

*Connecting People and Places*

# CRTPA

CAPITAL REGION TRANSPORTATION PLANNING AGENCY

## Financial Statements

For The Year Ending  
September 30, 2015

Prepared By:  
Department of Management and Administration  
Accounting Services Division  
City of Tallahassee

# Financial Statements

## Capital Region Transportation Planning Agency

*Fiscal Year Ended September 30, 2015  
with Independent Auditors' Report*

Thomas Howell  
 Ferguson P.A.

CERTIFIED PUBLIC ACCOUNTANTS

Law, Redd, Crona  
& Munroe, P.A.

Capital Region  
Transportation Planning Agency

Financial Statements

Fiscal Year Ended September 30, 2015

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Capital Region  
Transportation Planning Agency

Financial Statements

Fiscal Year Ended September 30, 2015

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Capital Region  
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Financial Statements

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## **FINANCIAL SECTION**

THIS SECTION CONTAINS THE FOLLOWING SUBSECTIONS:

Independent Auditors' Report  
Management's Discussion and Analysis  
Basic Financial Statements  
Required Supplementary Information

## Independent Auditors' Report

Members of the Board  
Capital Region Transportation Planning Agency

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

We have audited the accompanying financial statements of the governmental activities of the Capital Region Transportation Planning Agency (CRTPA) as of September 30, 2015 and for the year then ended, and the related notes to the financial statements, which collectively comprise CRTPA'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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion 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.

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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Capital Region Transportation Planning Agency, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and the budgetary comparison schedule on page 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise CRTPA's basic financial statements. The schedule of expenditures of federal awards and state financial assistance, schedule of findings and questioned costs, and schedule of prior audit findings as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, *Rules of the Auditor General*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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The supplementary schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the 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 supplementary schedules are 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 NEED DATE, on our consideration of CRTPA'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 CRTPA's internal control over financial reporting and compliance.

**THOMAS HOWELL FERGUSON, P.A.**  
Tallahassee, Florida  
NEED DATE

**LAW, REDD, CRONA & MUNROE, P.A.**  
Tallahassee, Florida

## **MANAGEMENT'S DISCUSSION & ANALYSIS**

**CAPITAL REGION  
TRANSPORTATION PLANNING AGENCY**

**Management’s Discussion and Analysis**

This section of CRTPA’s annual financial report is designed to provide the reader with a better understanding of the financial activity for the fiscal year that ended September 30, 2015. Notes mentioned below are Notes to the Financial Statements, which follow the statements.

**FINANCIAL HIGHLIGHTS**

- Total assets of \$803,411 decreased by approximately \$81,000 and total liabilities of \$616,719 decreased by approximately \$142,000 as compared to the prior year due primarily to costs Due to Other Governments that have been remitted.
- Net position increased by approximately \$96,000 during the fiscal year.
- Revenues of \$1,862,438, primarily operating grants, were received during the fiscal year, as compared to approximately \$1,843,000 in the prior year. Expenses of \$1,763,715, primarily personnel expenses and contractual services, were incurred during the fiscal year, as compared to approximately \$1,811,000 in the prior year.

**An Overview of the Financial Statements**

**Required Components of CRTPA’s Annual Financial Report**

Management’s Discussion and Analysis
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**Basic Financial Statements**

Government-wide Financial Statements	Fund Financial Statements
Notes to the Financial Statements	

Required Supplementary Information
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The focus of the financial statements is on both CRTPA's overall financial status and the major individual funds. The following briefly describes the component parts.

### **GOVERNMENT-WIDE STATEMENTS**

The government-wide financial statements are designed to report information about CRTPA as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position combines all of CRTPA's current financial resources with capital assets and long-term obligations. Net position, the difference between CRTPA's assets and liabilities, is one way to measure its financial health.

CRTPA is considered a single-function government with all activities classified as governmental rather than business-type. Consequently, the government-wide financial statements include only governmental activities. These are services that are financed primarily from Federal and State grants and contributions from member governments. Business-type activities by definition include services for which specific fees are charged, which are meant to cover the cost of providing those services.

### **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. All of CRTPA's funds are considered to be governmental funds. CRTPA maintains a general fund and a special revenue fund; both of which are considered major funds. The following chart describes the fund requirements:

<b>Scope</b>	Includes CRTPA's revenues, which are primarily from operating grants
<b>Required financial statements</b>	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances
<b>Accounting basis and Measurement focus</b>	Modified accrual accounting and current financial resources focus
<b>Type of asset / liability information</b>	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets are included
<b>Type of inflow / outflow information</b>	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

The following table reflects the condensed Statement of Net Position compared to the prior year. CRTPA's net position increased by approximately \$96,000 in fiscal year 2015. Total assets decreased by approximately \$81,000, and total liabilities decreased by approximately \$142,000.

**Table 1**  
**Statement of Net Position**  
**As of September 30**  
**Governmental Activities**  
**(in thousands)**

	2015	2014, as restated	\$ Change
<b>Assets</b>			
Current assets	\$ 791	\$ 876	\$ (85)
Noncurrent assets	12	8	4
Total assets	803	884	(81)
<b>Deferred outflows</b>			
Pension related outflows	87	0	87
Total assets and deferred outflows	890	884	8
<b>Liabilities</b>			
Current liabilities	525	715	(190)
Noncurrent liabilities	92	44	48
Total liabilities	617	759	(142)
<b>Deferred inflows</b>			
Pension related inflows	120	0	120
Total assets and deferred outflows	120	884	120
<b>Net position</b>			
Net investment in capital assets	12	8	4
Unrestricted	141	58	83
Total net position	\$ 153	\$ 125	\$ 87

### CHANGES IN NET POSITION

In 2015, CRTPA's total revenues were \$1,860,126 and expenses were \$1,763,715, resulting in an increase in net position of approximately \$96,000. Revenues consisted primarily of operating grants and contributions; expenses consisted primarily of personnel costs and contractual services. The following table shows revenues and expenses by sources and programs and the resulting change in net position:

**FUND Table 2**  
**Changes in Net Position**  
**For the year ended September 30**  
**Governmental Activities**  
**(in thousands)**

**FINANCIAL STATEMENTS**

	<u>2015</u>	<u>2014</u>	<u>\$ Change</u>
<b>Program revenues</b>			
Operating grants and contributions	\$ 1,862	\$ 1,845	\$ 17
Miscellaneous	-	-	-
Decrease in FMV of investments	(2)	(2)	-
Total revenues	<u>1,860</u>	<u>1,843</u>	<u>17</u>
<b>Expenses</b>			
Transportation	1,762	1,810	(48)
Depreciation	<u>2</u>	<u>1</u>	<u>1</u>
Total expenses	<u>1,764</u>	<u>1,811</u>	<u>(47)</u>
Transfer	<u>22</u>	<u>2</u>	<u>20</u>
Increase (decrease) in net position	<u>\$ 96</u>	<u>\$ 34</u>	<u>\$ 62</u>

The following table reflects the sources and uses and the resulting change in fund balances for each fund:

**Table 3**  
**Governmental Funds**  
**Financial Analysis**  
**(in thousands)**

<u>Fund</u>	<u>Fund Balances 9/30/14 as restated</u>	<u>Sources</u>	<u>Uses</u>	<u>Sources Over (Under) Uses</u>	<u>Fund Balances 9/30/15</u>
General	\$ 4	\$ 892	\$ 745	\$ 147	\$ 151
Special revenue	228	<u>968</u>	<u>1,045</u>	<u>(77)</u>	<u>150</u>
Total	<u>\$ 232</u>	<u>\$ 1,860</u>	<u>\$ 1,790</u>	<u>\$ 70</u>	<u>\$ 301</u>

**BUDGETARY HIGHLIGHTS**

A schedule showing the original budget for CRTPA's General Fund and the final budget and comparing the final budget to the actual results is included in the required supplementary information to the financial statements. There were no changes made to the budget during the year.

## **ECONOMIC AND OTHER FACTORS THAT MAY IMPACT CRTPA'S FINANCIAL POSITION**

Projected population increases continue to place pressure on the transportation infrastructure for the four-county area; therefore, there continues to be a need for coordinated planning of the transportation needs of the area. CRTPA's funding is influenced by its ability to obtain federal and state grants.

### **FISCAL YEAR 2016 BUDGET**

CRTPA's General Fund Budget for fiscal year 2016 totaling \$900,525 consists primarily of personnel costs and contractual services; funding for these expenses continues to be primarily from federal and state operating grants.

### **FINANCIAL CONTACT**

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of CRTPA's finances and to demonstrate the CRTPA's accountability for the money it receives. If you have questions about the report or need additional financial information, contact the City of Tallahassee's Accounting Services Division, 300 South Adams Street, Box A 29, Tallahassee, Florida 32301-1731 or by calling 850-891-8048.

## **BASIC FINANCIAL STATEMENTS**

These basic financial statements provide a summary overview of the financial position as well as the operating results of the Capital Region Transportation Planning Agency. They also serve as an introduction to the more detailed statements and schedules that follow in subsequent sections:

Government-wide Financial Statements  
Capital Region Transportation Planning Agency Fund Financial Statements  
Notes to Financial Statements

Capital Region  
Transportation Planning Agency

Statement of Net Position

September 30, 2015

**Assets**

Due from other governments	\$ 790,753
Capital assets, net of accumulated depreciation	12,658
Total assets	<u>803,411</u>

**Deferred outflows of resources**

Pension related deferred outflows	\$ 86,847
Total deferred outflows of resources	<u>86,847</u>

Total assets and deferred outflows of resources	<u><u>\$ 890,258</u></u>
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**Liabilities and net position**

Current liabilities:

Accounts payable	\$ 152,409
Salaries payable	16,421
Due to other governments	327,539
Compensated absences	28,616
Total current liabilities	<u>524,985</u>

Noncurrent liabilities:

Other post-employment benefit obligations	20,370
Net pension liability	39,094
Compensated absences	32,270
Total noncurrent liabilities	<u>91,734</u>

Total liabilities	<u>616,719</u>
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**Deferred inflows of resources**

Pension related deferred inflows	119,588
Total deferred inflows of resources	<u>119,588</u>

**Net position**

Net investment in capital assets	12,658
Unrestricted	141,293
Total net position	<u>153,951</u>

Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 890,258</u></u>
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*The notes to the financial statements are an integral part of these financial statements.*

Capital Region  
 Transportation Planning Agency

Statement of Activities

Year ended September 30, 2015

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
					Governmental Activities
Primary government:					
Transportation	\$ 1,761,713	\$ -	\$ 1,862,438	\$ -	\$ 100,725
Depreciation	2,002	-	-	-	(2,002)
<b>Total primary government</b>	<b>\$ 1,763,715</b>	<b>\$ -</b>	<b>\$ 1,862,438</b>	<b>\$ -</b>	<b>\$ 98,723</b>
General revenues:					
					(2,312)
					22
					96,433
					125,297
					(67,779)
					57,518
					<u>\$ 153,951</u>

The notes to the financial statements are an integral part of these financial statements.

