



## **CRTPA EXECUTIVE COMMITTEE**

MEETING OF THURSDAY, JANUARY 16, 2020 AT 3:00 PM

TALLAHASSEE CITY HALL  
CONFERENCE ROOM 4F  
300 S. ADAMS STREET  
TALLAHASSEE, FL 32301

### ***MISSION STATEMENT***

*"The mission of the CRTPA is to act as the principal forum for collective transportation policy discussions that results in the development of a long range transportation plan which creates an integrated regional multimodal transportation network that supports sustainable development patterns and promotes economic growth."*

### **FINAL AGENDA**

1. **CALL TO ORDER AND ROLL CALL**
2. **AGENDA MODIFICATIONS**
3. **CRTPA EXECUTIVE COMMITTEE ACTION**

*The public is welcome to comment on any discussion item after a motion has been made and seconded. Each member of the public is provided three (3) minutes to address the Executive Committee.*

#### **A. FY 2018 CRTPA Financial Statements**

Staff will provide an update regarding the FY 2018 Financial Statements.

#### **B. CRTPA Part-time Position**

A discussion related to the potential creation of a part-time planning position will be provided.

#### **C. CRTPA Interlocal Agreement**

A discussion on the CRTPA's Interlocal Agreement will be provided.

*If you have a disability requiring accommodations, please contact the Capital Region Transportation Planning Agency at (850) 891-8630. The telephone number of the Florida Relay TDD Service is # 711.*

4. **CRTPA EXECUTIVE COMMITTEE INFORMATION**

5. **CRTPA CITIZEN COMMENT**

This portion of the agenda is provided to allow for citizen input on any CRTPA issue. Those interested in addressing the CRTPA Executive Committee should complete a speaker request form located at the rear of the meeting room. Speakers are requested to limit their comments to three (3) minutes.

6. **EXECUTIVE DIRECTOR'S REPORT**

7. **ITEMS FROM CRTPA EXECUTIVE COMMITTEE MEMBERS**

This portion of the agenda is provided to allow members an opportunity to discuss and request action on items and issues relevant to the CRTPA, as appropriate.

January 16, 2020



Executive Committee AGENDA ITEM 3 A  
**FY 2018 CRTPA FINANCIAL STATEMENTS**

TYPE OF ITEM: Action

**STATEMENT OF ISSUE**

The purpose of this item is to discuss the FY 2018 CRTPA Financial Statements developed for the period October 1, 2017 – September 30, 2018.

**RECOMMENDED ACTION**

Option 1: Recommend the CRTPA accept the FY 2018 CRTPA Financial Statements

**HISTORY AND ANALYSIS**

Each year the CRTPA performs a financial audit as required by our FDOT grants. The Financial Statement Findings are as follows:

**2018-001 Accounting and Financial Reporting (page 47)**

Capital Region Transportation Planning Agency's management is responsible for the preparation and fair presentation of financial statements in accordance with accounting principles generally accepted in the United States of America. Additionally, CRTPA has a number of grants funded through federal and state agencies and CRTPA must comply with federal and state laws and regulations, provisions of grant agreements, and accounting and reporting requirements associated with such grants. 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.

*Condition:* During the audit, we identified accounting errors that required adjusting journal entries which also impacted the Schedule of Expenditures of Federal Awards. Amounts due from member counties related to both the prior year and current year annual true-up of actual revenues and expenses had not been billed to the member counties. We also noted reconciliations of significant due to and due from accounts with the City of Tallahassee and Leon County were not timely performed, and CRTPA's cash balances were not actively monitored during the year resulting in a negative cash balance of \$793,851 at September 30, 2018. In addition, employees' time is manually entered into the timekeeping system, Kronos, by one employee. A consistent,

documented reconciliation is not performed between the timesheets and Kronos. During our testing we noted discrepancies between the timesheets and Kronos reports both in total hours and classifications in tasks that are outlined in the grant agreement and utilized in grant reporting. *Cause:* Currently, CRTPA does not have the staffing to perform its required accounting, financial reporting and grants management duties. These responsibilities have been assigned to the City of Tallahassee's Financial Services Division, which does not have adequate resources to perform these duties on behalf of CRTPA. Audit findings related to financial reporting and staffing have been reported in the Schedule of Findings and Questioned Costs or the Management Letter as findings 2017-004 and 2017-002 in the preceding fiscal year, finding 2016-001 in the second preceding fiscal year, and finding 2015-001 in the third preceding fiscal year.

*Effect:* As a result of not having adequate accounting resources, CRTPA was not able to perform timely and accurate accounting, financial reporting and grants management duties.

*Recommendation:* CRTPA should consider hiring an accountant with the skills, experience, and knowledge to perform accounting, financial reporting and grants management duties.

*Management Response:*

#### Journal Entries

*We have discussed the adjusting journal entries with Financial Services staff. There were two adjusting entries in FY2018 due to accounting errors. First one was to recognize revenue and a receivable from Blueprint for a joint project that hadn't been billed to Blueprint. The second entry was to reverse an accrual journal for expenses recognized in FY2017 and accrue some expenses for FY2018. Comparatively there were 10 adjusting journals for accounting errors in FY2017 for similar purposes.*

#### Negative cash balance

*Because the CRTPA grants are on a cost reimbursement basis, we will always carry a net negative cash balance. Improvements made in the billing process during FY2018 resulted in more timely reimbursement of expenditures and therefore a reduction of net negative cash. During FY 2018 the net negative cash balance was decreased \$302,000 from the FY2017 balance of negative \$1,095,000. The CRTPA is continuing to successfully reduce this balance in FY2019.*

#### Timekeeping procedures

*We implemented a new process for time keeping in January 2019. The process is as follows:*

- 1. Employee timesheets are entered into Kronos by the Administrative Assistant II*
- 2. The Assistant Director reviews both the employee timesheet and Kronos input to ensure accuracy.*
- 3. The Executive Director spot checks the Kronos input against the employee timesheet prior to final signoff.*

*We have made significant progress over the past eighteen months in improving our overall accounting procedures. While we are cognizant of our direct fiduciary responsibilities, we are confident that, with*

*our continued close coordination with the Financial Services Department, we can accomplish our requirements without additional staff. However, we will continue to monitor our progress to ensure that remains the case.*

**2018-002 Services Provided by the City of Tallahassee (page 50)**

CRTPA utilizes the accounting office of the City of Tallahassee for the processing of its cash receipts and disbursements, including payroll. CRTPA's financial records are also maintained in the City of Tallahassee's accounting system. This has allowed CRTPA to participate in the City of Tallahassee's cash management system and to utilize the expertise of the City's Financial Services Department. It is important to note that this arrangement does not alleviate the CRTPA's responsibilities over internal controls, financial reporting and oversight.

During the audit of the City of Tallahassee, we observed the Treasury account bank reconciliations were performed six to eleven weeks after month end. City staff established preliminary bank reconciliation procedures beginning in April 2018. Four of the six preliminary bank reconciliations were performed five to six weeks after month-end, with the preliminary bank reconciliation for the month ended September 30, 2018 performed on December 4, 2018 and the final reconciliation performed on December 18, 2018. The delay in performing bank reconciliations has been observed and included as part of various management letter comments over the past several years. The timely reconciliation of bank accounts is a critical control activity. Cash transactions account for almost every activity of a government's operations, including payroll and the purchase of goods and services. Delays in performing this key control allows for errors or fraudulent transactions to occur and not be identified in a timely manner.

In addition, during the audit of CRTPA it was determined that the implementation of an accounting standard was not done in accordance with the standard, which required an actuarial determination of its OPEB liability and other related amounts. CRTPA relied on the City of Tallahassee's accounting staff to provide this information, which was not available and had to be requested from the actuary late in the audit process.

It is important that CRTPA understand its responsibility for controls over its accounting function and monitor the functioning of these controls. We recommend CRTPA review its accounting and financial reporting function to ensure that the services and functions provided by the City of Tallahassee on the CRTPA's behalf, are meeting the expectations of CRTPA. See also Finding 2018-001 in the Schedule of Findings and Questioned Costs.

