



November 21, 2017

AGENDA ITEM 3 B

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR FISCAL YEAR 2016

TYPE OF ITEM: Consent

STATEMENT OF ISSUE

This item requests the acceptance of the Capital Region Transportation Planning Agency (CRTPA) Financial Statements for the year ending September 30, 2016.

RECOMMENDED ACTION

Option 1: Accept the FY 2016 CRTPA Financial Statements.

HISTORY AND ANALYSIS

The Capital Region Transportation Planning Agency (CRTPA) Financial Statements for the year ending September 30, 2016 has been completed. Included are the opinion of the external auditors related to the statements presented, their management letter, and the auditors' reports on compliance and internal controls. Thomas Howell Ferguson performed the audit for the CRTPA.

OPTIONS

Option 1: Accept the FY 2016 CRTPA Financial Statements.
(Recommended)

Option 2: Provide other direction.

ATTACHMENT

Attachment 1: FY 2016 CRTPA Financial Statements

Capital Region Transportation Planning Agency

CRTPA

Annual Financial Statements



For the Fiscal Year October 1, 2015 Through September 30, 2016

Financial Statements

Capital Region
Transportation Planning Agency

*Fiscal Year Ended September 30, 2016
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, 2016

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Capital Region
Transportation Planning Agency

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Fiscal Year Ended September 30, 2016

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Capital Region
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Financial Statements

Fiscal Year Ended September 30, 2016

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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, 2016 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.

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, 2016, 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 required supplementary information on pages 46 through 53, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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, schedule of findings and questioned costs, and schedule of prior audit findings as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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 July 18, 2017, 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
July 18, 2017

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, 2016. Notes mentioned below are Notes to the Financial Statements, which follow the statements.

FINANCIAL HIGHLIGHTS

- Total assets of \$920,052 increased by approximately \$116,641 and total liabilities of \$909,115 increased by approximately \$278,190 as compared to the prior year due primarily to net pension liability.
- Net position increased by approximately \$2,300 during the fiscal year.
- Revenues of \$1,188,000, primarily operating grants, were received during the fiscal year, as compared to approximately \$1,862,000 in the prior year. Expenses of \$1,183,000 primarily personnel expenses and contractual services, were incurred during the fiscal year, as compared to approximately \$1,778,000 in the prior year.

An Overview of the Financial Statements

Required Components of CRTPA's Annual Financial Report

Management's Discussion and Analysis

Basic Financial Statements

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

Required Supplementary Information

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:

Scope	Includes CRTPA's revenues, which are primarily from operating grants
Required financial statements	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances
Accounting basis and Measurement focus	Modified accrual accounting and current financial resources focus
Type of asset / liability information	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets are included
Type of inflow / outflow information	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 \$2,300 in fiscal year 2016. Total assets increased by approximately \$117,000, and total liabilities increased by approximately \$278,000.

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

	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>
Assets			
Current assets	\$ 908	\$ 791	\$ 117
Noncurrent assets	12	12	—
Total assets	<u>920</u>	<u>803</u>	<u>117</u>
Deferred outflows			
Pension related outflows	202	87	115
Total assets and deferred outflows	<u>1,122</u>	<u>890</u>	<u>232</u>
Liabilities			
Current liabilities	659	525	134
Noncurrent liabilities	250	106	144
Total liabilities	<u>909</u>	<u>631</u>	<u>278</u>
Deferred inflows			
Pension related inflows	71	120	(49)
Total liabilities and deferred inflows	<u>980</u>	<u>737</u>	<u>(49)</u>
Net position			
Net investment in capital assets	12	12	—
Unrestricted	130	127	3
Total net position	<u>\$ 142</u>	<u>\$ 139</u>	<u>\$ 3</u>

CHANGES IN NET POSITION

In 2016, CRTPA's total revenues were \$1,188,413, a decrease in the fair market value of investments was \$3,358 and expenses were \$1,182,787, resulting in an increase in net position of approximately \$2,268. 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 FINANCIAL STATEMENTS

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

	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>
Program revenues			
Operating grants and contributions	\$ 1,188	\$ 1,862	\$ (674)
Decrease in FMV of investments	(3)	(2)	(1)
Total revenues	<u>1,185</u>	<u>1,860</u>	<u>(675)</u>
Expenses			
Transportation	1,180	1,776	(596)
Depreciation	<u>2</u>	<u>2</u>	<u>—</u>
Total expenses	<u>1,182</u>	<u>1,778</u>	<u>(596)</u>
Transfer	—	—	—
Increase (decrease) in net position	<u>\$ (3)</u>	<u>\$ 82</u>	<u>\$ (79)</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 9/30/15</u>	<u>Sources</u>	<u>Uses</u>	<u>Sources Over (Under) Uses</u>	<u>Fund Balances 9/30/16</u>
General	\$ 151	\$ 815	\$ 813	\$ 2	\$ 153
Special revenue	150	372	386	(14)	136
Total	<u>\$ 301</u>	<u>\$ 1,187</u>	<u>\$ 1,199</u>	<u>\$ (12)</u>	<u>\$ 289</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 2017 BUDGET