Capital Region  
Transportation Planning Agency

Balance Sheet  
Governmental Funds

September 30, 2015

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash, cash equivalents, and investments	\$ -	\$ -	\$ -
Due from other governments	484,089	306,664	790,753
Total assets	<u>\$ 484,089</u>	<u>\$ 306,664</u>	<u>\$ 790,753</u>
<b>Liabilities and fund balance</b>			
Accounts payable	\$ 2,448	\$ 143,104	\$ 145,552
Salaries payable	16,422	-	16,422
Due to other governments	314,564	12,975	327,539
Total liabilities	<u>333,434</u>	<u>156,079</u>	<u>489,513</u>
<b>Fund balance</b>			
Committed	<u>150,655</u>	<u>150,585</u>	<u>301,240</u>
Total fund balance	<u>150,655</u>	<u>150,585</u>	<u>301,240</u>
Total liabilities and fund balance	<u>\$ 484,089</u>	<u>\$ 306,664</u>	<u>\$ 790,753</u>

*The notes to the financial statements are an integral part of these financial statements.*

Capital Region  
Transportation Planning Agency

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position

September 30, 2015

Total fund balance per the governmental fund financial statements	\$ 301,240
Amounts reported for governmental activities in the statement of net position are different because:	
Other post-employment benefits are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(20,370)
Certain amounts related to the Net Pension Liability are deferred and amortized over time and are not reported in the funds.	(109,183)
Deferred results and contributions to pension plans made after the measurement date are recorded as expenditures in the fund statements but must be deferred in the Statement of Net Position.	37,347
Compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(60,886)
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds	12,658
Capital outlay liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(6,855)</u>
Total net position per the government-wide statement of net position	<u><u>\$ 153,951</u></u>

*The notes to the financial statements are an integral part of these financial statements.*

Capital Region  
Transportation Planning Agency

Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Governmental Funds

Year ended September 30, 2015

	<b>General</b>	<b>Special Revenue</b>	<b>Total Governmental Funds</b>
<b>Revenues by source:</b>			
Intergovernmental:			
Federal	\$ 744,187	\$ -	\$ 744,187
State	-	967,829	967,829
Local	120,000	-	120,000
CRTPA Members	30,422	-	30,422
Miscellaneous	-	-	-
Net (decrease) increase in fair value of investments	(2,312)	-	(2,312)
Total revenues	892,297	967,829	1,860,126
<b>Expenditures by major accounts:</b>			
Current:			
Transportation:			
Personnel services	593,664	-	593,664
Operating expenses	98,794	1,045,079	1,143,873
Allocated accounts	53,098	-	53,098
Total expenditures	745,556	1,045,079	1,790,635
Excess (deficiency of revenues over expenditures)	146,741	(77,250)	69,491
Other financing sources (uses):			
Transfers in	22	-	22
Net change in fund balance	146,763	(77,250)	69,513
Fund balances - October 1	3,892	186,432	190,324
Prior period adjustment	-	41,403	41,403
Fund balances - October 1, as restated	3,892	227,835	231,727
Fund balances - September 30	\$ 150,655	\$ 150,585	\$ 301,240

*The notes to the financial statements are an integral part of these financial statements.*

Capital Region  
Transportation Planning Agency

Reconciliation of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities

Year ended September 30, 2015

Net changes in fund balance per the governmental fund financial statements	\$ 69,513
Amounts reported for governmental activities in the statement of activities are different because:	
The net change in compensated absences, which is reported in the statement of activities, does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.	(2,262)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	(2,002)
Pension related items reported in the Statement of Activities do not require use of current financial resources and therefore are not reported as an expenditure in governmental funds.	37,347
The net change in other post-employment benefit obligations, which is reported in the statement of activities, does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.	<u>(6,163)</u>
Change in net position per the government-wide statement of activities	<u>\$ 96,433</u>

*The notes to the financial statements are an integral part of these financial statements.*

## **NOTES TO THE FINANCIAL STATEMENTS**

NOTE I – Summary of Significant Accounting Policies

NOTE II – Stewardship, Compliance, and Accountability

NOTE III – Detail Notes – All Funds

NOTE IV – Other Information

# Capital Region Transportation Planning Agency

## Notes to Financial Statements

September 30, 2015

### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies is presented to assist the reader in interpreting the financial statements of the Capital Region Transportation Planning Agency (CRTPA). These policies are considered essential and should be read in conjunction with the accompanying financial statements. The accounting policies of the CRTPA conform to Generally Accepted Accounting Principles (GAAP) as applicable to governmental units. This report, the accounting system of the CRTPA, and the classification of accounts, conform to standards of the Governmental Accounting Standard Board (GASB).

#### **A. REPORTING ENTITY**

In December 2004, the CRTPA was created through an inter-local agreement between the Florida Department of Transportation; the Counties of Leon, Gadsden, and Wakulla; the Cities of Midway, Quincy, and Tallahassee; the Town of Havana and the Leon County School Board as authorized by Section 163.01 Florida Statutes. CRTPA was established in order for the members to participate cooperatively in the development of transportation related plans and programs. Currently, the governing board consists of voting representatives from the Counties of Leon, Gadsden, Jefferson and Wakulla; the Cities of Midway, Quincy, Tallahassee, Chattahoochee and Gretna; the Towns of Greensboro and Havana, the Leon County School Board, and three nonvoting representatives from the Florida Department of Transportation, the Federal Highway Administration, and StarMetro (City of Tallahassee Transit system). The CRTPA is not a component unit of any of the entities listed or any other entity. In addition, the CRTPA has not identified any other entities for which the CRTPA has operational or financial relationships that would require them to be included as component units of the CRTPA.

On November 17, 2007, CRTPA members voted to expand the boundaries of the planning area to include all of Gadsden County, Jefferson County, Leon County, and Wakulla County and to make the necessary changes to the Interlocal Agreement to reflect this change. On January 12, 2009, CRTPA members approved the Apportionment Plan, which is the initial step in recognizing new representatives from the expanded boundaries. CRTPA staff contacted each of the counties and municipalities to obtain a formal resolution from each governing body stating they wished to participate as a member of the CRTPA. An approved apportionment plan and all the resolutions obtained were sent to the Florida Department of Transportation on August 12, 2010 for review and were approved by the Governor's Office on March 17, 2011.

The CRTPA receives federal and state transportation planning funds for the performance of its transportation planning and programming activities. If operating expenses exceed the external funding obtained, the deficit is funded by the members of the CRTPA in proportion to their weighted votes.

Capital Region  
Transportation Planning Agency

Notes to Financial Statements (continued)

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements report information on all the activities of the CRTPA. The effect of interfund activity has been eliminated from these government-wide statements. These statements include the Statement of Net Position and the Statement of Activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those expenses that are clearly identifiable with a specific function or segment. Program revenues are revenues that derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. Program revenues reduce the net cost of the function to be financed from the government's other revenues. Program revenues in the current year consisted of grant revenues from the Florida Department of Transportation.

Separate fund financial statements are also provided for the individual governmental funds of the CRTPA. The CRTPA has no other types of funds. All funds are treated as major funds and are therefore presented in separate columns in the fund financial statements. The fund financial statements include the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances.

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

Basis of accounting refers to when revenues, expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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 CRTPA 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.

Capital Region  
Transportation Planning Agency

Notes to Financial Statements (continued)

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

When an expense or expenditure is incurred for purposes for which both restricted and unrestricted net assets are available, it is the CRTPA's policy to use restricted resources first, and then unrestricted resources as they are needed.

The CRTPA reports the following major governmental funds:

- The General Fund is the CRTPA's primary operating fund. It accounts for all financial resources of the CRTPA, except those required to be accounted for in the Special Revenue Fund.
- The Special Revenue Fund accounts for federal and state grant revenues which are to be used for particular functions of the CRTPA and are not to be diverted to other uses.

**D. ASSETS, LIABILITIES, AND NET POSITION**

**CASH AND CASH EQUIVALENTS/INVESTMENTS** - The CRTPA considers cash on hand and demand deposits with an original maturity of 90 days or less to be cash and cash equivalents.

**CAPITAL ASSETS** - Capital assets are defined as assets with a cost of \$1,000 or more and an estimated useful life greater than one year.

Capital assets are recorded at historical cost when purchased. Equipment is depreciated using the straight-line method over an estimated useful life of 5 to 10 years. 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.

**COMPENSATED ABSENCES** – CRTPA employees have the choice of selecting either the City of Tallahassee's benefit options or those of Leon County. Currently, all staff members have selected to participate in the City of Tallahassee's compensated absences policy. Permanent employees earn vacation and sick leave starting with the first day of employment. Accumulated current and long-term vacation and sick leave amounts are accrued when earned in the government-wide financial statements. A liability for the accumulated vacation and sick leave is reported in the governmental funds only if it is expected to be paid as a result of employee resignation or retirement as of September 30, 2015.