*Management Response:*

**Timeliness of reconciliations**

*We have reviewed this finding with Financial Services and will work with them as they look to continue to improve their process. (see COT Financial Services response below). We will also determine if we can have a staff member make regular checks on the reconciliations to ensure they are being done in a timely manner.*

*COT Financial Services response: [From the City of Tallahassee Comprehensive Annual Financial Report] Financial Reporting recognizes the importance of timely bank reconciliations and has succeeded in improving the timeliness since this comment was first made. They continue to review process and have for the last couple of months been cross training another employee on this task with the goal of completing the reconciliations within one month of closing each month in the general ledger which will represent approximately 5 weeks after month end.*

*Other Post-Employment Benefits - See response to 2018-003*

*We recognize our responsibility for controls over the accounting function and will continue efforts to monitor the functioning of these controls. We are also in the process of reviewing our services agreement with the City which governs the services and functions provided to CRTPA.*

### **2018-003 Other Post-Employment Benefits (OPEB) (page 52)**

It was determined during the audit that the implementation of an accounting standard was not done in accordance with the standard, which required an actuarial determination of its OPEB liability and other related amounts. CRTPA relied on the City of Tallahassee's accounting staff to provide this information, which was not available and had to be requested from the actuary late in the audit process.

It is important that CRTPA understands its responsibility for controls over its accounting function and monitor the functioning of these controls. We recommend that CRTPA review its accounting and financial reporting function to ensure that the services and functions provided by the City of Tallahassee on CRTPA's behalf, are meeting the expectations of CRTPA.

*Management Response:*

*Prior to FY 2018, CRTPA employees received benefits through either the City of Tallahassee or Leon County. The County pension (FRS) and OPEB (HIS) plans are administered by the Florida Retirement System. The City's OPEB plan is administered by the City. As of June 2019, new CRTPA employees do not have the option to select FRS benefits. The OPEB liability and related amounts are accounting estimates provided by an independent actuary. In prior years, the CRTPA's OPEB items, under the prior standard (GASB 45), were allocated by City Financial Services based on percentage of covered payroll. In future years, under the current standard (GASB 75), the CRTPA will ensure that the independent actuarial report provides separate numerical columns for our OPEB items as allocated by the actuary based on percentage of covered payroll.*

### **2018-004 Board Governance (page 52)**

The CRTPA Board serves an important role in establishing the "tone at the top" and establishing and maintaining a control environment that fosters timely and accurate financial reporting and grants management. We recommend the CRTPA Board works with management to establish formal financial reporting and grants management monitoring procedures. Such monitoring procedures should include review by the Board of quarterly budget to actual comparisons including explanations for

variations from budget, and quarterly monitoring of progress towards the resolution of internal control findings and recommendations.

*Management Response:*

*Beginning in March 2019, the CRTPA Board began receiving quarterly budget reports detailing the utilization of each grant. In addition, periodic updates have been provided on the status of the responses to the FDOT IG Audit.*

**OPTIONS**

Option 1: Recommend the CRTPA accept the FY 2018 CRTPA Financial Statements  
(Recommended)

Option 2: CRTPA Executive Committee Discretion.

**ATTACHMENT**

Attachment 1: FY 2018 CRTPA Financial Statements

# CAPITAL REGION TRANSPORTATION PLANNING AGENCY

## Annual Financial Statements

For the Fiscal Year Ended  
September 30, 2018



**PREPARED BY:**

Financial Services Department  
Financial Reporting Division  
City of Tallahassee, Florida

# **Financial Statements**

Capital Region

Transportation Planning Agency

*Fiscal Year Ended September 30, 2018*

*with Independent Auditors' Report*

**Capital Region Transportation Planning Agency  
Financial Statements  
Fiscal Year Ended September 30, 2018**

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## **FINANCIAL SECTION**

THIS SECTION CONTAINS THE FOLLOWING SUBSECTIONS:

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Notes to Financial Statements

## 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 and each major fund of the Capital Region Transportation Planning Agency (CRTPA) as of and for the year then ended September 30, 2018, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Capital Region Transportation Planning Agency, as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note IV.F. to the financial statements, in the fiscal year ending September 30, 2018, CRTPA adopted new accounting guidance, Governmental Accounting Standards Board Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans. The October 1, 2017 net position balance has been restated to reflect the implementation of the new standard. Our opinion is not modified with respect to this matter.

## **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 5 through 9 and the required supplementary information on pages 34 through 38, 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise CRTPA's basic financial statements. The accompanying 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 information 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2019 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 solely 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 the effectiveness of CRTPA's 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  
September 19, 2019

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

## CAPITAL REGION TRANSPORTATION 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, 2018. Notes mentioned below are Notes to the Financial Statements, which follow the statements.

#### FINANCIAL HIGHLIGHTS

- Total assets and deferred outflows of resources of \$1,621,000 increased by approximately \$291,000 from the prior year primarily due to an increase in due from other governments caused by large grant reimbursements received after year end and increases in deferred pension and OPEB related deferred outflows. Total liabilities and deferred inflows of \$1,597,000 increased by approximately \$351,000 primarily due to an increase in accounts payable caused by significant extra audit fees attributed to the FY2017 audit and an increase in pension and OPEB related liabilities and deferred inflows.
- Net position decreased by approximately \$60,000 during the fiscal year primarily due to the net effect of the following prior period adjustments: a reduction of \$132,000 for the implementation of GASB 75 and an increase of \$74,000 related to the removal of the FRS pension liability for CRTPA employees that were on FRS but are no longer with the Agency.
- Revenues of \$1,463,000, primarily operating grants, were received during the fiscal year, as compared to approximately \$1,060,000 in prior year. Expenses of \$1,465,000, primarily personnel expenses and contractual services, were incurred during the fiscal year, as compared to approximately \$1,118,000 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<br>Financial Statements | Fund<br>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. The CRTPA does not have these types of activities.

### **FUND FINANCIAL STATEMENTS**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of CRTPA's funds are considered to be governmental funds. CRTPA maintains a general fund and a special revenue fund; both of which are considered major funds. The following chart describes the fund requirements:

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

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

The following table reflects the condensed Statement of Net Position compared to the prior year. Deferred inflows of resources increased by \$117,000. CRTPA's net position decreased by approximately \$60,000 in fiscal year 2018. Total assets increased by approximately \$138,000 and total liabilities increased by approximately \$234,000.

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

|   | <u>2018</u>  | <u>2017</u>  | <u>\$ Change</u> |
|---|--------------|--------------|------------------|
| <b>Assets</b>                                   |              |              |                  |
| Current assets                                  | \$ 1,224     | \$ 1,084     | \$ 140           |
| Capital assets, net of accumulated depreciation | 9            | 11           | (2)              |
| Total assets                                    | <u>1,233</u> | <u>1,095</u> | <u>138</u>       |
| <b>Deferred outflows</b>                        | 388          | 235          | 153              |
| Total assets and deferred outflows              | <u>1,621</u> | <u>1,330</u> | <u>291</u>       |
| <b>Liabilities</b>                              |              |              |                  |
| <b>Current liabilities</b>                      |              |              |                  |
| Accounts Payable                                | 185          | 97           | 88               |
| Due to Other Governments                        | 794          | 740          | 54               |
| Compensated Absences                            | 46           | 45           | 1                |
|   | <u>1,025</u> | <u>882</u>   | <u>143</u>       |
| <b>Noncurrent liabilities</b>                   |              |              |                  |
| Net OPEB Obligation                             | 173          | 43           | 130              |
| Net Pension Liability                           | 193          | 226          | (33)             |
| Compensated Absences                            | -            | 6            | (6)              |
|   | <u>366</u>   | <u>275</u>   | <u>91</u>        |
| Total liabilities                               | <u>1,391</u> | <u>1,157</u> | <u>234</u>       |
| <b>Deferred inflows of resources</b>            | 206          | 89           | 117              |
| Total liabilities and deferred inflows          | <u>1,597</u> | <u>1,246</u> | <u>351</u>       |
| <b>Net position</b>                             |              |              |                  |
| Net investment in capital assets                | 9            | 11           | (2)              |
| Unrestricted                                    | 15           | 73           | (58)             |
| Total net position                              | <u>\$ 24</u> | <u>\$ 84</u> | <u>\$ (60)</u>   |

## CHANGES IN NET POSITION

In 2018, CRTPA's total revenues were \$1,463,000 and expenses were \$1,465,000, resulting in an a decrease in net position of \$2,000. Revenues consisted primarily of operating grants and contributions; expenses consisted primarily of personnel costs and contractual services. The following table shows comparative revenues and expenses by sources and programs and the resulting change in net position:

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

|   | <b>FINANCIAL STATEMENTS</b> |                |                  |
|---|-----------------------------|----------------|------------------|
|   | <u>2018</u>                 | <u>2017</u>    | <u>\$ Change</u> |
| <b>Program revenues</b>                   |                             |                |                  |
| <b>Operating grants and contributions</b> |                             |                |                  |
| Operating grants and contributions        | \$ 1,469                    | \$ 1,060       | \$ 409           |
| Decrease in FMV of investments            | (6)                         | -              | (6)              |
| Total program revenues                    | <u>1,463</u>                | <u>1,060</u>   | <u>403</u>       |
| <b>Expenses</b>                           |                             |                |                  |
| Transportation                            | 1,462                       | 1,115          | 347              |
| Depreciation                              | 3                           | 3              | -                |
| Total expenses                            | <u>1,465</u>                | <u>1,118</u>   | <u>347</u>       |
| Increase (decrease) in net position       | <u>\$ (2)</u>               | <u>\$ (58)</u> | <u>\$ 56</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<br/>Balances<br/>9/30/2017</u> | <u>Sources</u>  | <u>Uses</u>     | <u>Sources Over<br/>(Under) Uses</u> | <u>Fund<br/>Balance<br/>9/30/2018</u> |
|-----------------|--|-----------------|-----------------|--------------------------------------|---------------------------------------|
| General         | \$ 153                                 | \$ 756          | \$ 758          | \$ (2)                               | \$ 151                                |
| Special revenue | 94                                     | 706             | 706             | -                                    | 94                                    |
| Total           | <u>\$ 247</u>                          | <u>\$ 1,462</u> | <u>\$ 1,464</u> | <u>\$ (2)</u>                        | <u>\$ 245</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 2019 BUDGET**

CRTPA's General Fund Budget for fiscal year 2019 totaling \$855,201 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 Financial Reporting Division, 300 South Adams Street, Box A-29, Tallahassee, Florida 32301-1731 or by calling 850-891-8048.

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## **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  
Fund Financial Statements  
Notes to Financial Statements

**Capital Region Transportation Planning Agency**  
**Statement of Net Position**  
**September 30, 2018**  
(in thousands)

**Assets and deferred outflows of resources**

|  |                 |
|--|-----------------|
| Current assets:  |                 |
| Due from other governments                               | \$ 1,224        |
| Total current assets                                     | <u>1,224</u>    |
| Capital assets:  |                 |
| Capital assets, net of accumulated depreciation          | 9               |
| Total assets   | <u>1,233</u>    |
| Deferred outflows of resources:                          |                 |
| Pension related deferred outflows                        | 378             |
| Other post-employment benefits related deferred outflows | 10              |
| Total deferred outflows of resources                     | <u>388</u>      |
| Total assets and deferred outflows of resources          | <u>\$ 1,621</u> |

**Liabilities, deferred inflows of resources and net position**

|  |                 |
|--|-----------------|
| Current liabilities:   |                 |
| Accounts payable   | \$ 185          |
| Due to other governments   | 794             |
| Compensated absences   | 46              |
| Total current liabilities  | <u>1,025</u>    |
| Noncurrent liabilities:  |                 |
| Net other post-employment benefits obligation                      | 173             |
| Net pension liability  | 193             |
| Total noncurrent liabilities                                       | <u>366</u>      |
| Total liabilities  | <u>1,391</u>    |
| Deferred inflows of resources:                                     |                 |
| Pension related deferred inflows                                   | 196             |
| Other post-employment benefits related deferred inflows            | 10              |
| Total deferred inflows of resources:                               | <u>206</u>      |
| Net position:  |                 |
| Net investment in capital assets                                   | 9               |
| Unrestricted   | 15              |
| Total net position   | <u>24</u>       |
| Total liabilities, deferred inflows of resources, and net position | <u>\$ 1,621</u> |

*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, 2018**  
(in thousands)

| <b>Function/Programs</b>                         | <b>Expenses</b> | <b>Program Revenues</b>     |   |   | <b>Net</b>   |
|--|-----------------|-----------------------------|---|---|--|
|  |                 | <b>Charges for Services</b> | <b>Operating Grants and Contributions</b> | <b>Capital Grants and Contributions</b> | <b>(Expenses) Revenues and Changes in Net Position</b> |
|  |                 |                             |   |   | <b>Primary Governmental Activities</b>                 |
| Primary government:                              |                 |                             |   |   |  |
| Transportation                                   | \$ 1,462        | \$ -                        | \$ 1,469                                  | \$ -                                    | \$ 7   |
| Depreciation                                     | <u>3</u>        | <u>-</u>                    | <u>-</u>                                  | <u>-</u>                                | <u>(3)</u>   |
| Total primary government                         | <u>\$ 1,465</u> | <u>\$ -</u>                 | <u>\$ 1,469</u>                           | <u>\$ -</u>                             | <u>\$ 4</u>  |
| General revenues:                                |                 |                             |   |   |  |
| Decrease in fair value of investments            |                 |                             |   | \$                                      | <u>(6)</u>   |
| Change in net position                           |                 |                             |   |   | <u>(2)</u>   |
| Net position - October 1, 2017                   |                 |                             |   |   | 84   |
| Adjustment to net position as of October 1, 2017 |                 |                             |   |   | <u>(58)</u>  |
| Net position - September 30, 2018                |                 |                             |   | \$                                      | <u><u>24</u></u>                                       |

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

**Capital Region Transportation Planning Agency**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2018**  
(in thousands)

|                                     | <u>General</u> | <u>Special<br/>Revenue</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|-------------------------------------|----------------|----------------------------|---|
| <b>Assets</b>                       |                |                            |   |
| Due from other governments          | \$ 704         | \$ 520                     | \$ 1,224                                |
| Total assets                        | <u>\$ 704</u>  | <u>\$ 520</u>              | <u>\$ 1,224</u>                         |
| <b>Liabilities and fund balance</b> |                |                            |   |
| Accounts payable                    | \$ 96          | \$ 89                      | \$ 185                                  |
| Due to other governments            | 457            | 337                        | 794                                     |
| Total liabilities                   | <u>553</u>     | <u>426</u>                 | <u>979</u>                              |
| Fund balance:                       |                |                            |   |
| Committed                           | 151            | 94                         | 245                                     |
| Total fund balance                  | <u>151</u>     | <u>94</u>                  | <u>245</u>                              |
| Total liabilities and fund balance  | <u>\$ 704</u>  | <u>\$ 520</u>              | <u>\$ 1,224</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, 2018  
 (in thousands)**

|   |    |  |
|---|----|--|
| Total fund balance per the governmental fund financial statements   | \$ | 245                                    |
| Amounts reported for governmental activities in the Statement of Net Position are different because:  |    |  |
| Deferred outflows of resources related to the pension liability and the OPEB obligation are not receivable in the current period and are not reported in the funds.     |    | 388                                    |
| OPEB are not due and payable in the current period and, therefore, are not reported in the governmental funds.  |    | (173)                                  |
| Certain amounts related to the net pension liability are deferred and amortized over time and are not reported in the funds.  |    | (193)                                  |
| Deferred inflows of resources related to the pension liability and the OPEB obligation are not due and payable in the current period and are not reported in the funds. |    | (206)                                  |
| Compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.  |    | (46)                                   |
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.                          |    | 9                                      |
|   |    | <hr style="border: 1px solid black;"/> |
| Total net position per the government-wide statement of net position  | \$ | <u>24</u>                              |

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

**Capital Region Transportation Planning Agency  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Governmental Funds  
Year ended September 30, 2018  
(in thousands)**

|   | <u>General</u> | <u>Special<br/>Revenue</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|----------------|----------------------------|---|
| <b>Revenues by source:</b>                      |                |                            |   |
| Intergovernmental:                              |                |                            |   |
| Federal   | \$ 799         | \$ -                       | \$ 799                                  |
| State   | -              | 586                        | 586                                     |
| Local   | -              | 120                        | 120                                     |
| CRTPA Members                                   | (37)           | -                          | (37)                                    |
| Decrease in fair market value of<br>investments | (6)            | -                          | (6)                                     |
| Total revenues                                  | <u>756</u>     | <u>706</u>                 | <u>1,462</u>                            |
| <b>Expenditures:</b>                            |                |                            |   |
| Current:  |                |                            |   |
| Transportation:                                 |                |                            |   |
| Personnel services                              | 565            | -                          | 565                                     |
| Operating expenses                              | 128            | 706                        | 834                                     |
| Administrative charges                          | 65             | -                          | 65                                      |
| Total expenditures                              | <u>758</u>     | <u>706</u>                 | <u>1,464</u>                            |
| Excess of revenues over (under)<br>expenditures | <u>(2)</u>     | <u>-</u>                   | <u>(2)</u>                              |
| Net change in fund balance                      | (2)            | -                          | (2)                                     |
| Fund balances - October 1                       | <u>153</u>     | <u>94</u>                  | <u>247</u>                              |
| Fund balances - September 30                    | <u>\$ 151</u>  | <u>\$ 94</u>               | <u>\$ 245</u>                           |

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

**Capital Region Transportation Planning Agency  
Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year ended September 30, 2018  
(in thousands)**

|  |    |                   |
|--|----|-------------------|
| Net change in fund balance per the governmental fund financial statements  | \$ | (2)               |
| 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. |    | 4                 |
| 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)               |
| Pension related items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as an expenditure in the governmental funds.                          |    | (4)               |
| OPEB related items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as an expenditure in the governmental funds.                             |    | <u>2</u>          |
| Change in net position per the government-wide Statement of Activities   | \$ | <u><u>(2)</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 the Financial Statements**  
**September 30, 2018**

**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 interlocal 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.