CRTPA's General Fund Budget for fiscal year 2017 totaling \$909,216 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, 2016

Assets

Cash and cash equivalents	\$ 125,530
Due from other governments	782,436
Capital assets, net of accumulated depreciation	<u>12,055</u>
Total assets	<u>920,021</u>

Deferred outflows of resources

Pension related deferred outflows	\$ 202,006
Total deferred outflows of resources	<u>202,006</u>

Total assets and deferred outflows of resources	<u><u>\$ 1,122,027</u></u>
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Liabilities and net position

Current liabilities:

Accounts payable	\$ 8,249
Salaries payable	20,131
Due to other governments	590,358
Compensated absences	<u>40,343</u>
Total current liabilities	<u>659,081</u>

Noncurrent liabilities:

Other post-employment benefit obligations	38,571
Net pension liability	202,012
Compensated absences	<u>9,451</u>
Total noncurrent liabilities	<u>250,034</u>

Total liabilities	<u>909,115</u>
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Deferred inflows of resources

Pension related deferred inflows	<u>70,930</u>
Total deferred inflows of resources	<u>70,930</u>

Net position

Net investment in capital assets	12,055
Unrestricted	<u>129,927</u>
Total net position	<u>141,982</u>

Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 1,122,027</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, 2016

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	\$ 1,182,215	\$ -	\$ 1,188,413	\$ -	\$ 6,198
Depreciation	2,378	-	-	-	(2,378)
Total primary government	\$ 1,184,593	\$ -	\$ 1,188,413	\$ -	\$ 3,820
General revenues:					
					(3,358)
					1,775
					-
					2,237
					139,745
					\$ 141,982

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, 2016

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ -	\$ 125,530	\$ 125,530
Due from other governments	771,626	10,810	782,436
Total assets	<u>\$ 771,626</u>	<u>\$ 136,340</u>	<u>\$ 907,966</u>
Liabilities and fund balance			
Accounts payable	\$ 8,249	\$ -	\$ 8,249
Salaries payable	20,131	-	20,131
Due to other governments	590,358	-	590,358
Total liabilities	<u>618,738</u>	<u>-</u>	<u>618,738</u>
Fund balance			
Committed	152,888	136,340	289,228
Total fund balance	<u>152,888</u>	<u>136,340</u>	<u>289,228</u>
Total liabilities and fund balance	<u>\$ 771,626</u>	<u>\$ 136,340</u>	<u>\$ 907,966</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, 2016

Total fund balance per the governmental fund financial statements	\$ 289,228
Amounts reported for governmental activities in the statement of net position are different because:	
Long-term assets, including deferred outflows of resources are not receivable in the current period and are not reported in the funds.	202,006
Other post-employment benefits are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(38,571)
Certain amounts related to the Net Pension Liability are deferred and amortized over time and are not reported in the funds.	(202,012)
Long-term liabilities, including deferred inflows of resources are not due and payable in the current period and are not reported in the funds.	(70,930)
Compensated absences are not due and payable with current resources and are not reported in the governmental funds.	(49,794)
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds	<u>12,055</u>
Total net position per the government-wide statement of net position	<u><u>\$ 141,982</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, 2016

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
Revenues by source:			
Intergovernmental:			
Federal	\$ 761,928	\$ -	\$ 761,928
State	-	252,123	252,123
Local	-	120,000	120,000
CRTPA Members	54,362	-	54,362
Miscellaneous	1,775	-	1,775
Net (decrease) increase in fair value of investments	(3,358)	-	(3,358)
Total revenues	<u>814,707</u>	<u>372,123</u>	<u>1,186,830</u>
Expenditures by major accounts:			
Current:			
Transportation:			
Personnel services	560,516	-	560,516
Operating expenses	197,225	386,368	583,593
Allocated accounts	54,733	-	54,733
Total expenditures	<u>812,474</u>	<u>386,368</u>	<u>1,198,842</u>
Excess (deficiency) of revenues over expenditures)	<u>2,233</u>	<u>(14,245)</u>	<u>(12,012)</u>
Other financing sources (uses):			
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	2,233	(14,245)	(12,012)
Fund balances - October 1	<u>150,655</u>	<u>150,585</u>	<u>301,240</u>
Fund balances - September 30	<u><u>\$ 152,888</u></u>	<u><u>\$ 136,340</u></u>	<u><u>\$ 289,228</u></u>

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, 2016

Net changes in fund balance per the governmental fund financial statements	\$ (12,012)
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.	11,092
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.	(2,378)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and changes are recorded to capital assets.	8,662
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.	868
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>(3,995)</u>
Change in net position per the government-wide statement of activities	<u><u>\$ 2,237</u></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, 2016

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 - 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, 2016.

