 5 years commencing on October 1, 2015 and terminating on September 30, 2020. 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 1st 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 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, 2015, total costs for the copiers and office space was \$15,827.

The future minimum lease payments for these leases are as follows:

| Year ending September 30, | Copier | Office Space | Total |
|------------------------------|-----------------|------------------|------------------|
| 2016 | \$ 3,899 | \$ 15,268 | \$ 19,167 |
| 2017 | 2,924 | 15,268 | 18,192 |
| 2018 | - | 15,268 | 15,268 |
| 2019 | - | 15,268 | 15,268 |
| 2020 | - | 15,268 | 15,268 |
| Total | <u>\$ 6,823</u> | <u>\$ 76,340</u> | <u>\$ 83,163</u> |

NOTE H - EMPLOYEE RETIREMENT SYSTEMS COST-SHARING

Florida Retirement System

General Information - All of the SCTPO's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan ("Investment Plan") alternative to the FRS Pension Plan, which is administered by the State Board of Administration ("SBA").

Space Coast Transportation Planning Organization, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE H - EMPLOYEE RETIREMENT SYSTEMS COST-SHARING (continued)

Florida Retirement System (continued)

As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site:

www.dms.myflorida.com/workforce_operations/retirement/publications.

1. Pension description

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

Benefits under the pension plan are computed on the basis of age, average final compensation, and service credit. For pension plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service.

For plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

Space Coast Transportation Planning Organization, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE H - EMPLOYEE RETIREMENT SYSTEMS COST-SHARING (continued)

Florida Retirement System (continued)

1. Pension description (continued)

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment.

The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

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

2. Funding policy

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015, respectively, were as follows: Regular—7.37% and 7.26%; and DROP participants—12.88% and 18.75%.

3. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

These employer contribution rates include 1.26% and 1.66% HIS Plan subsidy for the periods October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015, respectively.

The SCTPO's contributions, including employee contributions, to the pension plan totaled \$44,493 for the fiscal year ended September 30, 2015.

Space Coast Transportation Planning Organization, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE H - EMPLOYEE RETIREMENT SYSTEMS COST-SHARING (continued)

Florida Retirement System (continued)

3. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions (continued)

At September 30, 2015, the SCTPO reported a liability of \$178,519 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and updated procedures were used to determine liabilities as of September 30, 2015. The SCTPO's proportionate share of the net pension liability was based on the SCTPO's 2014-2015 fiscal year contributions relative to the 2013-2014 fiscal year contributions of all participating members. At June 30, 2015, the SCTPO's proportionate share was 0.001382116 percent, which was a decrease of 0.000078603 percent from its proportionate share measured as of June 30, 2014.

For the fiscal year ended September 30, 2015, the SCTPO recognized a decrease in pension expense of \$6,385. In addition the SCTPO reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Description | Recognitio n Period | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------|---|--|
| Differences between expected and actual experience | 6.3 years | \$ 18,846 | \$ 4,234 |
| Change in assumptions | 6.3 years | 11,849 | - |
| Net difference between projected and actual earnings on Pension Plan investments | 5.0 years | - | 42,627 |
| Changes in proportion and differences between SCTPO Pension Plan contributions and proportionate share of contributions | 6.3 years | 37,538 | 10,316 |
| SCTPO Pension Plan contributions subsequent to the measurement date | | 7,600 | - |
| Total | | \$ 75,833 | \$ 57,177 |

The deferred outflows of resources related to the Pension Plan, totaling \$7,600 resulting from SCTPO contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016.

Space Coast Transportation Planning Organization, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE H - EMPLOYEE RETIREMENT SYSTEMS COST-SHARING (continued)

Florida Retirement System (continued)

3. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

| Fiscal Year Ending September 30: | Amount |
|-------------------------------------|-------------|
| 2016 | \$ (14,122) |
| 2017 | (14,122) |
| 2018 | (14,122) |
| 2019 | 21,047 |
| 2020 | 4,087 |
| Thereafter | 1,066 |

4. Actuarial assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.60% |
| Salary increases | 3.25%, average, including inflation |
| Investment rate of return | 7.65%, net of pension plan investment expense, including inflation |

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2015.