**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 primarily consisted of grant revenues from the US Department of Transportation, passed through 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.

**Capital Region Transportation Planning Agency  
Notes to the Financial Statements  
September 30, 2018**

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

**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.

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 including federal operating grants and contributions from the CRTPA members.
- The Special Revenue Fund accounts for state grant and local 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 / DEFERRED INFLOWS AND OUTFLOWS**

**CASH AND CASH EQUIVALENTS/INVESTMENTS** - CRTPA considers cash on hand, demand deposits, liquid investments with an original maturity of 90 days or less, and balances included within the City of Tallahassee's (City) cash and investments pool to be cash and cash equivalents. The City's cash and investments pool is an internal cash management pool used to obtain efficiencies of operation and improved financial performance, and includes certain non-pension cash, cash equivalent, and investment securities. CRTPA maintains a share in the equity of the pool which is reported as cash and cash equivalents in the statement of net position since cash may be withdrawn from the pool at any time without penalty. Interest earned by the cash and investments pool is distributed to CRTPA monthly based on daily balances. Liquid investments classified as cash and cash equivalents include repurchase agreements purchased under the terms of the City's depository contract, open repurchase agreements, certificates of deposit, banker's acceptances, commercial paper, and U.S. Treasury direct and agency obligations. Investment securities are carried at fair value.

The bank balances are insured by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Depository Act (the Act). 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.

**Capital Region Transportation Planning Agency  
Notes to the Financial Statements  
September 30, 2018**

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

**D. ASSETS, LIABILITIES, AND NET POSITION / DEFERRED INFLOWS AND OUTFLOWS (continued)**

Investments held in the cash and investments pool measured at fair value are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets. Investments classified in Level 2 of the fair value hierarchy are based upon observable, market-based inputs for similar, but not identical, investments. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Investments classified in Level 3 of the fair value hierarchy are based upon extrapolated data, proprietary pricing models and indicative quotes for similar securities.

CRTPA has adopted the City's Non-Pension Investment Policy, therefore, the investment policies used by CRTPA are the investment policies of the City. The City's Non-Pension Investment Policy, which is approved by the City Commission, governs the investment of all non-pension monies of the City, including the cash and investments pool, and specifies the types of investments that are authorized for purchase. The investment 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. Under the Non-Pension Investment Policy, the City Treasurer-Clerk is designated to invest all monies belonging to the City pursuant to the policy, and is responsible for managing the day-today investment of all monies. The investment policy is described in more detail in the City's Comprehensive Annual Financial Report (CAFR) along with fair value and credit and interest rate disclosures pertaining to the cash and investments pool. The City CAFR may be obtained by contacting the Financial Services Director at Mailbox A-29, 300 South Adams Street, Tallahassee, Florida 32301 or via the web at Patrick.Twyman@talgov.com.

**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, 2018.

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              |                          | -                     |

**Capital Region Transportation Planning Agency  
Notes to the Financial Statements  
September 30, 2018**

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

**D. ASSETS, LIABILITIES, AND NET POSITION / DEFERRED INFLOWS AND OUTFLOWS (continued)**

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.

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.

**Capital Region Transportation Planning Agency  
Notes to the Financial Statements  
September 30, 2018**

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

**A. BUDGETARY INFORMATION**

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

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

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

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

**NOTE III - Detail Notes - All Funds**

**A. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2018 was as follows (in thousands):

|                                    | Beginning<br>Balance | Increases     | Decreases   | Ending<br>Balance |
|------------------------------------|----------------------|---------------|-------------|-------------------|
| Governmental activities:           |                      |               |             |                   |
| Depreciable assets                 |                      |               |             |                   |
| Equipment                          | \$ 29                | \$ -          | \$ -        | \$ 29             |
| Total depreciable assets           | <u>29</u>            | <u>-</u>      | <u>-</u>    | <u>29</u>         |
| Less accumulated depreciation for: |                      |               |             |                   |
| Equipment                          | 17                   | 3             | -           | 20                |
| Total capital assets, net          | <u>\$ 12</u>         | <u>\$ (3)</u> | <u>\$ -</u> | <u>\$ 9</u>       |

There was \$3,000 of depreciation expense during the year ended September 30, 2018.

**B. 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 provides up-front funding to the CRTPA; as of September 30, 2018 the net amount due from the CRTPA members was approximately \$14,933.

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, 2018, the amount of these charges was \$65,193.

**Capital Region Transportation Planning Agency  
Notes to the Financial Statements  
September 30, 2018**

**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 (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, 2018. In the past three years, there have been no claims.

**B. PENSION PLAN OBLIGATIONS**

**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. There are no active employees participating 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 (The Plan).

|  | City of<br>Tallahassee<br>Plan |
|--|--------------------------------|
| <b>Plan Obligations and Expense (in thousands):</b>                      |                                |
| Net pension liability  | \$ 193                         |
| Pension related deferred outflows  | 378                            |
| Pension related deferred inflows   | \$ (196)                       |
| <b>Membership Statistical - 2017</b>                                     |                                |
| Retirees and beneficiaries of deceased retirees                          | -                              |
| Terminated employees entitled to benefits but not yet receiving benefits | -                              |
| Active employees   | 5                              |

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. Currently, there are five (5) employees participating in the plan

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 City Plan. The City's financial statements may be obtained by contacting the Financial Services Director at Mailbox A-29, 300 South Adams Street, Tallahassee, Florida 32301 or via the web at Patrick.Twyman@talgov.com.

**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. for general employees with Parts A, B and C are closed to new participants. Effective April 1, 2013, the City Commission approved changes to the City's General Employees' Pension Plan creating Part D participants. Part D provides coverage to all new employees hired after that date. All members of the City Plan are covered by one of these parts depending upon employment date. These parts provide a detailed description of the various defined benefit provisions. These provisions include the types of employees covered, benefit provisions, employee eligibility requirements for normal, early and/or

**Capital Region Transportation Planning Agency  
Notes to the Financial Statements  
September 30, 2018**

**NOTE IV - Other Information (continued)**

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

1. DEFINED BENEFIT PROVISION (continued)

vested retirements, and the related benefits of these retirement, pre-retirement death benefits, and provisions for disability retirement. There are also post retirement cost-of-living adjustments (COLA) and health care supplements.