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
Transportation Planning Agency

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.

Capital Region
Transportation Planning Agency

Notes to Financial Statements (continued)

NOTE III - DETAIL NOTES - ALL FUNDS

A. DEPOSITS

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
Transportation Planning Agency

Notes to Financial Statements (continued)

NOTE III - DETAIL NOTES - ALL FUNDS (CONTINUED)

B. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Depreciable assets				
Equipment	\$ 33,523	\$ 1,775	\$ (7,883)	\$ 27,415
Total depreciable assets	<u>33,523</u>	<u>1,775</u>	<u>(7,883)</u>	<u>27,415</u>
Less accumulated depreciation for:				
Equipment	<u>(20,865)</u>	<u>(2,378)</u>	<u>7,883</u>	<u>15,360</u>
Total capital assets, net	<u>\$ 12,658</u>	<u>\$ (603)</u>	<u>\$ —</u>	<u>\$ 12,055</u>

There was \$2,378 of depreciation expense during the year ended September 30, 2016.

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, 2016 the amount due from the CRTPA members was approximately \$77,220, of which approximately \$32,855 was due from 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, 2016, the amount of these charges was \$54,733.

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, 2016. In the past three years, there have been no claims.

B. PENSION PLAN OBLIGATIONS

1. RETIREMENT PLANS - 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 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 June 30, 2016 is available online at 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)

Currently, there is one active participant of the CRTPA 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 CRTPA is required to contribute at an actuarially determined rate. CRTPA 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. CRTPA 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, 2015 were 7.26%, and July 1, 2016 were 7.52%. As of September 30, 2016, there was one employee in the System.

The CRTPA 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, 2016, 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
Transportation Planning Agency

Notes to Financial Statements (continued)

NOTE IV - OTHER INFORMATION (CONTINUED)

B. PENSION PLAN OBLIGATIONS (CONTINUED)

Net Pension Liability – At September 30, 2016 the Agency reported for its share of the FRS and HIS plans the amount of the net pension liability as shown below:

	FRS	HIS	TOTAL
June 30, 2016	<u>\$81,693</u>	<u>\$25,319</u>	<u>\$107,012</u>
June 30, 2015	<u>\$47,256</u>	<u>\$26,838</u>	<u>\$74,094</u>

The net pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations dated July 1, 2016 and July 1, 2015 for the net pension liability as of June 30, 2016 and 2015, respectively.

The CRTPA represents 0.076% of Leon County's proportionate share of the FRS net pension liability. At September 30, 2016, the CRTPA's and Leon County's proportionate share of the employer portion of the FRS and HIS net pension liability are shown below:

	CRTPA's Proportionate Share		Leon County's Proportionate Share	
	FRS	HIS	FRS	HIS
June 30, 2016	0.000323535%	0.000217247%	0.426742954%	0.282648096%
June 30, 2015	0.000365860%	0.000263159%	0.381103706%	0.274123595%

The CRTPA's and Leon County proportionate share of the net pension liability was based on the County's 2015-16 fiscal year contributions relative to the 2014-2015 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 30, 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, 2016, 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%.

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. Both the discount rate and the long term expected rate of return on investments used by the System was reduced from 7.65% to 7.60% for the Defined Benefit Pension Plan. The HIS program uses a pay-as-you-go funding structure, thus it utilized a municipal bond rate of 2.85% for its discount rate to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). The 2.85% was a reduction from the 3.80% rate used in 2015. 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, 2016 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, 2015	July 1, 2016
Measurement Date	June 30, 2015	June 30, 2016
Payroll Growth	0.65%	0.65%
Inflation	2.60%	2.60%
Salary increases including inflation	3.25%	3.25%
Rate of return	7.65%	7.60%
HIS Municipal rate	3.80%	2.85%
Mortality	Generational RP-2000 with Projection Scale BB	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Entry Age Normal	Entry Age Normal

Capital Region
Transportation Planning Agency

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 2016 the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by capital market assumptions teams from both Milliman and Aon Hewitt Investment Consulting, investment consult to the Florida State Board of Administration. The table below shows the 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 ⁽¹⁾	Annual Arithmetic Rate of Return
Cash	1%	3.0%
Fixed Income	18%	4.7%
Global Equity	53%	8.1%
Real Estate	10%	6.4%
Private Equity	6%	11.5%
Strategic Investments	<u>12%</u>	6.1%
Total	<u>100%</u>	