Space Coast Transportation Planning Organization, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE H - EMPLOYEE RETIREMENT SYSTEMS COST-SHARING (continued)

Florida Retirement System (continued)

4. Actuarial assumptions (continued)

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. 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. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation (1)</u> | <u>Annual Arithmetic Return</u> | <u>Compound Annual (Geometric) Return</u> | <u>Standard Deviation</u> |
|--------------------------|----------------------------------|---|---|-------------------------------|
| Cash | 1.00% | 3.20% | 3.10% | 1.70% |
| Fixed Income | 18.00% | 4.80% | 4.70% | 4.70% |
| Global Equity | 53.00% | 8.50% | 7.20% | 17.70% |
| Real Estate (Property) | 10.00% | 6.80% | 6.20% | 12.00% |
| Private Equity | 6.00% | 11.90% | 8.20% | 30.00% |
| Strategic investments | <u>12.00%</u> | 6.70% | 6.10% | 11.40% |
| Total | <u>100.00%</u> | | | |
| Assumed Inflation - Mean | | 2.60% | | 1.90% |

(1) As outlined in the Pension Plan's investment policy

5. Discount rate

The discount rate used to measure the total pension liability was 7.65%. The pension 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 calculation the total pension liability is equal to the long-term expected rate of return.

Space Coast Transportation Planning Organization, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE H - EMPLOYEE RETIREMENT SYSTEMS COST-SHARING (continued)

Florida Retirement System (continued)

6. Sensitivity of net position liability to changes in the discount rate

The following represents the SCTPO's proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the SCTPO's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.65%) or one percentage point higher (8.65%) than the current rate:

| | 1% Decrease (6.65%) | Current Discount Rate (7.65%) | 1% Increase (8.65%) |
|---|------------------------|-------------------------------------|------------------------|
| SCTPO's proportionate share of the net pension liability | \$ 462,583 | \$ 178,519 | \$ (57,869) |

7. Pension plan fiduciary net position

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

8. Payables to the pension plan

At September 30, 2015, the SCTPO did not have a payable for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2015.

NOTE I - EMPLOYEE RETIREMENT SYSTEMS COST-SHARING SUPPLEMENT

Health Insurance Subsidy (HIS)

1. Plan description

The HIS plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement. For the fiscal year ended September 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Space Coast Transportation Planning Organization, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE I - EMPLOYEE RETIREMENT SYSTEMS COST-SHARING SUPPLEMENT (continued)

Health Insurance Subsidy (HIS) (continued)

2. Funding policy

The HIS plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2015, the HIS contribution for the period October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015 was 1.26% and 1.66%, respectively. The SCTPO contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The SCTPO's contributions to the HIS Plan totaled \$751 for the fiscal year ended September 30, 2015.

3. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At September 30, 2015, the SCTPO reported a liability of \$170,627 for its proportionate share of the HIS plan's net pension liability. The net pension liability was measured as of June 30, 2014, and updated procedures were used to determine liabilities as of September 30, 2015. The SCTPO's proportionate share of the net pension liability was based on the SCTPO's 2014-2015 fiscal year contributions relative to the 2013-2014 fiscal year contributions of all participating members. At June 30, 2015, the SCTPO's proportionate share was 0.001673069 percent, which was an increase of 0.000112063 percent from its proportionate share measured as of June 30, 2015.

Space Coast Transportation Planning Organization, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE I - EMPLOYEE RETIREMENT SYSTEMS COST-SHARING SUPPLEMENT (continued)

Health Insurance Subsidy (HIS) (continued)

3. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions (continued)

For the fiscal year ended September 30, 2015, the SCTPO recognized pension expense of \$8,346. In addition the SCTPO reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Description | Recognition Period | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-------------------------------|---|--|
| Differences between expected and actual experience | | \$ - | \$ - |
| Change in assumptions | 7.2 years | 13,424 | - |
| Net difference between projected and actual earnings on Pension Plan investments | 5.0 years | 93 | - |
| Changes in proportion and differences between SCTPO Pension Plan contributions and proportionate share of contributions | 7.2 years | 14,789 | - |
| SCTPO Pension Plan contributions subsequent to the measurement date | | 2,018 | - |
| Total | | \$ 30,324 | \$ - |

The deferred outflows of resources related to the HIS plan, totaling \$2,018 resulting from SCTPO contributions to the HIS plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016.