Capital Region  
Transportation Planning Agency

Notes to Financial Statements (continued)

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Vacation leave is earned based on years of continuous and creditable service as follows:

Executive		Senior Management		General	
Creditable service hours	Leave earned per hour	Creditable service hours	Leave earned per hour	Creditable service hours	Leave earned per hour
0-2,079	0.057693	0-2,079	0.057693	0-10,400	0.057693
2,080-10,400	0.080770	2,080-10,400	0.069231	10,401-20,800	0.069231
10,401-20,800	0.092308	10,401-20,800	0.080770	20,801-41,600	0.080770
over 20,800	0.103847	20,801-41,600	0.092308	over 41,600	0.092308
		over 41,600	0.103847		

A maximum of 344 hours of vacation leave time may be carried over from one calendar year to the next for executive employees and a maximum of 264 hours for senior management and general employees. An employee who terminates employment with the CRTPA is paid for any unused vacation leave accumulated to the time of termination.

Sick leave is earned at the rate of .023077 hours for each hour of service with no maximum limit on the number of hours which may be accumulated.

An employee who terminates from the CRTPA for any reason other than termination for cause will be paid one-half of the total amount of sick leave (without regard to catastrophic illness leave) accumulated by him or her on the effective date of termination. If the employee dies, the sick leave amount will be paid to the employee's beneficiary or estate. Retiring employees can elect the option of using the accumulated sick leave amount to purchase single coverage health insurance in lieu of receiving payment for such accumulated sick leave.

**NET POSITION AND FUND BALANCE** - In the government-wide financial statements, net position is unrestricted with the exception of amounts invested in capital assets (net of related debt). For governmental fund financial statements, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for fund financial reporting purposes.

Capital Region  
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Notes to Financial Statements (continued)

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

1. *Nonspendable* fund balance category includes amounts associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),
2. *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the CRTPA Board (the CRTPA's highest level of decision-making authority),
4. *Assigned* fund balance classification is intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and
5. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

CRTPA's fund balance is all committed for transportation.

**NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. BUDGETARY INFORMATION**

An annual budget is adopted on a budgetary basis for the General Fund. The CRTPA members must approve any revision that alters the total expenditures of the operating budget. There is no requirement to legally adopt a budget for the Special Revenue Fund.

Encumbrance accounting is used to reserve that portion of an applicable appropriation for which requisitions, purchase orders, contracts, and other commitments for the expenditures of resources have been issued. Any encumbrances outstanding at year-end are reported as reservations of fund balance, and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

**B. COMPLIANCE WITH FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS**

The CRTPA had no material violations of finance-related legal and contractual provisions.

Capital Region  
Transportation Planning Agency

Notes to Financial Statements (continued)

**NOTE III - DETAIL NOTES - ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

The CRTPA has adopted the City of Tallahassee's (the City) investment policy and participates in the City's cash and investment pool. Each fund's portion of this pool is reported in "Cash and Cash Equivalents/ Investments." Interest earned by this pool is distributed to each fund monthly based on average daily balances.

**DEPOSITS** – The CRTPA's deposits are insured by the Federal Depository Insurance Corporation (FDIC) up to \$250,000. Additionally the State of Florida's Public Deposit Act insures the amount in excess of the FDIC coverage. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses, in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

**INVESTMENTS** – As discussed above, the CRTPA participates in the City's investment pool; therefore, the investment policies used by the CRTPA are the investment policies of the City. The City's policy specifies the investments that are authorized for purchase.

In addition to authorizing investment instruments, the City's policies also identify various portfolio parameters addressing issuer diversification, term to maturity and liquidity, and requirement of "purchase versus delivery" perfection for securities held by a third party on behalf of and in the name of the City.

The City of Tallahassee investment policy is described in more detail in the City's Comprehensive Annual Financial Report. This report may be obtained by writing to Accounting Services Division, 300 South Adams Street, Box A-29, Tallahassee, Florida 32301 or by calling 850-891-8048.

Capital Region  
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Notes to Financial Statements (continued)

**NOTE III - DETAIL NOTES - ALL FUNDS (CONTINUED)**

**B. CAPITAL ASSETS**

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

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Governmental activities:				
Depreciable assets				
Equipment	\$ 26,667	\$ 6,856	\$ -	\$ 33,523
Total depreciable assets	<u>26,667</u>	<u>6,856</u>	<u>-</u>	<u>33,523</u>
Less accumulated depreciation for:				
Equipment	<u>(18,863)</u>	<u>(2,002)</u>	<u>-</u>	<u>(20,865)</u>
Total capital assets, net	<u>\$ 7,804</u>	<u>\$ 4,854</u>	<u>\$ -</u>	<u>\$ 12,658</u>

There was \$2,002 of depreciation expense during the year ended September 30, 2015.

**C. RELATED PARTY TRANSACTIONS**

As written in Section F, paragraph 1 of the CRTPA's by-laws, "Each member government shall pay a proportional share of the operating costs of the CRTPA, over and above the amount annually provided by federal and state sources. Proportional costs are based on population and stipulated in the interlocal agreements forming the CRTPA." In addition, due to the reimbursement nature of the grants which primarily fund the CRTPA, the City of Tallahassee and Leon County provide up-front funding to the CRTPA. As of September 30, 2015 the amount due to the CRTPA members was approximately \$327,539, of which approximately \$228,783 was due to Leon County

Certain general and administrative functions and rental for office space are charged to the CRTPA by the City of Tallahassee. For the year ended September 30, 2015, the amount of these charges was \$65,996.

Capital Region  
Transportation Planning Agency

Notes to Financial Statements (continued)

**NOTE IV - OTHER INFORMATION**

**A. RISK MANAGEMENT PROGRAM**

The CRTPA is exposed to various risks of loss. The CRTPA participates in the City's Risk Management Program (the Program). This program provides coverage for worker's compensation by self-insuring primary losses up to \$1,000,000. Losses above that amount are insured through an excess policy. General liability, automobile and employment liability are self-insured. General and automobile liability losses are statutorily limited by sovereign immunity of \$200,000 per person and \$300,000 per accident. Prior to October 2011, the statutory limit was \$100,000 per person and \$200,000 per accident. The Program also provides for Employment Practice Liability such as race, gender, and other discrimination or disparate treatment allegations. Liabilities for losses would be recorded when a loss occurs and the amount can be reasonably estimated. There were no such losses at September 30, 2015. In the past three years, there have been no claims.

**B. PENSION PLAN OBLIGATIONS**

**1. RETIREMENT PLANS** - Employees of the Agency have the option of participating in either the City of Tallahassee or the Leon County benefits program. Employees electing to participate in the Leon County program are eligible to participate in the Florida Retirement System. Employees electing to participate in the City of Tallahassee (the City) program are eligible to participate in the City's General Employees' Pension Plan. Details concerning each program are below.

**FLORIDA STATE RETIREMENT SYSTEM (FRS)** - The FRS is a cost-sharing, multiple-employer, defined benefit plan administered by the State of Florida, Department of Administration, Division of Retirement. The FRS provides retirement, in-line-of-duty or regular disability and survivors benefits. Chapter 121, Florida Statutes, establishes the authority for benefit provisions and contribution requirements. Changes to the law can only occur through an act of the Florida Legislature. The System issues financial statements and required supplementary information for the System, which may be obtained by writing to:

Department of Management Services  
Division of Retirement  
Bureau of Research and Member Communications  
P.O. Box 9000  
Tallahassee, Florida 32315-9000  
850-488-4706 or toll free at 877-377-1737

In addition, a copy of the System's CAFR as of July 1, 2015 is available online at [http://www.dms.myflorida.com/workforce\\_operations/retirement/publications/annual\\_reports](http://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports).

Capital Region  
Transportation Planning Agency

Notes to Financial Statements (continued)

**NOTE IV - OTHER INFORMATION (CONTINUED)**

**B. PENSION PLAN OBLIGATIONS (CONTINUED)**

As of the end of the fiscal year, there were two active participants for the Agency out of a total of 512,909 active FRS participants. Active employees are required to contribute 3% of their gross compensation to the retirement plan. The Agency is required to contribute at an actuarially determined rate. Agency participants who were members as of June 30, 2011 in the System are members of the Regular Class with a normal retirement benefit at age 62 or at least 30 years of service; the benefit accumulates at 1.60% times average compensation (5 highest years) times years of creditable service; vesting occurs after 6 years of creditable service. Agency participants who joined the System after June 30, 2011 are members of the Regular Class with a normal retirement benefit at age 65 or at least 33 years of service; the benefit accumulates at 1.60% times average compensation (8 highest years) times years of creditable service; vesting occurs after 8 years of creditable service. Employer contribution rates effective July 1, 2014 was 7.37%, and July 1, 2015 was 7.26%. As of September 30, 2015, there were two employees in the System.

The Agency also participates in the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing, multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. The benefit is a monthly cash payment to assist retirees of state-administered retirement systems in paying their health insurance costs.

The HIS Program is funded by required contributions from FRS participating employers as set by the State Legislature. Employer contributions are a percentage of gross compensation for all active FRS employees. Employees are not required to contribute. For the fiscal year ended September 30, 2015, the contribution rate was 1.66% of payroll pursuant to Section 112.363, Florida Statutes.

In addition to the above benefits, the FRS administers a Deferred Retirement Option Program (“DROP”). This program allows eligible employees to defer receipt of monthly retirement benefit payments while continuing employment with a Florida Retirement System employer for a period not to exceed 60 months after electing to participate. DROP benefits are held in the FRS Trust Fund and accrue interest.

Capital Region  
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Notes to Financial Statements (continued)

**NOTE IV - OTHER INFORMATION (CONTINUED)**

**B. PENSION PLAN OBLIGATIONS (CONTINUED)**

*Net Pension Liability* – At September 30, 2015 the Agency reported for its share of the FRS and HIS plans the amount of the net pension liability as shown below:

	<b>FRS</b>	<b>HIS</b>	<b>TOTAL</b>
June 30, 2015	<u>\$47,256</u>	<u>\$26,838</u>	<u>\$74,094</u>
June 30, 2014	<u>\$21,896</u>	<u>\$24,324</u>	<u>\$46,220</u>

The net pension liability for each plan was determined by the plans’ actuary and reported in the plans’ valuations dated July 1, 2015 and July 1, 2014 for the net pension liability as of June 30, 2015 and 2014, respectively.