Assumed Inflation – Mean 2.6%

⁽¹⁾ 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 CRTPA if the discount rate shows as 1.00% higher or 1.00% lower than the current discounted rate at June 30, 2016:

CRTPA Net Pension Liability		
1%	Current	1%
Decrease	Discount Rate	Increase
6.60%	7.60%	8.60%
\$150,402	\$81,693	\$24,502

Capital Region
Transportation Planning Agency

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 CRTPA if the discount rate shows as 1.00% higher or 1.00% lower than the current discounted rate at June 30, 2016:

CRTPA Net HIS Liability		
1%	Current	1%
Decrease	Discount Rate	Increase
1.85%	2.85%	3.85%
\$29,047	\$25,319	\$22,225

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 a 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, 2016 was 6.4 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, 2016 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

	Total	Expense	Deferred Outflows	Deferred (Inflows)	Amortization Period
Beginning Net Pension liability at June 30, 2015	\$12,916,341,186	\$ —	\$ —	\$ —	
Service Cost	2,132,905,650	2,132,905,650	—	—	
Interest on total Pension liability	12,109,113,805	12,109,113,805	—	—	
Plan Changes	32,310,000	32,310,000			
Experience Assumptions	980,191,881	339,193,825	1,933,340,218	(235,095,289)	6.4 years
	1,030,667,368	360,414,073	1,527,554,171	—	6.4 years
Employer contributions	(2,438,659,458)	—	—	—	
Projected investment earnings	(11,075,395,463)	(11,075,395,463)	—	—	
Member Contributions	(710,716,815)	(710,716,815)	—	—	
(Gain)/Loss on investments	10,254,813,091	643,769,480	6,526,837,479	—	5.0 years
Administrative Expense	18,507,240	18,507,240	—	—	
Net Pension Liability, June 30, 2016	<u>\$25,250,078,485</u>	<u>\$3,850,101,795</u>	<u>\$9,987,731,868</u>	<u>\$ (235,095,289)</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

	Total	Expense	Deferred Outflows	Deferred (Inflows)	Amortization Period
Beginning Net Pension liability at June 30, 2015	\$10,198,426,975	\$ —	\$ —	\$ —	
Service Cost	256,710,220	256,710,220	—	—	
Interest on total Pension liability	390,757,053	390,757,053	—	—	
Experience	(30,826,289)	(4,281,429)	—	(26,544,860)	7.2 years
Assumptions	1,352,459,162	325,908,378	1,828,900,798	—	7.2 years
Employer contributions	(512,563,741)	—	—	—	
Projected investment earnings	(3,106,220)	(3,106,220)	—	—	
(Gain)/Loss on investments	2,541,015	2,168,899	5,892,810	—	5.0 years
Administrative Expense	187,571	187,571	—	—	
Net Pension Liability, June 30, 2016	<u>\$11,654,585,746</u>	<u>\$968,344,472</u>	<u>\$1,834,793,608</u>	<u>\$ (26,544,860)</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, 2016, the CRTPA recognized pension expense of \$12,456 and \$2,104 for the FRS plan and HIS plan, respectively. In addition, the CRTPA 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	\$ 6,255	\$ (761)	\$ –	\$ (58)
Change of assumptions	4,942	–	3,973	–
Net difference between projected and actual earnings on FRS Plan investments	21,117	–	13	–
Changes in proportion and differences between Agency FRS Plan contributions and proportionate share of contributions	6,457	(2,690)	1,017	(421)
Agency FRS Plan contributions subsequent of the measurement date	1,974	–	258	–
Total	\$ 40,745	\$ (3,451)	\$ 5,261	\$ (479)

Deferred outflows of resources related to the FRS plan of \$1,974 and to the HIS plan of \$258 and resulting from CRTPA 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, 2017.

Capital Region
Transportation Planning Agency

Notes to Financial Statements (continued)

NOTE IV - OTHER INFORMATION (CONTINUED)

B. PENSION PLAN OBLIGATIONS (CONTINUED)

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:

Reporting Period Ending June 30	FRS	HIS
2017	\$ 4,962	\$ 780
2018	4,962	780
2019	13,194	777
2020	9,422	776
2021	2,069	743
Thereafter	711	668
Totals	\$ 35,320	\$ 4,524

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
Transportation Planning Agency

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 CRTPA is required to contribute at an actuarially determined rate. For fiscal year ended September 30, 2016, the Agency contributed 13.07% 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
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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
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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, 2016, the CRTPA had 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 CRTPA 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 CRTPA.

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.