Space Coast Transportation Planning Organization, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE I - EMPLOYEE RETIREMENT SYSTEMS COST-SHARING SUPPLEMENT (continued)

Health Insurance Subsidy (HIS) (continued)

3. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS plan will be recognized in pension expense as follows:

| Fiscal Year Ending September 30: | Amount |
|-------------------------------------|----------|
| 2016 | \$ 2,338 |
| 2017 | 2,338 |
| 2018 | 2,338 |
| 2019 | 2,319 |
| 2020 | 2,310 |
| Thereafter | 1,874 |

4. Actuarial assumptions

The total pension liability in the July 1, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------|-------------------------------------|
| Inflation | 2.60% |
| Salary increases | 3.25%, average, including inflation |
| Municipal bond rate | 3.80% |

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2015.

Space Coast Transportation Planning Organization, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE I - EMPLOYEE RETIREMENT SYSTEMS COST-SHARING SUPPLEMENT (continued)

Health Insurance Subsidy (HIS) (continued)

5. Discount rate

The discount rate used to measure the total pension liability was 3.80%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

6. Sensitivity of net position liability to changes in the discount rate

The following represents the SCTPO's proportionate share of the net pension liability calculated using the discount rate of 3.80%, as well as what the SCTPO's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.80%) or one percentage point higher (4.80%) than the current rate:

| | 1% Decrease (2.80%) | Current Current Discount Rate (3.80%) | 1% Increase (4.80%) |
|---|------------------------|--|------------------------|
| SCTPO's proportionate share of the net pension liability | \$ 194,421 | \$ 170,627 | \$ 150,786 |

7. Pension plan fiduciary net position

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

8. Payables to the pension plan

At September 30, 2015, the SCTPO did not have a payable for outstanding contributions to the HIS plan required for the fiscal year ended September 30, 2015.

Space Coast Transportation Planning Organization, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

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, 2015, 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, 2015

NOTE J - OTHER POST EMPLOYMENT BENEFITS (continued)

The following table shows the actuarial determined components of the obligation as of September 30, 2015 based on the plan provisions:

| | September 30, 2015 |
|--|-----------------------|
| Annual required contribution | \$ 3,476 |
| Interest on net OPEB contribution | 638 |
| Adjustment to annual required contribution | (2,447) |
| Annual OPEB cost (expense) | 1,667 |
| Contributions made | 990 |
| Increase in net OPEB obligation | 677 |
| Net OPEB obligation - beginning of year | 63,775 |
| Net OPEB obligation - end of year | \$ 64,452 |

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

Funded status and funding progress - The contributions made for 2015 were 59% of the annual OPEB cost. As of the October 1, 2013 actuarial valuation date, the actuarial accrued liability for benefits was \$35,259, all of which was unfunded. The annual payroll of active employees covered by the OPEB plan was \$516,030 and the ratio of the UAAL to the covered payroll was 8.33%.

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, 2015

NOTE J - 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 2015, decreasing to a rate of 5.0% for the 2020 fiscal year |

NOTE K - 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.

NOTE L - 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 2015. Settled claims resulting from the risks described above have not exceeded the insurance coverage for the past year.

Space Coast Transportation Planning Organization, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

NOTE M - BUDGET

Expenditures exceeded the final budget in the general fund by a net \$73, as a result of unbudgeted revenues earned of \$1,622 and expenditures of \$1,695.

NOTE N - SUBSEQUENT EVENTS

The SCTPO has evaluated subsequent events through May 6, 2016, the date on which the financial statements became available for issue and has determined no material events occurred that would require disclosure.