The Agency represents 0.096% of Leon County’s proportionate share of the FRS net pension liability. At September 30, 2015, the Agency’s and Leon County’s proportionate share of the employer portion of the FRS and HIS net pension liability are shown below:

	<b>Agency’s Proportionate Share</b>		<b>Leon County’s Proportionate Share</b>	
	<b>FRS</b>	<b>HIS</b>	<b>FRS</b>	<b>HIS</b>
June 30, 2015	0.000365860%	0.000263159%	0.381103706%	0.274123595%
June 30, 2014	0.000358854%	0.000260134%	0.373806519%	0.270973192%

The Agency’s and Leon County proportionate share of the net pension liability was based on the County’s 2014-15 fiscal year contributions relative to the 2013-2014 fiscal year contributions of all participating members of FRS.

*Actuarial Methods and Assumptions* – Actuarial Assumptions for both defined benefit plans are reviewed by the Florida Retirement System Actuarial Assumptions Conference on an annual basis. The FRS Pension Plan has an annual valuation in accordance with 121.031(3), Florida Statutes while the Health Insurance Subsidy HIS program is valued biennially and updated for GASB reporting in the year a valuation is not performed. An experience study for the FRS Pension Plan was completed in 2014 for the period July 1, 2008 through June 20, 2013. The HIS program is funded on a pay as you go basis and thus no experience study has been completed for this program.

Capital Region  
Transportation Planning Agency

Notes to Financial Statements (continued)

**NOTE IV - OTHER INFORMATION (CONTINUED)**

**B. PENSION PLAN OBLIGATIONS (CONTINUED)**

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of July 1, 2015, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth for both plans is assumed at 3.25%. Both the discount rate and the long term expected rate of return on investments used by System is 7.65%.

The plan's fiduciary net position was projected as available for all projected future benefit payments of current active and inactive employees. The discount rate for calculating the total pension liability is equal to the long term expected rate of return. For the HIS program, a municipal bond rate of 3.80% was used to determine the total pension liability. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB Tables.

The actuarial assumptions that determined the total pension liability as of June 30, 2014 were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2013 and are shown below.

Valuation Date	July 1, 2014	July 1, 2015
Measurement Date	June 30, 2014	June 30, 2015
Payroll Growth	1.00%	0.65%
Inflation	3.00%	2.60%
Salary increases including inflation	4.00%	3.25%
Rate of return	7.75%	7.65%
HIS Municipal rate	4.29%	3.8%
Mortality	Generational Rp-2000 with Projection Scale AA	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Entry Age Normal	Entry Age Normal

Capital Region  
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Notes to Financial Statements (continued)

**NOTE IV - OTHER INFORMATION (CONTINUED)**

**B. PENSION PLAN OBLIGATIONS (CONTINUED)**

*Investments* - To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2015 the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation <sup>(1)</sup>	Annual Arithmetic Rate of Return
Cash	1%	3.2%
Fixed Income	18%	4.8%
Global Equity	53%	8.5%
Real Estate	10%	6.8%
Private Equity	6%	11.9%
Strategic Investments	<u>12%</u>	6.7%
Total	<u>100%</u>	

Assumed Inflation – Mean 2.6%

<sup>(1)</sup> As in the FRS Pension Plan’s investment policy.

*Sensitivity Analysis* –The tables below represent the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the proportionate share of the net FRS pension liability of the Agency if the discount rate shows as 1.00% higher or 1.00% lower than the current discounted rate at June 30, 2015:

<b>CRTPA Net Pension Liability</b>		
1% Decrease	Current Discount Rate	1% Increase
6.65%	7.65%	8.65%
\$122,450	\$47,256	\$(14,972)

Capital Region  
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Notes to Financial Statements (continued)

**NOTE IV - OTHER INFORMATION (CONTINUED)**

**B. PENSION PLAN OBLIGATIONS (CONTINUED)**

The sensitivity analysis shows the proportionate share of the net HIS liability of the Agency if the discount rate shows as 1.00% higher or 1.00% lower than the current discounted rate at June 30, 2015:

<b>CRTPA Net HIS Liability</b>		
1% Decrease	Current Discount Rate	1% Increase
2.80%	3.80%	4.80%
\$30,580	\$26,838	\$23,718

*Pension Expense and Deferred Outflows/(Inflows) of Resources* – In accordance with GASB 68, paragraph 71, changes in the net pension liability are recognized as pension expense in the current measurement period with the following exceptions shown below. For each of the following, a portion is recognized in pension expense in the current measurement period, and the balance is amortized as deferred outflows or inflows of resources using rational method over a time period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors which are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan, both active and inactive.
- Changes of Assumptions or other inputs which are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan, both active and inactive.
- Differences between expected and actual earnings on pension plan investments are amortized over five years.

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2015 was 6.3 years for FRS and 7.2 for HIS. The components of collective pension expense reported in the pension allocation schedules for the year ended June 30, 2015 are presented for each plan.

Capital Region  
Transportation Planning Agency

Notes to Financial Statements (continued)

**NOTE IV - OTHER INFORMATION (CONTINUED)**

**B. PENSION PLAN OBLIGATIONS (CONTINUED)**

**FRS Defined Benefit Pension Plan**

	<b>Total</b>	<b>Expense</b>	<b>Deferred Outflows</b>	<b>Deferred (Inflows)</b>	<b>Amortization Period</b>
Beginning Net Pension liability at June 30, 2014	\$6,101,470,575	0	0	0	-
Service Cost	2,114,046,879	2,114,046,879	0	0	
Interest on total Pension liability	11,721,563,262	11,721,563,262	0	0	-
Experience Assumptions	1,620,863,000	186,038,844	1,363,583,159	(306,336,286)	6.3 years
	0	199,372,297	857,300,876		6.3 years
Employer contributions	(2,438,084,925)	0	0	0	-
Projected investment earnings	(11,210,153,877)	(11,210,153,877)	0	0	-
Member Contributions	(698,304,112)	(698,304,112)	918,043,1030	(918 043 103)	-
(Gain)/Loss on investments	5,686,866,405	(1,407,193,138)	0	(3,084,206,132)	5.0 years
Administrative Expense	18,073,979	18,073,979	0	0	-
Net Pension Liability, June 30, 2015	<u>\$12,916,341,186</u>	<u>\$ 923,444,134</u>	<u>\$,3,138,927,138)</u>	<u>\$(4,308,585,521)</u>	-

Capital Region  
Transportation Planning Agency

Notes to Financial Statements (continued)

**NOTE IV - OTHER INFORMATION (CONTINUED)**

**B. PENSION PLAN OBLIGATIONS (CONTINUED)**

**FRS Health Insurance Subsidy Plan**

	<b>Total</b>	<b>Expense</b>	<b>Deferred Outflows</b>	<b>Deferred (Inflows)</b>	<b>Amortization Period</b>
Beginning Net Pension liability at June 30, 2014	\$9,350,244,011	0	0	0	-
Service Cost	217,518,873	217,518,873	0	0	-
Interest on total Pension liability	405,440,918	405,440,918		0	-
Assumptions	607,698,044	138,066,828	802,350,140	0	7.2 years
Experience	0	0	00	0	-
Employer contributions	(382,262,242)	0	0	0	-
Projected investment earnings	(3,093,329)	(3,093,329)	0	0	-
(Gain)/Loss on investments	2,693,028	1,660,696	5,520,694	0	5.0 years
Administrative Expense	187,672	187,672	0	0	-
Net Pension Liability, June 30, 2015	<u>\$10,198,426,975</u>	<u>\$759,781,658</u>	<u>\$807,870,708</u>	<u>\$0</u>	-

Capital Region  
Transportation Planning Agency

Notes to Financial Statements (continued)

**NOTE IV - OTHER INFORMATION (CONTINUED)**

**B. PENSION PLAN OBLIGATIONS (CONTINUED)**

For the fiscal year ended September 30, 2015, the Agency recognized pension expense of \$3,378 and \$2,000 for the FRS plan and HIS plan, respectively. In addition, the Agency reported deferred outflows of resource and deferred inflows of resources related to pensions from the following:

Description	Deferred Outflows of Resources for the FRS Plan	Deferred Inflows of Resources for the FRS Plan	Deferred Outflows of Resources for the HIS Plan	Deferred Inflows of Resources for the HIS Plan
Difference between expected and actual experience	4,988	(1,120)	-	-
Change of assumptions	3,136	-	2,112	-
Net difference between projected and actual earnings on FRS Plan investments	16,644	(27,928)	14	-
Changes in proportion and differences between Agency FRS Plan contributions and proportionate share of contributions	3,396	(4,020)	252	(520)
Agency FRS Plan contributions subsequent of the measurement date	2,463	-	842	-
Total	30,627	(33,068)	3,220	(520)

Deferred outflows of resources related to the FRS plan of \$2,466 and to the HIS plan of \$842 and resulting from Agency contributions to the plan paid subsequent to the measurement date and prior to the employer's fiscal year, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the FRS's pension expense will be recognized as follows for The Agency:

Capital Region  
Transportation Planning Agency

Notes to Financial Statements (continued)

**NOTE IV - OTHER INFORMATION (CONTINUED)**

**B. PENSION PLAN OBLIGATIONS (CONTINUED)**

Reporting Period Ending June 30	FRS Expense	HIS Expense
<b>2016</b>	\$(3,738)	\$324
<b>2017</b>	\$(3,738)	\$324
<b>2018</b>	\$(3,738)	\$324
<b>2019</b>	\$4,880	\$324
<b>2020</b>	\$1,082	\$324
<b>Thereafter</b>	\$348	\$238
<b>Totals</b>	\$(4,904)	\$1,858

**CITY OF TALLAHASSEE GENERAL EMPLOYEES PENSION PLAN (PLAN)** - The Plan is a cost sharing multiple-employer plan established by Chapter 14 of the City Code of Ordinances. Changes to the Plan can only occur through a change in the law by the City Commission. The Plan is administered by the City of Tallahassee Treasurer-Clerk's Office, under guidance from the Plan's Board of Trustees, which is composed of the members of the City Commission and one City police officer or firefighter. The Plan includes defined benefit and defined contribution provisions.