3. PENSION PLAN INFORMATION

2016 Membership Statistical Information	FRS (System)	City of Tallahassee (Plan)
A. Retirees and beneficiaries of deceased retirees currently receiving benefits	1	—
B. Terminated employees entitled to benefits but not yet receiving benefits	—	—
C. Active employees	1	5

4. NET PENSION LIABILITY

The components of the net pension liability of the participating employers in the Plan as of September 30, 2016 were as follows (in thousands):

Total pension liability	\$ 1,009,166
Plan fiduciary net position	<u>983,771</u>
Employers' net pension liability (asset)	<u>\$ 25,395</u>

Plan fiduciary net position as a percentage of the total pension liability as of September 30, 2014 was 97.48 %.

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 of the Plan as of September 30, 2016 (based on measurement period ending September 30, 2015) was \$95,000. CRTPA's proportionate share of the Plan's net pension liability was 0.24% as of September 30, 2016, slightly higher than the 0.23% as it was measured as of September 30, 2015.

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, 2016. The net pension liability was also determined using a measurement date of September 30, 2016. 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, 2014
Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level percentage, closed
Remaining Amortization Period:	13 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
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 FY2016 are presented below (in thousands):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position(b)	Net Pension Liability (Asset) (a) – (b)
Balances at 9/30/2015	\$ 970,975	\$ 930,582	\$ 40,393
Changes for the year:			
Service Costs	14,964	—	14,964
Interest	74,426	—	74,426
Differences expected and actual experience	—	—	—
Current period benefit changes	—	—	—
Assumption changes	—	—	—
Employer contributions	—	14,591	(14,591)
Employee contributions	—	4,523	(4,523)
Other contributions	—	—	—
Net investment income	—	85,979	(85,979)
Benefits payments	(50,887)	(50,887)	—
Contribution refunds	(312)	(312)	—
Administrative expense	—	(705)	705
Other changes	—	—	—
Net changes	38,191	53,189	(14,998)
Balances at 9/30/16	\$ 1,009,166	\$ 983,771	\$ 25,395

5. INVESTMENTS

Plan assets are managed in accordance with the Pension Investment Policy. For the year ended September 30, 2016, the annual money-weighted rate of return on pension plan investments, net of investment expense, was 9.04%. The money-weighted rate of return takes into account cash flows into and from the various investments 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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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)

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

	Current Single Discount	
1% Decrease	Rate Assumption	1% Increase
6.75%	7.75%	8.75%
\$392,000	\$95,000	\$(151,000)

For the year ended September 30, 2016, CRTPA recognized pension expense of \$33,000 for its proportionate share of the Plan. At September 30, 2016 (based on measurement period ending September 30, 2015), CRTPA reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows on Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Differences between expected and actual experience	\$ —	\$ (35,000)	\$ (35,000)
Changes in assumptions	—	—	—
Change in Net Pension Liability due to change in cost sharing allocation percentage	—	(1,000)	(1,000)
Net difference between projected and actual earnings on pension plan investments	118,000	(31,000)	87,000
Total	<u>\$ 118,000</u>	<u>\$ (67,000)</u>	<u>\$ 51,000</u>

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 \$38,000 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:

<u>Year Ending September 30</u>	
2017	\$10,000
2018	10,000
2019	9,000
2020	22,000
2021	—
Thereafter	—
Total	<u><u>\$51,000</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, 2016, 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	\$ 32,108
Interest on net OPEB obligation	920
Adjustment to annual required contribution	<u>(836)</u>
Annual OPEB cost	32,192
Contribution made	<u>(28,197)</u>
Increase in net OPEB obligation	3,995
Net OPEB obligation - October 1	<u>34,576</u>
Net OPEB obligation - September 30	<u><u>\$ 38,571</u></u>

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
2014	\$ 10,328	42.2%	\$ 14,206
2015	\$ 10,328	33.7%	\$ 34,576
2016	\$ 32,192	-%	\$ 38,571

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	\$ 60,886	\$ 40,343	\$ (51,435)	\$ 49,794	\$ 40,343
OPEB liability	<u>34,576</u>	<u>3,995</u>	<u>—</u>	<u>38,571</u>	<u>—</u>
Total governmental debt	<u><u>\$ 97,760</u></u>	<u><u>\$ 44,338</u></u>	<u><u>\$ (51,435)</u></u>	<u><u>\$ 88,365</u></u>	<u><u>\$ 40,343</u></u>

Capital Region
Transportation Planning Agency

Notes to Financial Statements (continued)

E. EVALUATION OF SUBSEQUENT EVENTS

The CRTPA has evaluated subsequent events through July 18, 2017, the date the financial statements were available to be issued.