|                                     | <b>City Plan</b>   |   |
|-------------------------------------|--|---|
|                                     | <b>Part C—Employees hired prior to April 1, 2013</b>   | <b>Part D—Employees hired after April 1, 2013</b>   |
| <b>Normal Retirement Benefits:</b>  |  |   |
| Age                                 | 62 (or 30 years of Credited Service, regardless of age)  | 65 (or 33 years of Credited Service, regardless of age)                                     |
| Years of Credited Service (minimum) | 5  | 5   |
| Benefit Calculation                 | 2.25% x AFC x Years of Credited Service  | 2.25% x AFC x Years of Credited Service   |
| Average Final Compensation (AFC)    | Higher of: 1) final 3 yrs; 2) any consecutive 3 yrs – 1/1987 to 12/2005, escalated by 3%; or 3) any consecutive 3 yrs during 1/1987 to the date of retirement.   | Average of the highest consecutive 5 years of Credited Service                              |
| Maximum Benefit                     | 81% of AFC   | 81% of AFC  |
| COLA                                | 3% increase in benefits each 10/1 starting at the later of normal retirement date, or age 55 (under age and service eligibility); or age 50 (under service eligibility)  | 3% increase in benefits each 10/1 starting at the later of normal retirement date of age 65 |
| Early Retirement                    | If a member is retiring under the age and service eligibility, Normal Retirement Benefit is reduced by 4.8% per year for each year by which the Early Retirement date precedes the Normal Retirement date.<br>If a member is retiring under the service eligibility, the Normal Retirement Benefit is reduced by 5% per year for each year by which the Early Retirement date precedes the Normal Retirement date. |   |

|   | <b>City Plan</b>   |   |
|---|--|---|
|   | <b>Part C—Employees hired prior to April 1, 2013</b>   | <b>Part D—Employees hired after April 1, 2013</b> |
| <b>Normal Retirement Benefits:</b>  |  |   |
| Disability  | Five years of Credited Service for non-service connected disability. None for service connected disability.<br>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 on the date of disability. |   |
| <b>Contributions Rates – actuarially determined as of October 1, 2017</b> |  |   |
| City  | 18.53%   |   |
| Employee  | 5.00%  |   |

2. DEFINED CONTRIBUTION PROVISION

The City 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. 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

**Capital Region Transportation Planning Agency  
Notes to the Financial Statements  
September 30, 2018**

**NOTE IV - Other Information (continued)**

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

2. DEFINED CONTRIBUTION PROVISION (continued)

contract, the Plan will increase the amount of funds (only on the CRTPA'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. There were no forfeitures reflected in the employer's contribution amounts.

Net Pension Liability – The total and net pension liability for the reporting period ending September 30, 2018 were determined as of September 30, 2017, as reported in the October 1, 2017 actuarial valuation.

The CRTPA's proportionate share of the City Plan is based on the covered payroll, since that was the basis for determining employer contributions. The CRTPA's portion of the net pension liability of the City Plan as of September 30, 2018 was as follows (in thousands):

|   |          |
|---|----------|
| Total pension liability                                       | \$ 3,878 |
| Plan fiduciary net position                                   | 3,685    |
| Net pension liability   | 193      |
| Plan fiduciary net position as a % of total pension liability | 95.02%   |
| CRTPA's proportion of the net pension liability               | 0.34%    |

Actuarial Methods and Assumptions – The CRTPA's total pension liability and contribution rates was determined by an actuarial valuation as of October 1, 2017, using the following significant actuarial assumptions applied to all periods included in the measurement. The actuarially determined contribution rates are calculated as of October 1, 2016, which is two years prior to the end of the fiscal year in which contributions are reported. The actuarially determined contribution is projected to the contribution year using conventional actuarial projection methods.

|   | City Plan   |
|---|---|
| Valuation Date                            | October 1, 2017   |
| Actuarial Cost Method                     | Entry age, normal   |
| Retirement Age                            | Experience - based table of rates that are specific to the type of eligibility condition.   |
| Remaining Amortization Period             | 20 years  |
| Asset Valuation Method                    | 20% of the difference between expected actuarial value and market value is recognized annually with a 20% corridor around market value  |
| Inflation rate                            | 2.50%   |
| Salary Increase, Including Inflation Rate | A blend of 33.33% of 3.5% and 66.67% of a range of 2.95% to 5%, depending on completed years of service including inflation.  |
| Investment Rate of Return                 | 7.60%   |
| Mortality Rate:                           | The mortality tables used are the same as those used in the July 1, 2016 Pension Actuarial Valuation for the Florida Retirement System (FRS) for Regular Class Members, as required under Florida Statutes. Chapter 112.63. These tables are the RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for postretirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For males the base mortality rates include a 50% blue collar adjustment and a 50% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. |
| Experience Study                          | The last experience study was prepared on June 24, 2016. Based on this, new salary, retirement, employment separation, disability and administrative assumptions are being phased in over a three-year period.  |

**Capital Region Transportation Planning Agency  
Notes to the Financial Statements  
September 30, 2018**

**NOTE IV - Other Information (continued)**

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

**3. INVESTMENTS**

Investments – Plan assets are managed in accordance with the City Plan's Pension Investment Policy. The table below presents the adopted asset allocation as of September 30, 2018.

| Asset Class             | Target<br>Allocation<br>Percentage | Long-Term<br>Expected Real<br>Rate of Return |
|-------------------------|------------------------------------|--|
| Domestic equity         | 40%                                | 5.9%   |
| International equity    | 10%                                | 6.9%   |
| Emerging markets equity | 5%                                 | 9.0%   |
| Fixed income            | 20%                                | 1.3%   |
| Real estate             | 15%                                | 4.4%   |
| Private equity          | 5%                                 | 10.1%  |
| Timber                  | 5%                                 | 5.1%   |
| <b>Total</b>            | <b>100%</b>                        |  |

The City Plan's investments are managed by various investment managers under contract with the Boards who have discretionary authority of the assets managed by them and within the City Plan's investment guidelines as established by the Board. The investments are held in trust by the City Plan's custodian in the City Plan's name. The City of Tallahassee Sinking Fund Commission is responsible for making investment policy changes. These assets are held exclusively for the purpose of providing benefits to members of the City Plan and their beneficiaries.

For the year ended September 30, 2018, the annual money-weighted rate of return on the City Plan's investments, net of investment expense, was 8.6%. The money-weighted rate of return takes into account cash flows into and from the various investments of the City Plan.

The long-term expected rate of return on pension plan investments is based upon an asset allocation study that was conducted for the City Plan by its investment consultant toward the end of fiscal year 2018. The study was prepared by the City 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.

**4. DISCOUNT RATES**

Discount Rates – A single discount rate of 7.60% was used to measure the total pension liability for the City Plan. This single discount rate was based on the expected rate of return on pension plan investments of 7.60%. The projection of cash flows used to determine this single discount rate assumed that employee 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 employee rate. Based on these assumptions, the City 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 investments (7.60%) was applied to all periods of projected benefits payments to determine the total pension liability.

**Capital Region Transportation Planning Agency  
Notes to the Financial Statements  
September 30, 2018**

**NOTE IV - Other Information (continued)**

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

4. DISCOUNT RATES (continued)

The table below represents the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the City Plan and the CRTPA's proportionate share if the discount rate calculated is 1% higher or 1% lower than the current discount rate (in thousands):

|                             | CRTPA Net Pension Liability (Asset) – City Plan |                                  |                        |
|-----------------------------|---|----------------------------------|------------------------|
|                             | 1% Decrease<br>(6.70%)                          | Current Discount Rate<br>(7.70%) | 1% Increase<br>(8.70%) |
| City Plan                   | \$ 208,561                                      | \$ 56,270                        | \$ (68,825)            |
| CRTPA'S Proportionate Share | \$ 715  | \$ 193                           | \$ (236)               |

Pension Expense and Deferred Outflows/(Inflows) of Resources – In accordance with GASB 68, paragraphs 54 and 71, changes in the net pension liability are recognized as pension expense in the current measurement period, except as 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 systematic and rational method over a closed 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.
- ◆ Changes in proportion and differences between contributions and proportionate share of contributions 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.

For the year ended September 30, 2018, CRTPA recognized pension expense of \$77,000 for its proportionate share of the Plan. At September 30, 2018, CRTPA reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources (in thousands):

|  | Deferred<br>Outflows of<br>Resources | Deferred Inflows<br>of Resources | Net Deferred<br>Outflows<br>(Inflows) of<br>Resources |
|--|--------------------------------------|----------------------------------|---|
| Differences between expected and actual experience                               | \$ 62                                | \$ (15)                          | \$ 47   |
| Assumption Changes   | 150                                  | -                                | 150   |
| Change in cost-sharing allocation percentage                                     | 35                                   | (1)                              | 34  |
| Net difference between projected and actual earnings on pension plan investments | 58                                   | (180)                            | (122)   |
| Total  | <u>\$ 305</u>                        | <u>\$ (196)</u>                  | <u>\$ 109</u>   |

**Capital Region Transportation Planning Agency  
Notes to the Financial Statements  
September 30, 2018**

**NOTE IV - Other Information (continued)**

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

4. DISCOUNT RATES (continued)

Deferred outflows of resources related to the City Plan in the amount of \$73,000 related to CRTPA contributions to the plan 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as follows (in thousands):

| <u>Year Ending<br/>September 30,</u> |    |                   |
|--------------------------------------|----|-------------------|
| 2019                                 | \$ | 24                |
| 2020                                 |    | 37                |
| 2021                                 |    | 15                |
| 2022                                 |    | 18                |
| 2023                                 |    | <u>15</u>         |
| Total                                | \$ | <u><u>109</u></u> |

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

As discussed in Note IV.B., employees of the CRTPA have the option of participating in either the County's or the City's benefit programs. The CRTPA, through the City's Retiree Medical Insurance Plan (OPEB Plan), provides health insurance and prescription drug coverage to its 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, the CRTPA, via its participation in the City's program, has elected to provide a partial subsidy to its retirees to offset the cost of such health insurance. As of September 30, 2018, there were no employees of the CRTPA receiving benefits under the OPEB Plan. The City does not issue a stand alone financial report on the OPEB Plan. The City of Tallahassee's Other Post-Employment Benefit Plan is described in more detail in the City's Comprehensive Annual Financial Report along with the Schedule of Funding Progress. That report may be obtained by writing to Department of Financial Services, 300 South Adams Street, Tallahassee, Florida 32301 or by calling 850-891-8520.