**1. DEFINED BENEFIT PROVISION**

The Plan is established in Chapter 14 of the Municipal Code, through Parts A, B, C and D in Article II. Parts A, B and C are closed to new participants, while part D provides coverage to all new employees. All current members of the Plan are covered by Part B, C or D, depending upon their employment date. These parts provide a detailed description of the various defined benefit provisions and the types of employees covered. The Plan provides normal retirement, early retirement, in-line-of-duty or regular disability benefits, and pre-retirement death benefits. There are also post retirement cost-of-living adjustments (COLA) and health care supplements. The employment dates for Plans A through D are shown below.

<u>Plan</u>	<u>Beginning Date</u>	<u>Ending Date</u>
A	January 1, 1941	September 30, 1973
B	October 1, 1973	September 30, 1987
C	October 1, 1987	March 31, 2013
D	April 1, 2013	

Capital Region  
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Notes to Financial Statements (continued)

**NOTE IV - OTHER INFORMATION (CONTINUED)**

**B. PENSION PLAN OBLIGATIONS (CONTINUED)**

For the defined benefit portion of the Plan, active employees are required to contribute 3.75% of their gross compensation to the Plan. The Agency is required to contribute at an actuarially determined rate. For fiscal year ended September 30, 2015, the Agency contributed 15.19% of payroll to the Plan for defined benefit contributions.

**Normal retirement benefit**

*Eligibility*

A member may retire on the first day coincident with or next following the earliest of:

Part B Participants

- 1) Age 60 and 7 years of Credited Service

Part C Participants:

- 1) Age 62 and 5 years of Credited Service; or
- 2) 30 years of Credited Service, regardless of age

Part D Participants:

- 1) Age 65 and 5 years of Credited Service; or
- 2) 33 years of Credited Service, regardless of age

*Benefit*

Part B Participants

- 1) Benefit accrual rate of:
  - a. 1.5% for each year of service through age 34, plus
  - b. 2.0% for each year of service from age 35 through age 49, plus
  - c. 2.5% for each year of service for age 50 and over
  - d. The maximum benefit accrual rate is 75%.
- 2) Average Final Compensation (AFC)  
The higher of a. or b. below
  - a. Final 3 years of service
  - b. Any consecutive 3 year period, escalated from the end of that period to the point of retirement by 3%

The benefit payment is equal to the benefit accrual rate multiplied by the AFC.

Capital Region  
Transportation Planning Agency

Notes to Financial Statements (continued)

**NOTE IV - OTHER INFORMATION (CONTINUED)**

**B. PENSION PLAN OBLIGATIONS (CONTINUED)**

Part C Participants:

- 1) Benefit accrual rate of:
  - a. 2.25% per year of credited service
  - b. The maximum benefit accrual rate is 81%
  
- 2) Average Final Compensation (AFC)  
The highest of a., b. or c. below
  - a. Final 3 years of service
  - b. Any consecutive 3 year period from January 1987 through December 2005, and escalated by 3% from the end of that period to December 2005
  - c. Any consecutive 3 years during the period January 1987 to the point of retirement

The benefit payment is equal to the benefit accrual rate multiplied by the AFC.

Part D Participants:

- 1) Benefit accrual rate of:
  - a. 2.25% per year of credited service
  - b. The maximum benefit accrual rate is 81%
  
- 2) Average Final Compensation (AFC)
  - a. Highest five consecutive years of credited service

The benefit payment is equal to the benefit accrual rate multiplied by the AFC.

**Early retirement benefit**

*Eligibility*

A member may retire on the first day coincident with or next following the earliest of:

Part B Participants

- 1) Age 57 and 7 years of Credited Service

Part C Participants:

- 1) Age 55 and 5 years of Credited Service; or
- 2) 25 years of Credited Service, regardless of age

Part D Participants:

- 1) Age 58 and 5 years of Credited Service; or
- 2) 28 years of Credited Service, regardless of age

Capital Region  
Transportation Planning Agency

Notes to Financial Statements (continued)

**NOTE IV - OTHER INFORMATION (CONTINUED)**

**B. PENSION PLAN OBLIGATIONS (CONTINUED)**

*Benefit Reduction*

Part B Participants

- 1) The full retirement benefit is reduced by 2.4% per year for each year preceding the requirements for receiving a normal retirement benefit

Part C and D Participants

- 1) If the member is retiring under the age and service eligibility requirements, the full retirement benefit is reduced by 4.8% per year for each year preceding the age requirements for receiving a normal retirement benefit.
- 2) If the member is retiring under the service eligibility requirement, the full retirement benefit is reduced by 5.0% per year for each year preceding the age requirements for receiving a normal retirement benefit.

**Disability benefit**

*Eligibility*

Part B Participants

- 1) No Credited Service required for an accidental injury
- 2) One year of Credited Service required for an illness

Part C and D Participants

- 1) Five years of Credited Service required for a non-service connected disability
- 2) No Credited Service required for an in-line-of-service disability.

Benefit: The greater of:

- 1) The member's accrued benefit to date of disability; and
- 2) The member's benefit with service projected to normal retirement date not to exceed 50% of AFC in effect

*Benefit*

Part B, C and D Participants

The greater of 1) or 2)

- 1) The member's accrued benefit to date of disability
- 2) The member's benefit with service projected to normal retirement date not to exceed 50% of AFC in effect on the date of disability

Capital Region  
Transportation Planning Agency

Notes to Financial Statements (continued)

**NOTE IV - OTHER INFORMATION (CONTINUED)**

**B. PENSION PLAN OBLIGATIONS (CONTINUED)**

**Pre-retirement death benefit**

*Eligibility*

Part B, C and D Participants

- 1) No Service Credit required

*Benefit*

Part B Participants

- 1) Benefit shall be their actual pension accrual percentage projected to Normal Retirement Date times their base salary. The maximum amount of such benefit shall not exceed \$400,000.00 for any participant.
- 2) If a deceased participant had retirement eligibility at the time of his death, and his spouse is listed solely as his primary beneficiary, his spouse may elect the benefit defined above, or may elect the participant's accrued retirement benefit under the joint and contingent monthly life income—full benefit option.

Part C and D Participants

In the event of a pre-Retirement death, the participant's beneficiaries are eligible to receive:

- a) Benefit 1 and Benefit 2a and 2b (if eligible), or Benefit 1 and Benefit 2c (if eligible);  
or
- b) Benefit 3; or
- c) Benefit 4.

Benefit 1

The higher of (i) 50 percent of participant's annual base salary at the time of his death; (ii) \$50,000.00 or (iii) the amount of the participant's accumulated contributions and earnings.

If the death of any part C participant is as a result of a job-related occurrence at any time after the commencement of his employment, or as a result of any occurrence on or after the fifth anniversary of the commencement of his employment, the participant is eligible for Benefit 2:

Benefit 2

- (a) A monthly annuity of 25 percent of said participant's monthly base salary shall be disbursed to his legal spouse.
- (b) A monthly annuity of the following percentages of said participant's monthly base salary shall be disbursed to the spouse on behalf of each of his legally dependent children:
  - a. If there are one to five legally dependent children, ten percent.
  - b. If there are six or more legally dependent children, 50 percent divided by the total number of legally dependent children.

Capital Region  
Transportation Planning Agency

Notes to Financial Statements (continued)

**NOTE IV - OTHER INFORMATION (CONTINUED)**

**B. PENSION PLAN OBLIGATIONS (CONTINUED)**

- (c) In the event there is no legal spouse, a monthly annuity of the following percentages of said participant's monthly base salary shall be disbursed to the legal guardian of each of his legally dependent children on their behalf:
- a. If there is one legally dependent child, 35 percent.
  - b. If there are two legally dependent children, 22.5 percent.
  - c. If there are three legally dependent children, 18.33 percent.
  - d. If there are four legally dependent children, 16.25 percent.
  - e. If there are five legally dependent children, 15 percent.
  - f. If there are six or more legally dependent children, 75 percent divided by the total number of legally dependent children.

**Benefit 3**

If a deceased participant had retirement eligibility at the time of his death, his spouse may elect the benefit defined above, or may elect the participant's accrued retirement benefit under the joint and contingent monthly life income—full benefit option.

**Benefit 4**

In the event death occurs while in the line of duty, the participant's spouse will have the option of receiving the pre-retirement death benefits as outlined above or a monthly lifetime benefit to begin the month immediately following death that is equal to 50 percent of the participant's base monthly salary at the time of death.

**COLA benefit**

*Eligibility and Benefit*

Each retiree will receive a 3% increase in benefits on each October 1st starting:

**Plan B Participants**

At the later of normal retirement date or age 60

**Plan C Participants**

If retiring under age and service eligibility, at the later of the retiree's retirement date or age 55

If retiring under service eligibility, at the later of the retiree's retirement date or age 50

**Plan D Participants**

At the later of normal retirement date or age 65

**Disability Retirees**

After the disability retirement date

Capital Region  
Transportation Planning Agency

Notes to Financial Statements (continued)

**NOTE IV - OTHER INFORMATION (CONTINUED)**

**B. PENSION PLAN OBLIGATIONS (CONTINUED)**

**Health insurance supplement**

*Eligibility*

Part B, C and D Participants

Any retired or vested member, beginning after the first full month of retirement

Disability Retirees

After the disability retirement date

*Benefit*

Part B, C and D Participants

Upon actual retirement date or earliest unreduced retirement date:

- 1) Monthly health care supplement of \$5.00 per month for every year of pension participation with the City, up to a maximum of \$150 per month.

Disability Retirees

- 1) Monthly health care supplement of \$5.00 per month for every year of pension participation with the City, up to a maximum of \$150 per month.

At September 30, 2015, The Agency had five employees participating in Part C and one employee participating in Part D.

**2. DEFINED CONTRIBUTION PROVISION**

The Plan's defined contribution provisions are described in Article V. All employees may elect to contribute a portion of their salary to the defined contribution plan, also known as the Matched Annuity Plan (MAP). Employees can contribute up to, but not exceed, the maximum amount allowed by the Internal Revenue Service. The Agency contributes 5% to each employee's MAP account. Upon reaching normal retirement age or retiring, a participant shall be paid his contributions, together with accrued earnings. If an employee uses the contributions and accrued earnings to purchase an annuity contract, the Plan will increase the amount of funds (only on the Agency's 5%, employee flex matched contribution and employees' contribution up to the 5%) used by the participant by a factor of 50 percent. Employee and the employer's 5% contribution, plus accrued earnings thereon, are 100% refundable to the employee if the employee elects to terminate his vesting rights or is not vested at the date of employment termination.