**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

Budgetary Comparison Schedule
General Fund

Year ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Budgetary fund balance - October 1	\$ -	\$ -	\$ -	\$ -
Resources				
Intergovernmental revenues	862,584	862,584	818,065	(44,519)
Interest earned			(3,358)	(3,358)
Amounts available for appropriations	<u>862,584</u>	<u>862,584</u>	<u>814,707</u>	<u>(47,877)</u>
Charges to appropriations				
Transportation	819,528	819,528	812,474	7,054
Transfer to other funds	-	-	-	-
Total expenditures	<u>819,528</u>	<u>819,528</u>	<u>812,474</u>	<u>7,054</u>
Budgetary fund balance - September 30	<u>\$ 43,056</u>	<u>\$ 43,056</u>	<u>\$ 2,233</u>	<u>\$ (40,823)</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, 2016)

Year ended September 30
(in thousands)

	2016	2015	2014
Total pension liability			
Service cost	\$ 14,964	\$ 14,592	\$ 16,333
Interest	74,426	71,570	70,460
Difference between actual & expected experience	-	(24,196)	-
Benefit payments	(50,887)	(47,928)	(44,510)
Refunds	(312)	(241)	(385)
Net change in Total pension liability	38,191	13,797	41,898
Total pension liability - beginning	970,975	957,178	915,280
Total pension liability - ending (a)	1,009,166	970,975	957,178
Plan Fiduciary Net Position			
Contributions - Employer	14,591	16,537	16,110
Contributions - Other	-	23	92
Contributions - Member	4,523	4,719	4,607
Net Investment Income	85,979	9,640	89,958
Benefits Payments	(50,887)	(47,928)	(44,510)
Refunds	(312)	(241)	(385)
Administrative Expense	(705)	(637)	(668)
Net change in Plan Fiduciary Net Position	53,189	(17,887)	65,204
Plan Fiduciary Net Position - beginning	930,582	948,469	883,265
Plan Fiduciary Net Position - ending (b)	983,771	930,582	948,469
Net pension liability - Ending (a) - (b)	\$ 25,395	\$ 40,393	\$ 8,709
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	97.48%	95.84%	99.09%
Covered Employee Payroll	\$ 3,501	\$ 3,311	\$ 2,477
Net Pension Liability as a percentage of Covered Employee Payroll	13.79%	8.20%	28.44%

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, 2016)

Year ended September 30, 2016
(in thousands)

	<u>Blueprint</u>	<u>CRTPA</u>	<u>CDA</u>	<u>City of Tallahassee</u>	<u>General Employees</u>
Measurement year ending September 30, 2016					
Total Pension Liability - Beginning	\$ 4,192	\$ 2,292	\$ 29,531	\$ 934,960	\$ 970,975
Total Pension Liability - Ending (a)	<u>5,162</u>	<u>2,658</u>	<u>31,648</u>	<u>969,698</u>	<u>1,009,166</u>
Plan Fiduciary Net Position - Beginning	4,018	2,197	28,302	896,065	930,582
Plan Fiduciary Net Position - Ending (b)	<u>5,032</u>	<u>2,591</u>	<u>30,851</u>	<u>945,297</u>	<u>983,771</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 130</u>	<u>\$ 67</u>	<u>\$ 797</u>	<u>\$ 24,401</u>	<u>\$ 25,395</u>
Plan Fiduciary Net Position as a percentage of					
Total Pension Liability	97.48%	97.48%	97.48%	97.48%	97.48%
Employer's proportion of the Net Pension Liability	0.53%	0.27%	3.26%	99.87%	103.93%
Covered Employee Payroll	571	294	3,501	107,272	111,638
Net Pension Liability as a percentage of					
Covered Employee Payroll	22.77%	22.79%	22.76%	22.75%	22.75%

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, 2016

Fiscal year ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 37,000	\$ 37,000	\$ -	\$ 242,000	15.29%
2015	39,000	39,000	-	257,000	15.18%
2016	38,000	38,000	-	294,000	12.93%

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>2016</u>	<u>2015</u>
CRTPA's proportion of the net pension liability	0.000323535%	0.000365860%
CRTPA's proportionate share of the net pension liability	\$ 81,693	\$ 47,256
CRTPA's covered - employee payroll	\$ 104,000	\$ 177,000
CRTPA's proportionate share of the net pension liability as a percentage of its covered employee payroll	79%	27%
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%

** 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 Program

Last Ten Fiscal Years*

	2016	2015
CRTPA's proportion of the net pension liability	0.000217247%	0.000263159%
CRTPA's proportionate share of the net pension liability	\$ 25,319	\$ 26,838
CRTPA's covered - employee payroll	\$ 104,000	\$ 177,000
CRTPA's proportionate share of the net pension liability as a percentage of its covered employee payroll	24%	15%
Plan fiduciary net position as a percentage of the total pension liability	0.97%	0.50%