CRTPA's proportionate share of the City's OPEB Plan is 0.20% and was determined based on the amount of covered payroll as an estimate for determining each employer's proportionate share. The aggregate amounts, reported by the CRTPA as of September 30, 2018, of net OPEB liabilities, related deferred inflows and outflows of resources, and OPEB expenses using a valuation date of October 1, 2016 and rolled forward to September 30, 2017, the measurement date, are summarized as follows (in thousands):

| OPEB Plan Obligations and Expenses | CRTPA Share of City Plan Amounts |
|------------------------------------|----------------------------------|
| Net OPEB Liability                 | \$173                            |
| OPEB Related Deferred Outflows     | 10                               |
| OPEB Related Deferred Inflows      | 10                               |
| OPEB Expense                       | 8                                |

*Benefits* - A member receives a reduced rate on the health insurance premium for the City's health insurance plan. All reduced rate premiums will be deducted from the retiree's pension benefit. If the health insurance premium exceeds the pension benefit amount, the member will pay the City for the difference.

*Eligibility* - A member may continue on the City's health insurance plan upon retirement if the member is drawing a pension for Normal Retirement, Early Retirement or Disability Retirement. The retiree may continue to cover any qualified dependents that were on the City's health insurance plan at the time of retirement. A member who is a Deferred Retiree (eligible to retire upon termination but chooses to defer the commencement of a pension benefit) may choose to remain on the City's health insurance plan and pay the reduced health insurance premium until the commencement of a pension

**Capital Region Transportation Planning Agency  
Notes to the Financial Statements  
September 30, 2018**

**NOTE IV - Other Information (continued)**

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

benefit.

*Funding Policy* - The contribution requirements of OPEB Plan members and the City are established and may be amended by the City Commission. These contributions are neither mandated or guaranteed. The City has retained the right to unilaterally modify its payment for retiree health care benefits. Effective October 1, 2010, the City implemented a "cap" on employer contributions for retirees. Accordingly, the City's subsidy was frozen at the 2010 levels, and retirees must absorb all future premium rate increases.

*Net OPEB Liability* - At September 30, 2018, the Agency reported a liability of \$173,000 for its employees' proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2017.

The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of October 1, 2016. An expected total OPEB liability as of September 30, 2017 was determined using standard roll-forward techniques.

The total OPEB liability was determined by an actuarial valuation as of October 1, 2016 rolled forward one year. The significant assumptions used were as follows:

|                                 |   |
|---------------------------------|---|
| Actuarial Cost Method           | Entry Age Normal  |
| Normal Inflation                | 2.5%.   |
| Discount Rate                   | 3.54%, the resulting Single Discount Rate based on the expected rate of return on OPEB Plan investments as of September 30, 2017 at 7.70% and the long term municipal bond rate as of September 29, 2017 at 3.50%.  |
| Salary Increases                | 3.32% to 5.47%, including inflation; varies by plan type and years of service.  |
| Retirement Age                  | Experience based table of rates that are specific to the plan and type of eligibility condition.  |
| Mortality                       | RP 2000 Healthy Annuitant Mortality Table, with mortality improvements projected to all future years using Scale BB. For females, the base mortality rates include a 100% white collar adjustment. For males, the base mortality rates include a 50% white collar adjustment and a 50% blue collar adjustment. These are the same mortality rates currently in use for Regular Class members of the Florida Retirement System (FRS). They are based on the results of a statewide experience study covering the period 2008 through 2013. |
| Healthcare Cost Trend Rates     | Based on the Getzen Model, with trend starting at 7.5% and gradually decreasing to an ultimate trend rate of 4.72% (including the impact of the excise tax).  |
| Aging factors to Death Expenses | Based on the 2013 SOA Study "Health Care Costs From Birth to Death;   |
| Other Information Note:         | There were no benefit changes during the year.<br>Assumption changes reflect the change in the Single Discount Rate from the beginning of the year at 3.54% to the end of the year at 3.83% (the resulting Single Discount Rate based on the expected rate of return on OPEB Plan investments as of September 30, 2018 at 7.70% and the long-term municipal bond rate as of September 30, 2017 at 3.50%).   |

**Capital Region Transportation Planning Agency  
Notes to the Financial Statements  
September 30, 2018**

**NOTE IV - Other Information (continued)**

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

*Sensitivity of net OPEB Liability to changes in the Single Discount Rate* - The following presents the plan's net OPEB liability, calculated using a Single Discount Rate of 3.54%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher (in thousands):

| Current Single Discount<br>Rate Assumption |       |                   |
|--|-------|-------------------|
| 1% Decrease 2.54%                          | 3.54% | 1% Increase 4.54% |
| \$194                                      | \$173 | \$151             |

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates* - The following presents the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher (in thousands):

| Current Healthcare<br>Cost Trend Rate<br>Assumption |            |                                     |
|---|------------|-------------------------------------|
| 1% Decrease<br>(6.5% down to 3.72%)                 | Assumption | 1% Increase<br>(8.5% down to 5.72%) |
| \$155   | \$173      | \$190                               |

OPEB Expense and Deferred Outflows/(Inflows) of Resources Related to OPEB - In accordance with GASB 75, changes in the net OPEB liability are recognized as OPEB expense in the current measurement period, except as shown below. For each of the following, a portion is recognized in OPEB expense in the current measurement period, and the balance is amortized as deferred outflows or inflows of resources using a systematic and rational method over a closed 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 benefits through the OPEB 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 benefits through the OPEB plan, both active and inactive.
- Changes in proportion and differences between contributions and proportionate share of contributions which are amortized over the average expected remaining service life of all employees that are provided with benefits through the OPEB plan, both active and inactive.
- Differences between expected and actual earnings on OPEB plan investments are amortized over five years.

**Capital Region Transportation Planning Agency  
Notes to the Financial Statements  
September 30, 2018**

**NOTE IV - Other Information (continued)**

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

Based on a valuation date of October 1, 2016 and a measurement date of September 30, 2017, CRTPA recognized OPEB expenses of (\$8,000) for the year ended September 30, 2018. At September 30, 2018, CRTPA reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources (in thousands):

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Net Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|---|
| Assumption Changes  | \$ -                                 | \$ 8                                | \$ 8                                    |
| Net difference between projected and actual earnings on OPEB plan investments | -                                    | 2                                   | 2                                       |
| <b>Total</b>  | <b>\$ -</b>                          | <b>\$ 10</b>                        | <b>\$ 10</b>                            |

Deferred outflows of resources related to the plan of \$10,000, resulting from CRTPA contributions to the plan paid subsequent to the measurement date and prior to the CRTPA's fiscal year, will be recognized as a reduction of the net OPEB liability in the fiscal year ended September 30, 2019. Other amounts reported as OPEB related deferred outflows and inflows of resources will be recognized in future OPEB expense, as follows:

| Year Ending<br>September 30 | Net Amount       |
|-----------------------------|------------------|
| 2019                        | \$ 1,700         |
| 2020                        | 1,700            |
| 2021                        | 1,700            |
| 2022                        | 1,700            |
| 2023                        | 1,500            |
| Thereafter                  | 1,700            |
| <b>Total</b>                | <b>\$ 10,000</b> |

**D. NON-CURRENT LIABILITIES**

|  | Beginning<br>Balance | Additions     | Reductions    | Ending<br>Balance | Due Within<br>One Year |
|--|----------------------|---------------|---------------|-------------------|------------------------|
| Governmental activities (in thousands):: |                      |               |               |                   |                        |
| Compensated absences                     | \$ 50                | \$ -          | \$ 4          | \$ 46             | \$ 46                  |
| OPEB liability                           | 175                  | 16            | 18            | 173               | -                      |
| Net pension liability                    | 152                  | 393           | 352           | 193               | -                      |
| <b>Total noncurrent liabilities</b>      | <b>\$ 377</b>        | <b>\$ 409</b> | <b>\$ 374</b> | <b>\$ 412</b>     | <b>\$ 46</b>           |

**E. EVALUATION OF SUBSEQUENT EVENTS**

The CRTPA has evaluated subsequent events through September 19, 2019, the date the financial statements were available to be issued.