Employer contributions required to support the benefits under Article V (MAP Program) are actuarially determined. Contributions are based on rates of covered payroll of 7.14% (5% employer contribution and 2.14% actuarial contribution) for the Agency.

Capital Region  
Transportation Planning Agency

Notes to Financial Statements (continued)

**NOTE IV - OTHER INFORMATION (CONTINUED)**

**B. PENSION PLAN OBLIGATIONS (CONTINUED)**

The Defined Benefit and Defined Contribution provisions are combined and reported as one plan in the City of Tallahassee's financial statements. The City does not issue a stand-alone financial report on the Plan. The City's financial statements may be obtained by writing to Accounting Services Division, 300 South Adams Street, Tallahassee, Florida 32301. The annual financial statements and required supplemental information of the Plan may also be obtained at [www.talgov.com/dma/dma-accounting-annualrpts.aspx](http://www.talgov.com/dma/dma-accounting-annualrpts.aspx).

**3. PENSION PLAN INFORMATION**

2015 Membership Statistical Information	FRS (System)	City of Tallahassee (Plan)
A. Retirees and beneficiaries of deceased retirees currently receiving benefits	0	0
B. Terminated employees entitled to benefits but not yet receiving benefits	0	0
C. Active employees	2	4

**4. NET PENSION LIABILITY**

The components of the net pension liability of the participating employers in the Plan as of September 30, 2014 were as follows:

Total pension liability	\$ 932,982,000
Plan fiduciary net position	<u>948,469,000</u>
Employers' net pension liability (asset)	\$ (15,487,000)

Plan fiduciary net position as a percentage of the total pension liability as of September 30, 2014 was 101.66 %.

*Actuarial Assumptions and Methods*

CRTPA's proportionate share of the General Employees' Pension Plan is based on the covered pensionable payroll, since that was the basis for determining employer contributions. CRTPA's portion of the net pension liability (asset) of the Plan as of September 30, 2014 was \$(35,000). CRTPA's proportionate share of the Plan's net pension liability was 0.23% as of September 30, 2014, the same proportion as it was measured as of September 30, 2013.

Capital Region  
Transportation Planning Agency

Notes to Financial Statements (continued)

**NOTE IV - OTHER INFORMATION (CONTINUED)**

**B. PENSION PLAN OBLIGATIONS (CONTINUED)**

The total pension liability was determined by an actuarial valuation as of October 1, 2014, using a measurement date of September 30, 2014. The net pension liability was also determined using a measurement date of September 30, 2014. The significant actuarial assumptions used to compute the actuarially determined contribution requirements include (a) an interest rate of 7.75% per annum compounded annually, (b) projected salary increases for inflation and merit of 3.5% per annum, compounded annually. Mortality rates were based on the RP-2000 Combined Mortality Table with 40%/60% blend of white/blue collar rates for males and females, with mortality improvements projected using Scale AA for 15 years from the valuation date (to October 1, 2029).

The actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate:

Valuation Date: .....October 1, 2012  
Actuarial Cost Method:.....Entry Age Normal  
Amortization Method:.....Level percentage, closed  
Remaining Amortization Period: ..... 13 years  
Asset Valuation Method: ..... Market value  
Inflation rate:..... 3.00%  
Salary increase: ..... 3.50%  
Investment rate of return:..... 7.75%

Capital Region  
Transportation Planning Agency

Notes to Financial Statements (continued)

**NOTE IV - OTHER INFORMATION (CONTINUED)**

**B. PENSION PLAN OBLIGATIONS (CONTINUED)**

**Changes in the Net Pension Liability**

The changes in the net pension liability of the participating employers in the Plan for FY2015 are presented below:

	Increase (Decrease)		Net Pension Liability (Asset) (a) – (b)
	Total Pension Liability (a)	Plan Fiduciary Net Position(b)	
<b>Balances at 9/30/2014</b>	\$915,280,000	\$883,265,000	\$32,015,000
<b>Changes for the year:</b>			
Service Costs	16,333,000	–	16,333,000
Interest	70,460,000	–	70,460,000
Differences expected and actual experience	(24,196,000)	–	(24,196,000)
Current period benefit changes	–	–	–
Assumption changes	–	–	–
Employer contributions	–	16,110,000	(16,110,000)
Employee contributions	–	4,607,000	(4,607,000)
Other contributions	–	92,000	(92,000)
Net investment income	–	89,958,000	(89,958,000)
Benefits payments	(44,510,000)	(44,510,000)	–
Contribution refunds	(385,000)	(385,000)	–
Administrative expense	–	(668,000)	668,000
Other changes	–	–	–
Net changes	17,702,000	65,204,000	(47,502,000)
<b>Balances at 9/30/15</b>	\$932,982,000	\$948,469,000	\$(15,487,000)

**5. INVESTMENTS**

Plan assets are managed in accordance with the Pension Investment Policy. For the year ended September 30, 2015, the annual money-weighted rate of return on pension plan investments, net of investment expense, was 0.29%. The money-weighted rate of return takes into account cash flows into and from the various investment of the Plan.

Capital Region  
Transportation Planning Agency

Notes to Financial Statements (continued)

**NOTE IV - OTHER INFORMATION (CONTINUED)**

**B. PENSION PLAN OBLIGATIONS (CONTINUED)**

The long-term expected rate of return on pension plan investment is based upon an asset allocation study that was conducted for the Plan by its investment consultant toward the end of fiscal year 2013. The study was prepared by the Pension Plan's investment consultant, and went through numerous iterations before a final asset allocation was established. The study looked at expected rates of return for twenty-one (21) different asset classes, as well as examining expected standard deviations and correlations among these various asset classes. The target allocation and the expected average rate of return are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	40%	6.4%
International Equity	10%	6.9%
Emerging Markets Equity	5%	9.2%
Fixed Income	20%	1.4%
Real Estate	15%	4.2%
Private Equity	5%	11.5%
Timber	<u>5%</u>	5.2%
Total	<u>100%</u>	

**6. DISCOUNT RATES**

A single discount rate 7.75% was used to measure the total pension liability for the Plan. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (7.75%) was applied to all periods of projected benefits payments to determine the total pension liability.

Capital Region  
Transportation Planning Agency

Notes to Financial Statements (continued)

**NOTE IV - OTHER INFORMATION (CONTINUED)**

**B. PENSION PLAN OBLIGATIONS (CONTINUED)**

The long-term expected rate of return on pension plan investment is based upon an asset. Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.75%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher. CRTPA's proportionate share of the Plan's net pension liability is shown below.

Sensitivity of the Net Pension Liability (Asset) to the Single Discount Rate Assumption

<b>1% Decrease</b>	<b>Current Single Discount Rate Assumption</b>	<b>1% Increase</b>
<b>6.75%</b>	<b>7.75%</b>	<b>8.75%</b>
\$244,000	\$(35,000)	\$(267,000)

For the year ended September 30, 2015, CRTPA recognized pension expense of \$15,000 for its proportionate share of the Plan. At September 30, 2015, CRTPA reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	<b>Deferred Outflows on Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net Deferred Outflows of Resources</b>
Differences between expected and actual experience	\$ –	\$ 45,000	\$ (45,000)
Changes in assumptions	–	–	–
Net difference between projected and actual earnings on pension plan investments	–	41,000	(41,000)
<b>Total</b>	\$ –	\$ 86,000	\$ (86,000)

Capital Region  
Transportation Planning Agency

Notes to Financial Statements (continued)

**NOTE IV - OTHER INFORMATION (CONTINUED)**

**B. PENSION PLAN OBLIGATIONS (CONTINUED)**

**Net Amounts Reported as Deferred Outflows and Inflows of Resources Related to Pensions To be Recognized in Future Pension Expenses**

Deferred outflows of resources in the amount of \$53,000 related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year end will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as follows:

<b><u>Year Ending</u></b> <b><u>September 30</u></b>	
2016	\$ (20,000)
2017	(20,000)
2018	(20,000)
2019	(21,000)
2020	(5,000)
Thereafter	—
Total	<u><u>\$ (86,000)</u></u>

**C. OTHER POST- EMPLOYMENT BENEFITS (OPEB)**

As previously indicated, employees of the CRTPA have the option of participating in either the City of Tallahassee or the Leon County benefits program. Employees electing to participate in the Leon County program are eligible to receive other post-employment benefits based upon the Leon County Plan. Employees electing to participate in the City of Tallahassee program are eligible to participate in the City of Tallahassee’s Plan.

The CRTPA, through Leon County or the City of Tallahassee, as applicable, provides health insurance and prescription drug coverage to certain active and retired employees. Pursuant to Section 112.0801, Florida Statutes, the CRTPA is required to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. In addition, those employees electing the City of Tallahassee’s benefits program also receive a partial subsidy to offset the cost of such health insurance. As of September 30, 2015, there were no retired employees of the CRTPA receiving benefits under the Leon County or the City of Tallahassee OPEB Plan.

Capital Region  
Transportation Planning Agency

Notes to Financial Statements (continued)

**NOTE IV - OTHER INFORMATION (CONTINUED)**

**C. OTHER POST- EMPLOYMENT BENEFITS (OPEB) (continued)**

The contribution required to support the OPEB Plan is calculated based on the annual required contribution (ARC), an amount determined in accordance with GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year, calculated using the entry-age actuarial cost method, and to amortize the unfunded actuarial liability over a period not to exceed thirty years.

The following table shows the components of the CRTPA's share of the annual OPEB cost for the year, the amount actually contributed, and the change in the Agency's net OPEB obligation:

Annual required contribution	\$ 30,617
Interest on net OPEB obligation	716
Adjustment to annual required contribution	(635)
Annual OPEB cost	30,698
Contribution made	(10,328)
Increase in net OPEB obligation	20,370
Net OPEB obligation - October 1	14,206
Net OPEB obligation - September 30	\$ 34,576

The CRTPA's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation as of September 30 follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 5,000	100%	\$ -
2014	\$ 10,328	42.2%	\$ 14,206
2015	\$ 10,328	33.7%	\$ 34,576

The City of Tallahassee Other Post Employment Benefit Plan is described in more detail in the City's Comprehensive Annual Financial Report. That report may be obtained by writing to Accounting Services Division, 300 South Adams Street, Box A-29, Tallahassee, Florida 32301 or by calling 850-891-8048.