** 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*

	2016	2015
Contractually required contribution	\$ 7,890	\$ 8,920
Contributions in relation to the contractually required contribution	<u>(7,890)</u>	<u>(8,920)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
CRTPA's covered payroll	\$ 104,000	\$ 177,000
Contributions as a percentage of covered-employee payroll	7.59%	5.04%

** 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 Program

Last Ten Fiscal Years*

	2016	2015
Contractually required contribution	\$ 1,114	\$ 1,006
Contributions in relation to the contractually required contribution	<u>(1,114)</u>	<u>(1,006)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
CRTPA's covered payroll	\$ 104,000	\$ 177,000
Contributions as a percentage of covered-employee payroll	1.07%	0.57%

** 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.

OTHER REPORTS

THIS SUBSECTION CONTAINS THE FOLLOWING:

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*

Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance

Schedule of Expenditures of Federal Awards

Schedule of Findings and Questioned Costs

Schedule of Prior Audit Findings

Management Letter

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, 2016, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated July 18, 2017.

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.

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

Our consideration of internal control was for the limited purpose described in the 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Findings 2016-001 and 2016-002 that we consider to be material weaknesses.

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 Findings 2016-001 and 2016-002.

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 July 18, 2017.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

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

Thomas Howell Ferguson, P.A.
Tallahassee, Florida
July 18, 2017

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

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required the Uniform Guidance

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 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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.

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, 2016.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the 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. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as Findings 2016-001 and 2016-002 that we consider to be material weaknesses.

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 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Thomas Howell Ferguson P.A. Law, Redd, Crona & Munroe, P.A.

Thomas Howell Ferguson, P.A.
Tallahassee, Florida
July 18, 2017

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

**Capital Region Transportation Planning Agency
Schedule of Expenditure of Federal Awards
For the Year Ended September 30, 2016**

<u>Federal / State Agency</u> <u>Pass-through Entity</u> <u>Federal Program / State Project</u>	<u>CFDA or</u> <u>CSFA</u> <u>Number</u>	<u>Grant</u> <u>Contract</u> <u>Number</u>	<u>Expenditures</u>
FEDERAL AWARDS			
<u>Federal Department of Transportation</u>			
Pass through Florida Department of Transportation			
Highway Planning and Construction	20.205	42383911401/ARJ23	388,195
Highway Planning and Construction	20.205	43932311401/G0D29	146,114
		42254431201/	
Highway Planning and Construction	20.205	42254421401/AR112	178,403
Highway Planning and Construction	20.205	430146-1-28-01/AQ057	29,592
Total Highway Planning and Construction			<u>742,304</u>
Metropolitan Transportation Planning	20.505	ARL33	149,917
Total Expenditures of Federal Awards			<u><u>\$ 892,221</u></u>

NOTES:

- (1) The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal programs of the Agency for the year ended September 30, 2016. All expenditures related to federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included in the accompanying Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.
- (2) The accompanying Schedule was prepared on the modified accrual basis of accounting.
- (3) There were no transfers to subrecipients during the fiscal year.
- (4) No federal assistance was expended in noncash assistance.
- (5) The Agency has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

See independent auditors' report.

**Capital Region Transportation Planning Agency
Schedule of Findings and Questioned Costs
For the Year ended September 30, 2016**

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? No

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
2 CFR 200.516(a)? Yes

Identification of major program:	<u>CFDA Number</u>	<u>Name of Federal Program</u>
		Federal Department of Transportation
		Pass-through Florida Department of Transportation
	20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? No

Section II -- Financial Statement Findings

See Finding 2016-002.

Section III -- Federal Award Findings and Questioned Costs

See Finding 2016-001.

See independent auditors' report.

**Capital Region Transportation Planning Agency
Schedule of Findings and Questioned Costs-Federal Awards
For the Year Ended September 30, 2016**

Section II – Financial Statement Findings

MATERIAL WEAKNESS

2016-002 - Untimely Remittance of Reimbursement Requests

Criteria: Capital Region Transportation Planning Agency has a number of cost reimbursement grants funded through the Florida Department of Transportation. A review of the grant agreements noted that reimbursement requests are required either monthly or no less frequently than on a quarterly basis.

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

Cause: Reimbursement requests are not being submitted in a manner consistent with the Agency's disbursement of funds for expenditures already incurred. Audit findings related to the timeliness of reimbursement requests have been reported as finding 2015-002 in the preceding fiscal year.

Effect: Because the requests 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 requests could result in the loss of any remaining unbilled funding from the Florida Department of Transportation or termination of their agreement for failure to comply with the conditions of the agreement.

Recommendation: The Agency should consider implementing a spreadsheet or other tracking mechanism to ensure that the reimbursement requests are submitted in the time period required by the agreements.

Views of responsible officials and planned corrective actions: We concur with the recommendation. The Agency will implement a spreadsheet tracking mechanism to ensure reimbursement requests are submitted in the time period required by the agreements. Additionally, as indicated above, Accounting Services staff is being utilized in the preparation of billing requests.