**F. PRIOR PERIOD ADJUSTMENT**

Net position as of October 1, 2017 was reduced for the net effect of the following two adjustments: a reduction of \$132,000 as a result of the adoption of GASB Statement No. 75 which requires the restatement of the prior period net position to add the governmental employer's applicable net OPEB liability as of the beginning of the initial period of implementation and an increase of \$74,000 for the removal of FRS (Florida Retirement System) pension liability related to CRTPA employees that were on the FRS but are no longer with the CRTPA. The net effect on prior period fund balance was a reduction of \$58,000.

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**REQUIRED  
SUPPLEMENTARY INFORMATION**

THIS SUBSECTION CONTAINS THE FOLLOWING:

Budgetary Comparison Schedule

Proportionate Share of Net Pension Liability - City of Tallahassee Pension Plan

Schedule of Contributions - City of Tallahassee Pension Plan

Schedule of Changes in the Net OPEB Liability and Related Ratio

Schedule of Contributions - OPEB

**Capital Region Transportation Planning Agency**

**Budgetary Comparison Schedule  
General Fund**

**Year ended September 30, 2018  
(Unaudited)  
(in thousands)**

|  | <b>Budgeted Amounts</b> |              | <b>Actual</b>                            | <b>Variance with</b>                            |
|--|-------------------------|--------------|--|---|
|  | <b>Original</b>         | <b>Final</b> | <b>Amounts<br/>(Budgetary<br/>Basis)</b> | <b>Final Budget<br/>Positive<br/>(Negative)</b> |
| <b>Budgetary Fund Balance - October 1</b>    | \$ 25                   | \$ 25        | \$ 25                                    | \$ -  |
| <b>Resources</b>                             |                         |              |  |   |
| Taxes  | -                       | -            | -  | -   |
| Intergovernment Revenues                     | 809                     | 809          | 763                                      | (46)  |
| Interest Earned                              | -                       | -            | (6)                                      | (6)   |
| Miscellaneous                                | 10                      | 10           | -  | (10)  |
| Amounts Available for Appropriations         | <u>844</u>              | <u>844</u>   | <u>782</u>                               | <u>(62)</u>                                     |
| <b>Charges to Appropriations</b>             |                         |              |  |   |
| General Government                           | 844                     | 844          | 754                                      | 90  |
| Total Charges to Appropriations              | <u>844</u>              | <u>844</u>   | <u>754</u>                               | <u>90</u>                                       |
| <b>Budgetary Fund Balance - September 30</b> | <u>\$ -</u>             | <u>\$ -</u>  | <u>\$ 28</u>                             | <u>\$ 28</u>                                    |

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

**Capital Region Transportation Planning Agency  
Proportionate Share of Net Pension Liability  
City of Tallahassee Pension Plan  
September 30, 2018  
(Unaudited)  
(in thousands)**

| <b>Measurement year ending September 30,</b>                           | <b>2017</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|--|-------------|-------------|-------------|-------------|
| Net Pension Liability (Asset)  | \$ 193      | \$ 112      | \$ 67       | \$ 95       |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 95.02 %     | 95.86 %     | 97.48 %     | 95.86 %     |
| Employer's Proportion of the Net Pension Liability                     | 0.34 %      | 0.26 %      | 0.24 %      | 0.23 %      |
| Covered Employee Payroll   | 389         | 380         | 294         | 257         |
| Net Pension Liability as a Percentage of Covered Employee Payroll      | 49.61 %     | 29.47 %     | 22.79 %     | 36.96 %     |

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

**Capital Region Transportation Planning Agency  
Schedule of Contributions  
City of Tallahassee Pension Plan  
Last of Five Fiscal Years  
(Unaudited)  
(in thousands)**

| Fiscal year ending<br>September 30, | Actuarially<br>Determined<br>Contribution | Actual<br>Contribution | Contribution<br>Deficiency<br>(Excess) | Covered<br>Payroll | Actual<br>Contribution<br>as a % of<br>Covered<br>Payroll |
|-------------------------------------|---|------------------------|--|--------------------|---|
| 2014                                | \$ 37                                     | \$ 37                  | \$ -                                   | \$ 242             | 15.29 %   |
| 2015                                | 39  | 39                     | -                                      | 257                | 15.18 %   |
| 2016                                | 38  | 38                     | -                                      | 294                | 12.93 %   |
| 2017                                | 50  | 50                     | -                                      | 380                | 13.16 %   |
| 2018                                | \$ 72                                     | \$ 73                  | \$ (1)                                 | \$ 389             | 18.77 %   |

Notes to the Schedule of Contributions

Valuation date: October 1, 2016  
Measurement date: September 30, 2018

*Notes: Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported. Schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.*

Methods and assumptions used to determine contribution rates:

Actuarial cost method                   Entry Age Normal  
Amortization method                   Level Percent of Pay (with 1.71% payroll growth assumption), Closed  
Remaining amortization period       20 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                                   2.5 %  
Salary increases                         A blend of 66.67% of 3.5% and 33.33% of a range of 2.95% to 5.00%, depending on completed years of service, including inflation  
Investment rate of return               7.7%  
Retirement age                         Experience-based table of rates that are specific to the type of eligibility condition  
Mortality                                  RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for postretirement mortality) with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 50% blue collar adjustment and a 50% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment.

*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 purpose.*

**Capital Region Transportation Planning Agency**  
**Schedule of Changes in the Net OPEB Liability and Related Ratios**  
**(Based on measurement periods ending September 30)**  
**(Unaudited)**  
**(in thousands)**

|  | <b>2017</b> |
|--|-------------|
| <b>Measurement year ending September 30,</b>                               |             |
| <b>Total OPEB Liability</b>  |             |
| Service cost   | \$ 5        |
| Interest on the total OPEB liability                                       | 6           |
| Changes in assumptions   | (10)        |
| Benefit payments   | (8)         |
| <b>Net change in total OPEB liability</b>                                  | (7)         |
| <b>Total OPEB liability - beginning</b>                                    | 193         |
| <b>Total OPEB liability - ending (a)</b>                                   | 186         |
| <b>Plan Fiduciary Net Position</b>   |             |
| Contribution - employer  | 4           |
| Net investment income  | 2           |
| Benefit payments   | (5)         |
| <b>Net change in plan fiduciary net position</b>                           | 1           |
| <b>Plan fiduciary net position - beginning</b>                             | 12          |
| <b>Plan fiduciary net position - ending (b)</b>                            | 13          |
| <b>Net OPEB liability (a)-(b)</b>  | 173         |
| Plan fiduciary net position as a percentage of<br>the total OPEB liability | 8.04 %      |
| Covered-employee payroll   | 294         |
| Net OPEB liability as a percentage of covered-<br>employee payroll         | 58.06 %     |

**Notes to Schedule:**

**Changes in assumptions:**

Assumption changes reflect the change in the Single Discount Rate from the beginning of the year at 3.09% to the end of the year at 3.54% (the resulting Single Discount Rate based on the expected rate of return on OPEB plan investments as of September 30, 2017 at 7.70% and the long-term municipal bond rate as of September 30, 2017 at 3.5%).