**D. NON-CURRENT LIABILITIES**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 58,625	\$ 29,000	\$ 26,739	\$ 60,886	\$ 28,616
OPEB liability	14,206	6,163	-	20,370	-
Total governmental debt	\$ 72,831	\$ 49,370	\$ 24,441	\$ 97,760	\$ 28,616

Capital Region  
Transportation Planning Agency

Notes to Financial Statements (continued)

**E. EVALUATION OF SUBSEQUENT EVENTS**

The CRTPA has evaluated subsequent events through NEED DATE, the date the financial statements were available to be issued.

**F. PRIOR PERIOD ADJUSTMENT**

For fiscal year 2015, CRTPA made two prior period adjustments. One due to the adoption of GASB Statement No. 68 which requires the restatement of October 1, 2014 net position to add CRTPA's net pension liability as of the beginning of the initial measurement period. This resulted in a decrease in net position of \$109,182. The second adjustment was for correction of an error in the prior period and resulted in an increase of net position of \$41,403.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

THIS SUBSECTION CONTAINS THE FOLLOWING:

- Budgetary Comparison Schedule
- Schedule of Changes in the Employer's Net Pension Liability and Related Ratios
- Schedule of Net Pension Liability by Employer – General Employees
- Schedule of Contributions
- Proportionate Share of Net Pension Liability Florida Retirement System
- Proportionate Share of Net Pension Liability Health Insurance Subsidy Program
- Schedule of Contributions Florida Retirement System
- Schedule of Contributions Health Insurance Subsidy Program



Capital Region  
 Transportation Planning Agency  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 Year ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Budgetary fund balance - October 1	\$ 136,705	\$ 136,705	\$ (27,024)	\$ (163,729)
Resources				
Intergovernmental revenues	862,584	862,584	894,609	32,025
Interest earned			(2,312)	(2,312)
Amounts available for appropriations	<u>999,289</u>	<u>999,289</u>	<u>865,273</u>	<u>(134,016)</u>
Charges to appropriations				
Transportation	862,584	862,584	745,556	117,028
Transfer to other funds	-	-	-	-
Total expenditures	<u>862,584</u>	<u>862,584</u>	<u>745,556</u>	<u>117,028</u>
Budgetary fund balance - September 30	<u>\$ 273,410</u>	<u>\$ 273,410</u>	<u>\$ 92,693</u>	<u>\$ (180,717)</u>

Note: There is no requirement to legally adopt a budget for the Special Revenue Fund.

*See independent auditors' report.*

Capital Region  
Transportation Planning Agency

Schedule of Changes in the Employer's Net Pension Liability and Related Ratios  
City of Tallahassee General Employees Pension Plan  
(Base on Measurement Period Ending September 30, 2014)

Year ended September 30, 2015  
(in thousands)

<b>Total pension liability</b>	<b>2015</b>	<b>2014</b>
Service cost	\$ 16,333	\$ 16,333
Interest	70,460	70,460
Difference between actual & expected experience	(24,196)	
Benefit payments	(44,510)	(44,510)
Refunds	(385)	(385)
Net change in Total pension liability	<u>17,702</u>	<u>41,898</u>
Total pension liability - beginning	<u>915,280</u>	<u>915,280</u>
Total pension liability - ending (a)	<u><u>932,982</u></u>	<u><u>957,178</u></u>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	16,110	16,110
Contributions - Other	92	92
Contributions - Member	4,607	4,607
Net Investment Income	89,958	89,958
Benefits Payments	(44,510)	(44,510)
Refunds	(385)	(385)
Administrative Expense	(668)	(668)
Net change in Plan Fiduciary Net Position	<u>65,204</u>	<u>65,204</u>
Plan Fiduciary Net Position - beginning	<u>883,265</u>	<u>883,265</u>
Plan Fiduciary Net Position - ending (b)	<u><u>948,469</u></u>	<u><u>948,469</u></u>
Net pension liability - Ending (a) - (b)	<u><u>\$ (15,487)</u></u>	<u><u>\$ 8,709</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.66%	99.09%
Covered Employee Payroll	125,530	106,057
Net Pension Liability as a percentage of Covered Employee Payroll	-12.34%	8.21%

*Note: Schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.*

*See independent auditors' report.*

Capital Region  
Transportation Planning Agency

Schedule of Net Pension Liability By Employer - General Employees  
City of Tallahassee General Employees Pension Plan  
(Base on Measurement Period Ending September 30, 2014)

	Year ended September 30, 2015 (in thousands)				
	Blueprint	CRTPA	CDA	City of Tallahassee	General Employees
<b>Measurement year ending September 30, 2014</b>					
Total Pension Liability - Beginning	\$ 3,970	\$ 2,088	\$ 21,377	\$ 887,845	\$ 915,280
Total Pension Liability - Ending (a)	<u>4,047</u>	<u>2,129</u>	<u>21,790</u>	<u>905,016</u>	<u>932,982</u>
Plan Fiduciary Net Position - Beginning	3,831	2,015	20,629	856,790	883,265
Plan Fiduciary Net Position - Ending (b)	<u>4,114</u>	<u>2,164</u>	<u>22,152</u>	<u>920,039</u>	<u>948,469</u>
Net Pension Liability - Ending (a) - (b)	<u>(67)</u>	<u>(35)</u>	<u>(362)</u>	<u>(15,023)</u>	<u>(15,487)</u>
Plan Fiduciary Net Position as a percentage of					
Total Pension Liability	101.66%	101.64%	101.66%	101.66%	101.66%
Employer's proportion of the Net Pension Liability	0.43%	0.23%	2.34%	97.00%	100.00%
Covered Pensionable Payroll	460	242	2,477	102,878	106,057
Covered Employee Payroll	634	260	4,433	120,203	125,530
Net Pension Liability as a percentage of					
Covered Employee Payroll	-10.57%	-13.46%	-8.17%	-12.50%	-12.34%

Note: The Total Pension Liability, the Plan Fiduciary Net Position, the Net Pension Liability and the Pension Expense are allocated by department based on the covered pensionable payroll for each department, since that was the basis for determining employer contributions.

See independent auditors' report.

Capital Region  
 Transportation Planning Agency

Schedule of Contributions  
 City of Tallahassee General Employees Pension Plan

Year ended September 30, 2015

<b>Fiscal year ending September 30,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Actual Contribution as a % of Covered Payroll</b>
2015	\$ 37,000	\$ 37,000	\$ -	\$ 260,000	14.23%

Notes to Schedule of Contributions

Valuation Date: October 1, 2012  
 Measurement Date: September 30, 2015

*Notes: Actuarially determined contribution rates are calculated as of October 1, which is a two year(s) prior to the end of the fiscal year in which contributions are reported.*

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay (with 2.4% payroll growth assumption), Closed
Remaining Amortization Period	17 years
Asset Valuation Method	20% of the difference between expected actuarial value (based on assumed return) and market value is recognized each year with 20% corridor around market value
Salary Increases	3.5% including inflation
Investment Rate of Return	7.75%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Mortality Table with 40%/60% blend of white/blue collar rates for males and females with mortality improvement projected using Scale AA for 15 year from the valuation date (to October 1, 2027)

*Notes: Covered Employee Payroll includes all (total) payroll during the fiscal year (not just pensionable payroll). Therefore, the Actual Contributions as a % of payroll is different from the required contribution as a percentage of covered payroll that is reported in the actuarial valuations for funding purposes.*

See independent auditors' report.

Capital Region  
Transportation Planning Agency  
Proportionate Share of Net Pension Liability  
Florida Retirement System

Last Ten Fiscal Years\*

	<u>2015</u>
CRTPA's proportion of the net pension liability	0.000365860%
CRTPA's proportionate share of the net pension liability	47,256
CRTPA's covered - employee payroll	174,815
CRTPA's proportionate share of the net pension liability as a percentage of its covered employee payroll	27%
Plan fiduciary net position as a percentage of the total pension liability	92%

*\* The amounts for each fiscal year were determined as of 6/30 except for the covered payroll was determined as of 9/30. The schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.*

*See independent auditors' report.*

Capital Region  
Transportation Planning Agency

Proportionate Share of Net Pension Liability  
Health Insurance Subsidy

Last Ten Fiscal Years\*

	<u>2015</u>
CRTPA's proportion of the net pension liability	0.000263159%
CRTPA's proportionate share of the net pension liability	26,838
CRTPA's covered - employee payroll	174,815
CRTPA's proportionate share of the net pension liability as a percentage of its covered employee payroll	15%
Plan fiduciary net position as a percentage of the total pension liability	50%

*\* The amounts for each fiscal year were determined as of 6/30 except for the covered payroll was determined as of 9/30. The schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.*

*See independent auditors' report.*

Capital Region  
Transportation Planning Agency

Schedule of Contributions  
Florida Retirement System

Last Ten Fiscal Years\*

	<u>2015</u>
Contractually required contribution	8,920
Contributions in relation to the contractually required contribution	(8,920)
Contribution deficiency (excess)	<u>-</u>
CRTPA's covered payroll	174,815
Contributions as a percentage of covered-employee payroll	5.10%

\* The amounts for each fiscal year were determined as of 6/30 except for the covered payroll was determined as of 9/30. The schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

*See independent auditors' report.*

Capital Region  
Transportation Planning Agency

Schedule of Contributions  
Health Insurance Subsidy

Last Ten Fiscal Years\*

	<u>2015</u>
Contractually required contribution	1,006
Contributions in relation to the contractually required contribution	(1,006)
Contribution deficiency (excess)	<u>-</u>
CRTPA's covered payroll	174,815
Contributions as a percentage of covered-employee payroll	0.58%

*\* The amounts for each fiscal year were determined as of 6/30 except for the covered payroll was determined as of 9/30. The schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.*

*See independent auditors' report.*

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Independent Auditors' Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

Members of the Board  
Capital Region Transportation Planning Agency  
Tallahassee, 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 of the Capital Region Transportation Planning Agency (the Agency), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated June xx, 2016.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Agency'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as Finding 2015-001 to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as Finding 2015-002 to be a significant deficiency.