Capital Region Transportation Planning Agency
Schedule of Findings and Questioned Costs-Federal Awards (continued)
For the Year Ended September 30, 2016

Section III – Federal Awards Findings and Questioned Costs

We noted the following matters involving noncompliance that are required to be reported in accordance with 2 CFR 200.516(a) and Chapter 10.554(1)(l)(4), *Rules of the Auditor General*..

MATERIAL WEAKNESS

2016-001 – 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, 2016, the Agency expended over \$1 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 our current year audit, 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). These adjustments were required due to: (1) accruals made based on estimates that were not corrected upon submission of reimbursement requests; (2) amounts reported for the Regional Mobility Plan and the Capital City to the Sea grants included funding amounts from other sources as available funding for both grants which had already been fully utilized; (3) the General Planning Consultant Agreements for the Ochlocknee Trail and Jefferson County projects were inappropriately recorded in the Schedule, as they were reimbursed under the Highway Planning and Construction grants; and (4) an invoice for the Federal Transit Metropolitan Planning grant, which was for services rendered for the period through June 30, 2016 and paid to the vendor by the Agency during August 2016, had not been accrued.

Cause: The errors can be attributed primarily to the untimely submission of the reimbursement requests and the communication between the Agency's Accounting Services Division and the program managers at the Agency. Audit findings related to the Schedule have been reported as finding 2015-001 in the preceding fiscal year and finding 2014-001 in the second preceding fiscal year.

Effect: As a result of these errors, adjustments were required to increase revenue and accounts receivable in the amount of \$42,876, and an adjustment to decrease revenue and accounts receivable in the amount of \$12,997, for a net adjustment in the amount of \$29,879.

Recommendations: The Agency's Accounting Services Division must work more closely with program managers at the Agency to ensure that amounts are properly reported and accrued in preparation of the Schedule. Procedures should be implemented wherein the Agency's Accounting Services Division to be provided copies of reimbursement requests as they are submitted.

Capital Region Transportation Planning Agency
Schedule of Findings and Questioned Costs-Federal Awards (continued)
For the Year Ended September 30, 2016

Views of responsible officials and planned corrective actions: We concur with the recommendation. Processes and procedures have been reviewed and amended to utilize Accounting Services staff in the preparation of billing requests and for them to work more closely with program managers in the preparation of the Schedule of Expenditures of Federal Awards.

**Capital Region Transportation Planning Agency
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2016**

Financial Statement Findings:

2015-002 – Untimely Remittance of Invoices

Significant Deficiency: Invoices submitted to the Florida Department of Transportation were not being submitted in a timely manner, and in most instances, they were noted as submitted between three to eight months following the end of the respective quarters for which they are seeking reimbursement.

Status: See current year finding 2016-002.

Federal Awards:

2015-001 – 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 \$143,160 to correct the amount of federal and state expenditures reported in the Agency's Schedule of Expenditures of Federal Awards. Additionally, 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.

Status: See current year finding 2016-001.

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, 2016 and have issued our report thereon dated July 18, 2017.

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 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; 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 July 18, 2017, 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 #15-02 – Financial Reporting and Year-End Closing Process is repeated at 2016-003.

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, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), *Florida Statutes*, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. Management has drafted the annual financial report, which is in agreement with the annual financial audit report for the year ended September 30, 2016. The final report will be submitted to the Florida Department of Financial Services upon approval of the annual financial audit report by the Agency's Board of Directors.

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:

2016-003 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. 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 concur with the recommendation. Agency and Accounting Services staff will work together to continue to improve the year-end closing process. It is anticipated that the additional involvement of Accounting Services staff in the billing process will contribute to this as well as additional emphasis on the review process.

2016-004 Salary Allocation for Grant Funds

During our testing of the salary allocation for various grants of the Agency, we noted some inconsistencies between amounts recorded on the employee's timesheets and the amounts subsequently recorded in the Agency's general ledger. The differences noted were primarily due to the process utilized to input time for various task codes in Kronos. We also noted that there is no reconciliation being completed to ensure that task code amounts are consistent between timesheets and amounts recorded in the general ledger. Differences may impact allocation of costs and subsequent reimbursements by the various grants. As a result, we noted immaterial amounts, which were both overbilled and underbilled to the grants.

We recommend that a further analysis be completed in Kronos to account for the Agency's unique recording of their time expended on the various grants.

Management Response:

We concur with the recommendation. Agency and Accounting Services Division staff will carry out further analysis of the process used for the tracking of the Agency's time expended on their grants.

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, 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.

Thomas Howell Ferguson PA
Tallahassee, Florida
July 18, 2017

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