REQUIRED SUPPLEMENTARY 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, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|------------------|-----------------|------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for services | \$ 75,093 | \$ 74,463 | \$ 70,192 | \$ (4,271) |
| Concurrency review fees | 6,000 | 6,000 | 11,637 | 5,637 |
| Miscellaneous revenues | - | - | 256 | 256 |
| | <u>81,093</u> | <u>80,463</u> | <u>82,085</u> | <u>1,622</u> |
| EXPENDITURES | | | | |
| General government | 70,186 | 71,963 | 72,759 | (796) |
| Capital outlay | - | 8,500 | 9,399 | (899) |
| | <u>70,186</u> | <u>80,463</u> | <u>82,158</u> | <u>(1,695)</u> |
| Deficiency of revenues over expenditures | 10,907 | - | (73) | (73) |
| Fund balances - beginning | <u>11,292</u> | <u>1,052</u> | <u>11,292</u> | <u>10,240</u> |
| Fund balances - end | <u>\$ 22,199</u> | <u>\$ 1,052</u> | <u>\$ 11,219</u> | <u>\$ 10,167</u> |

See accompanying notes to required supplementary 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, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|--------------------|------------------|------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 1,587,386 | \$ 1,955,169 | \$ 1,687,286 | \$ (267,883) |
| | <u>1,587,386</u> | <u>1,955,169</u> | <u>1,687,286</u> | <u>(267,883)</u> |
| EXPENDITURES | | | | |
| Transportation | 1,598,293 | 1,955,169 | 1,687,286 | 267,883 |
| | <u>1,598,293</u> | <u>1,955,169</u> | <u>1,687,286</u> | <u>267,883</u> |
| Excess of revenues over expenditures | (10,907) | - | - | - |
| Fund balances - beginning | - | - | - | - |
| Fund balances - end | <u>\$ (10,907)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See accompanying notes to required supplementary information.

Space Coast Transportation Planning Organization, Florida

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN

Year ended September 30, 2015

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded AAL (UAAL) | Funded Ratio | Covered payroll | UAAL as % of Covered Payroll |
|-----------------------------|---------------------------------|---|---------------------------|-----------------|--------------------|------------------------------------|
| 10/1/2011 | \$ - | \$ 193,235 | \$ 193,235 | 0.0% | \$ 430,915 | 45.0% |
| 10/1/2011 | \$ - | \$ 201,870 | \$ 201,870 | 0.0% | \$ 433,469 | 47.0% |
| 10/1/2013 | \$ - | \$ 36,670 | \$ 36,670 | 0.0% | \$ 479,873 | 7.64% |
| 10/1/2013 | \$ - | \$ 35,259 | \$ 35,259 | 0.0% | \$ 542,856 | 6.50% |

See accompanying notes to required supplementary information.

Space Coast Transportation Planning Organization, Florida

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -
FLORIDA RETIREMENT SYSTEM

Last 10 Fiscal Years*

| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|--------------|------|------|------|------|------|------|------|------|------|
| SCTPO's proportion of the net pension liability (asset) | 0.001382116% | - | - | - | - | - | - | - | - | - |
| SCTPO's proportionate share of the net pension liability (asset) | \$ (178,519) | - | - | - | - | - | - | - | - | - |
| SCTPO's covered-employee payroll | 516,030 | - | - | - | - | - | - | - | - | - |
| SCTPO 's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | -34.59% | - | - | - | - | - | - | - | - | - |
| Plan fiduciary net position as a percentage of the total pension liability | 92.00% | - | - | - | - | - | - | - | - | - |

* The amounts presented for each fiscal year were determined as of 9/30.

See accompanying notes to required supplementary information.

Space Coast Transportation Planning Organization, Florida

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -
HEALTH INSURANCE SUBSIDY

Last 10 Fiscal Years*

| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|--|--------------|------|------|------|------|------|------|------|------|------|
| SCTPO's proportion of the net pension liability (asset) | 0.001673069% | - | - | - | - | - | - | - | - | - |
| SCTPO's proportionate share of the net pension liability (asset) | \$ (170,627) | - | - | - | - | - | - | - | - | - |
| SCTPO's covered-employee payroll | 516,030 | - | - | - | - | - | - | - | - | - |
| SCTPO's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | -33.07% | - | - | - | - | - | - | - | - | - |
| Plan fiduciary net position as a percentage of the total pension liability | 0.50% | - | - | - | - | - | - | - | - | - |

* The amounts presented for each fiscal year were determined as of 9/30.