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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as Finding 2015-001.

### **Capital Regional Transportation Planning Agency's Response to Finding**

The Agency's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

We noted certain other matters pursuant to the *Rules of the Auditor General*, Chapter 10.550 that we have reported to the management of the Agency in a separate letter dated June 23, 2015.

### **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 Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Thomas Howell Ferguson, P.A.

Law, Redd, Crona & Munroe, P.A.

Tallahassee, Florida

June xx, 2016

## Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

Members of the Board  
Capital Region Transportation Planning Agency  
Tallahassee, Florida

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

We have audited the Capital Region Transportation Planning Agency's (the Agency) 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 each of the Agency's major federal programs for the year ended September 30, 2015. The Agency's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

### **Management's Responsibility**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

## **Report on Internal Control Over Compliance**

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 the Agency's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Finding 2015-001 to be a material weakness.

*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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Finding 2015-002 to be a significant deficiency.

The Agency's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Agency's

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response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Thomas Howell Ferguson, P.A.

Law, Redd, Crona & Munroe, P.A.

Tallahassee, Florida

June xx, 2016

## Capital Region Transportation Planning Agency Schedule of Findings and Questioned Costs-Federal Awards For the Year Ended September 30, 2015

### Section II – Financial Statement Findings

#### SIGNIFICANT DEFICIENCY

##### **2015-002 - Untimely Remittance of Invoices**

*Criteria:* Capital Region Transportation Planning Agency has a number of grants funded through the Florida Department of Transportation, which are on a cost reimbursement basis. A review of the grant agreements noted that invoices are required to be submitted on a quarterly basis, although a further time period for submission was not indicated.

*Condition:* During audit procedures, we reviewed and tested a number of invoices submitted for reimbursement. We noted that the invoices are not being submitted in a timely manner, and in most instances, the invoices were noted as submitted between three to eight months following the end of the respective quarters for which they are seeking reimbursement.

*Effect:* Because the invoices are not being submitted on a timely basis, the Agency is also not being reimbursed timely for their disbursement of funds for payments of services already provided. Failure to submit timely invoices could possibly also result in the loss of any remaining unbilled funding from the Florida Department of Transportation.

*Cause:* The Agency's small staffing may be a contributing factor to the untimely submissions.

*Recommendation:* Submission of quarterly invoices in a more timely manner should be considered.

*Views of responsible officials and planned corrective actions:*

**Capital Region Transportation Planning Agency  
Schedule of Findings and Questioned Costs-Federal Awards (continued)  
For the Year Ended September 30, 2015**

**Section III – Federal Awards Findings and Questioned Costs**

We noted the following matters involving noncompliance that are required to be reported in accordance with OMB Circular A-133.

**MATERIAL WEAKNESS**

**2015-001 – Schedule of Expenditures of Federal Awards**

*Criteria:* Capital Region Transportation Planning Agency administers programs funded by federal awards and state financial assistance. For the year ended September 30, 2015, the Agency expended \$1.7 million of federal awards and state financial assistance for these programs. As a condition of receiving federal and state grant funding, the Agency must comply with federal and state laws and regulations, provisions of the grant agreements, and accounting and reporting requirements associated with the grants.

*Condition:* During audit procedures in the area of federal and state grants, several material errors were noted in accounting for federal and state grant expenditures which required correcting adjustments to programs and amounts reported in the Agency's Schedule of Expenditures of Federal Awards (the Schedule), and also a prior period adjustment to the Agency's accounting records.

*Effect:* The risk of noncompliance with the laws, regulations, and accounting and compliance requirements associated with federal awards and state financial assistance programs is increased by the lack of a central grants administration review process. For the year ended September 30, 2015, adjustments in the amount of \$143,160 were required to correct the amount of federal and state expenditures reported on the Schedule. A prior period adjustment in the amount of \$41,403 was also required to correctly state the Agency's revenue for the period ending September 30, 2014.

*Cause:* The Agency's Accounting Services Division must work in tandem with program managers at the Agency to ensure that amounts are properly reported and accrued in preparation of the Schedule.

*Recommendations:* The City of Tallahassee should consider establishing a position of central responsibility for federal and state grant administration.

*Views of responsible officials and planned corrective actions:*

**Capital Region Transportation Planning Agency  
 Schedule of Expenditure of Federal Awards  
 For the Year Ended September 30, 2015**

Federal / State Agency Pass-through Entity <u>Federal Program / State Project</u>	CFDA or CSFA <u>Number</u>	Grant Contract <u>Number</u>	<u>Expenditures</u>
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**FEDERAL AWARDS**

**Federal Department of Transportation**

Pass through Florida Department of Transportation			
Highway Planning and Construction	20.205	0220 052/ARJ23	529,867
Highway Planning and Construction	20.205	4162051-1-14-90 42254431201/	17,854
Highway Planning and Construction	20.205	42254421401/AR112	523,601
Highway Planning and Construction	20.205	430146-1-28-01/AQO57	389,187
Metropolitan Transportation Planning	20.505	421716214-23/ARL33	137,931

**Total Expenditures of Federal Awards**

\$ 1,598,440

**NOTES:**

- (1) The Schedule of Expenditures of Federal Awards was prepared on the accrual basis of accounting.
- (2) There were no transfers to subrecipients during the fiscal year.
- (3) No federal assistance was expended in noncash assistance.

*See independent auditors' report.*

**Capital Region Transportation Planning Agency  
 Schedule of Findings and Questioned Costs  
 For the Year ended September 30, 2015**

**Section I -- Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes

Significant deficiency(ies) identified not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified? Yes

Significant deficiency(ies) identified not considered to be material weaknesses? No

Type of auditors' report issued on compliance for major programs? Unmodified

Any audit findings disclosed that are required to be reported in accordance with

Circular A-133, Section .510(a)? Yes

Identification of major program:

CFDA Number

Name of Federal Program

20.205

Federal Department of  
 Transportation Pass-through  
 Florida Department of  
 Transportation Highway  
 Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? No

**Section II -- Financial Statement Findings**

See Finding 2015-002.

**Section III -- Federal Award Findings and Questioned Costs**

See Finding 2015-001.

*See independent auditors' report.*

**Capital Region Transportation Planning Agency  
Summary Schedule of Prior Audit Findings  
For the Year Ended September 30, 2015**

**Federal Awards:**

**2014-001 – Schedule of Expenditures of Federal Awards**

Material Weakness: Several material errors were noted in accounting for federal and state grant expenditures, which required correcting adjustments in the amount of \$211,598 to programs and amounts reported in the Agency's Schedule of Expenditures of Federal Awards.

Status: Audit procedures for the year ended September 30, 2015 identified errors in the preparation of the Schedule. See current year finding 2015-001.

## Management Letter

Board of Directors  
Capital Region Transportation Planning Agency

### Report on the Financial Statements

We have audited the financial statements of the Capital Region Transportation Planning Agency (the Agency), as of and for the fiscal year ended September 30, 2015 and have issued our report thereon dated **NEED DATE**.

### 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 Auditor General*.

### Other Reports and Schedule

We have issued our Independent Auditors' 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 Auditors' Report on Compliance for Each Major Federal Program and State Project and on Internal Control over Compliance and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedules, which are dated **NEED DATE**, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of the local governmental entity audits performed in the state of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports:

### 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.

#### *Prior Year Finding #1 – Financial Reporting and Year-End Closing Process*

Auditors noted improvements from the prior year audit. Schedules that were provided by accounting staff were reviewed and agreed to the trial balance. However, financial statement only entries were not posted prior to the audit, which resulted in difficulty when reconciling fund balance. In addition, some journal entries were identified by the auditors that could have been identified by accounting staff.

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Agency was established by an inter-local agreement. There are no component units related to the entity.

### **Financial Condition**

Section 10.554(1)(i)5.a., *Rules of the Auditor General*, requires that we report the results of our determination as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), *Florida Statutes*, and identification of the specific condition(s) met. In connection with our audit, we determined that the Agency did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*.

Pursuant to Sections 10.554(1)(i)5.c and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the Agency's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

### **Annual Financial Report**

Section 10.554(1)(i)5.b., *Rules of the Auditor General*, requires that we report the results of our determination as to whether the annual financial report for the Agency for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), *Florida Statutes*, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

### **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 CRTPA is not a component unit of a county, municipality or special district. See Note I.A.

## Other Matters

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we noted the following recommendations:

### 15-02 Financial Reporting and Year-End Closing Process

Our audit of the Agency resulted in several journal entries material to the operations of the Agency that were not identified by the accounting function. In addition, the beginning balances had not been reconciled to the prior year ending balances prior to the audit, causing difficulty when reconciling fund balance. Professional auditing standards confine the functionality of the auditor to the audit of, rather than the preparation or determination of, year-end balances; therefore, the audit process itself should not be relied upon to identify required adjustments to year-end balances.

To facilitate a more accurate and timely year-end closing process, we recommend that processes be developed to facilitate timely communication, reporting, and reconciliation of year-end balances between governments. Additionally, year-end trial balances should be reviewed at a manager level for agreement to supporting documentation and to identify potential adjustments needed. The use of disclosure checklists should also be considered to help identify and prepare adjustments necessary for the year-end close and financial reporting process.

Finally, we understand that staffing shortages are a likely symptom of the delays associated with the year-end closing processes. We noted improvements from the prior year, but continue to recommend that staffing levels assigned to the accounting of the Agency be reevaluated to ensure that the appropriate time and level of experience is dedicated to the accounting function. Such dedication of resources is necessary to monitor functionality of controls, evaluate risk and ensure timely and accurate reporting.

#### *Management Response:*

*We agree that the year-end process needs improvement. We believe that the issue is primarily one of communication and flow of information between Accounting Services and CRTPA. Accounting Services and CRTPA have discussed this recommendation and have agreed to work together to find a solution to achieve better communication.*

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.

Management Letter  
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**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, the Board of Directors and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Thomas Howell Ferguson P.A.

Law, Redd, Crona & Munroe, P.A.

Tallahassee, Florida  
NEED DATE