Space Coast Transportation Planning Organization, Florida

SCHEDULE OF CONTRIBUTIONS -
FLORIDA RETIREMENT SYSTEM

Last 10 Fiscal Years*

| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|--|-------------|------|------|------|------|------|------|------|------|------|
| Contractually required contribution | \$ 36,697 | - | - | - | - | - | - | - | - | - |
| Contributions in relation to the contractually required contribution | (36,697) | - | - | - | - | - | - | - | - | - |
| Contribution deficiency (excess) | <u>\$ -</u> | - | - | - | - | - | - | - | - | - |
| Covered-employee payroll | \$ 516,030 | - | - | - | - | - | - | - | - | - |
| Contributions as a percentage of covered-employee payroll | 7.11% | - | - | - | - | - | - | - | - | - |

* The amounts presented for each fiscal year were determined as of 9/30.

Space Coast Transportation Planning Organization, Florida

SCHEDULE OF CONTRIBUTIONS -
HEALTH INSURANCE SUBSIDY

Last 10 Fiscal Years*

| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|--|------------|------|------|------|------|------|------|------|------|------|
| Contractually required contribution | \$ 6,396 | - | - | - | - | - | - | - | - | - |
| Contributions in relation to the contractually required contribution | (6,396) | - | - | - | - | - | - | - | - | - |
| Contribution deficiency (excess) | \$ - | - | - | - | - | - | - | - | - | - |
| Covered-employee payroll | \$ 516,030 | - | - | - | - | - | - | - | - | - |
| Contributions as a percentage of covered-employee payroll | 1.24% | - | - | - | - | - | - | - | - | - |

* The amounts presented for each fiscal year were determined as of 9/30.

Space Coast Transportation Planning Organization, Florida

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2015

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, 2015 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 September 11, 2014, effective 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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2015

NOTE B - SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

1. Ten year trend

GASB 68 requires information for 10 years. However, until a full 10-year trend is completed, the SCTPO is presenting information for only those years for which information is available for the Florida Retirement System (FRS) and the Health Insurance Subsidy (HIS).

NOTE C - SCHEDULE OF CONTRIBUTION

1. Ten year trend

GASB 68 requires information for 10 years. However, until a full 10-year trend is completed, the SCTPO is presenting information for only those years for which information is available for the Florida Retirement System (FRS) and the Health Insurance Subsidy (HIS).

Space Coast Transportation Planning Organization, Florida

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended September 30, 2015

| Federal Grantor/Pass-Through Grantor Program or Cluster Title, Contract No. | Grant or Contract Number | Federal CFDA Number | Federal Expenditures |
|--|-----------------------------|------------------------|----------------------------|
| DEPARTMENT OF TRANSPORTATION | | | |
| Passed through the Florida Department of Transportation: | | | |
| Highway Planning and Construction (Federal-Aid Highway Program): | | | |
| PL-0263(049): 14/15 | 41795811490, A-5064 | 20.205 | \$ 398,816 |
| PL-0263(049): 15/16 | 41795811490, A-5064 | 20.205 | 179,173 |
| Complete Streets, 0263(049) | 41795811490, A-5064 | 20.205 | 229,583 |
| SU #3 (ITS Master Plan), 0263(049) | 41795811492, A-5064 | 20.205 | 120,122 |
| FDOT LRTP, 0263(049) | 43363411401, A-5064 | 20.205 | 42,500 |
| PL-0263(052) M | 41795811493, A-5064 | 20.205 | 489,086 |
| Total CFDA No. 20.205 | | | <u>1,459,280</u> |
| Multi-Year Joint Participation Agreement: FL-80-X24 | 422438-1-14-23, AQF75 | 20.505 | <u>210,660</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u><u>\$ 1,669,940</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, 2015, 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 6, 2016.

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.

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 6, 2016
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, 2015. 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, 2015.

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 6, 2016
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, 2015

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 | \$500,000 |
| 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

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, 2015, and have issued our report thereon dated May 6, 2016.

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 6, 2016, 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.

Space Coast Transportation Planning Organization, Florida

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2015

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.

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. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and 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, 2015, 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, 2015. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that the SCTPO does not have a special district that is a component unit.

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 6, 2016
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, 2015

There are no management findings and recommendations for the fiscal years ended September 30, 2015 and September 30, 2014.