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

**Capital Region Transportation Planning Agency  
Schedule of Contributions - OPEB  
Last Ten Fiscal Years\*  
(Unaudited)  
(in thousands)**

| <b>Fiscal Year Ending September 30,</b>                | <u><b>2017</b></u> |
|--|--------------------|
| Actuarially Determined Contribution (ADC)              | \$ 10              |
| Actual Contribution                                    | <u>(4)</u>         |
| Contribution Deficiency (Excess)                       | <u>\$ 6</u>        |
| Covered Payroll  | \$ 294             |
| Actual Contribution as a Percentage of Covered Payroll | 1.35%              |

**Notes to the Schedule:**

*\*Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2017 were from the October 1, 2016 actuarial valuation.*

**Methods and assumptions used to determine contribution:**

|                              |  |
|------------------------------|--|
| Actuarial Cost Method:       | Entry Age Normal   |
| Inflation:                   | 2.50%  |
| Discount Rate:               | 3.54%, the resulting Single Discount Rate based on the expected rate of return on OPEB plan investments as of September 30, 2017 at 7.70% and the long-term municipal bond rate as of September 29, 2017 at 3.50%.   |
| Salary Increases:            | Experience-based table of rates that are specific to the type of eligibility condition.  |
| Mortality:                   | RP-2000 Healthy Annuitant Mortality Table, with mortality improvements projected to all future years using Scale BB. For females, the base mortality rates include a 100% white collar adjustment. For males, the base mortality rates include a 50% white collar adjustment and a 50% blue collar adjustment. These are the same mortality rates currently in use for Regular Class members of the Florida Retirement |
| Healthcare Cost Trend Rates: | Based on the Getzen Model, with trend starting at 7.5% and gradually decreasing to an ultimate trend rate of 4.72% (including the impact of the excise tax).   |
| Aging Factors:               | Based on the 2013 SOA Study "Health Care Costs - From Birth to Death".   |
| Expenses:                    | Investment returns are net of the investment expenses and administrative expenses are included in  |

## **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 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 and each major fund of the Capital Region Transportation Planning Agency (CRTPA), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise CRTPA's basic financial statements, and have issued our report thereon dated September 19, 2019.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2018-001 to be a significant deficiency.

### **Compliance and Other Matters**

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

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

CRTPA's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. CRTPA'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 CRTPA in a separate letter dated September 19, 2019.

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

*Thomas Howell Ferguson P.A.*

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

**Thomas Howell Ferguson P.A.**  
Tallahassee, Florida  
September 19, 2019

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

## Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required By 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 (CRTPA) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of CRTPA's major federal programs for the year ended September 30, 2018. CRTPA'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 CRTPA'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 CRTPA'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 CRTPA's compliance.

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

In our opinion, CRTPA, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2018.

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

Management of CRTPA 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 CRTPA's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its 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 CRTPA's internal control over compliance.

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

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Thomas Howell Ferguson P.A.*

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

**Thomas Howell Ferguson P.A.**  
Tallahassee, Florida  
September 19, 2019

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

**Capital Region Transportation Planning Agency  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2018**

| Federal / State Agency<br>Pass-through Entity<br><u>Federal Program / State Project</u> | CFDA or<br>CSFA<br><u>Number</u> | Grant<br>Contract<br><u>Number</u> | <u>Expenditures</u>            |
|---|----------------------------------|------------------------------------|--------------------------------|
| <b>FEDERAL AWARDS</b>   |                                  |                                    |                                |
| <b><u>U.S. Department of Transportation</u></b>   |                                  |                                    |                                |
| Pass through Florida Department of Transportation                                       |                                  |                                    |                                |
| Highway Planning and Construction   | 20.205                           | G0D29                              | \$ 933,470                     |
| Highway Planning and Construction   | 20.205                           | G0Y56                              | <u>329,432</u>                 |
| <b>Total Highway Planning and Construction</b>  |                                  |                                    | 1,262,902                      |
| <br>Metropolitan Transportation Planning  | <br>20.505                       | <br>ARL33                          | <br>121,884                    |
| <br><b>Total Expenditures of Federal Awards</b>   |                                  |                                    | <br><u><u>\$ 1,384,786</u></u> |

**NOTES:**

- (1) The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal programs of CRTPA for the year ended September 30, 2018. 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) CRTPA has not elected to use the 10 percent de minimis indirect cost

*See independent auditors' report.*

**Capital Region Transportation Planning Agency  
Schedule of Findings and Questioned Costs  
For the Year ended September 30, 2018**

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

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No  
 Significant deficiency(ies) identified not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified? No  
 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)? No

|                                  |                    |   |
|----------------------------------|--------------------|---|
| Identification of major program: | <u>CFDA Number</u> | <u>Name of Federal Program</u>  |
|                                  | 20.205             | U.S. Department of Transportation<br>Pass-through Florida Department of Transportation<br>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 2018-001.

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

We noted no matters involving noncompliance that are required to be reported in accordance with 2 CFR Part 200, Section 200.516(a).

*See independent auditors' report.*

**Capital Region Transportation Planning Agency**  
**Schedule of Findings and Questioned Costs-Federal Awards (continued)**  
**For the Year Ended September 30, 2018**

**Section II – Financial Statement Findings**

SIGNIFICANT DEFICIENCY

**2018-001 Accounting and Financial Reporting**

Capital Region Transportation Planning Agency's management is responsible for the preparation and fair presentation of financial statements in accordance with accounting principles generally accepted in the United States of America. Additionally, CRTPA has a number of grants funded through federal and state agencies and CRTPA must comply with federal and state laws and regulations, provisions of grant agreements, and accounting and reporting requirements associated with such grants. 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.

*Condition:* During the audit, we identified accounting errors that required adjusting journal entries which also impacted the Schedule of Expenditures of Federal Awards. Amounts due from member counties related to both the prior year and current year annual true-up of actual revenues and expenses had not been billed to the member counties. We also noted reconciliations of significant due to and due from accounts with the City of Tallahassee and Leon County were not timely performed, and CRTPA's cash balances were not actively monitored during the year resulting in a negative cash balance of \$793,851 at September 30, 2018. In addition, employees' time is manually entered into the timekeeping system, Kronos, by one employee. A consistent, documented reconciliation is not performed between the timesheets and Kronos. During our testing we noted discrepancies between the timesheets and Kronos reports both in total hours and classifications in tasks that are outlined in the grant agreement and utilized in grant reporting.

*Cause:* Currently, CRTPA does not have the staffing to perform its required accounting, financial reporting and grants management duties. These responsibilities have been assigned to the City of Tallahassee's Financial Services Division, which does not have adequate resources to perform these duties on behalf of CRTPA. Audit findings related to financial reporting and staffing have been reported in the Schedule of Findings and Questioned Costs or the Management Letter as findings 2017-004 and 2017-002 in the preceding fiscal year, finding 2016-001 in the second preceding fiscal year, and finding 2015-001 in the third preceding fiscal year.

*Effect:* As a result of not having adequate accounting resources, CRTPA was not able to perform timely and accurate accounting, financial reporting and grants management duties.

*Recommendation:* CRTPA should consider hiring an accountant with the skills, experience, and knowledge to perform accounting, financial reporting and grants management duties.

**Capital Region Transportation Planning Agency**  
**Schedule of Findings and Questioned Costs-Federal Awards (continued)**  
**For the Year Ended September 30, 2018**

*Views of responsible officials and planned corrective actions:*

*Journal Entries*

*We have discussed the adjusting journal entries with Financial Services staff. There were two adjusting entries in FY2018 due to accounting errors. First one was to recognize revenue and a receivable from Blueprint for a joint project that hadn't been billed to Blueprint. The second entry was to reverse an accrual journal for expenses recognized in FY2017 and accrue some expenses for FY2018. Comparatively there were 10 adjusting journals for accounting errors in FY2017 for similar purposes.*

*Negative cash balance*

*Because the CRTPA grants are on a cost reimbursement basis, we will always carry a net negative cash balance. Improvements made in the billing process during FY2018 resulted in more timely reimbursement of expenditures and therefore a reduction of net negative cash. During FY2018 the net negative cash balance was decreased \$302,000 from the FY2017 balance of negative \$1,095,000. The CRTPA is continuing to successfully reduce this balance in FY2019.*

*Timekeeping procedures*

*We implemented a new process for time keeping in January 2019. The process is as follows:*

- 1. Employee timesheets are entered into Kronos by the Administrative Assistant II*
- 2. The Assistant Director reviews both the employee timesheet and Kronos input to ensure accuracy.*
- 3. The Executive Director spot checks the Kronos input against the employee timesheet prior to final signoff.*

*We have made significant progress over the past eighteen months in improving our overall accounting procedures. While we are cognizant of our direct fiduciary responsibilities, we are confident that, with our continued close coordination with the Financial Services Department, we can accomplish our requirements without additional staff. However, we will continue to monitor our progress to ensure that remains the case.*

**Capital Region Transportation Planning Agency  
Summary Schedule of Prior Audit Findings  
For the Year Ended September 30, 2018**

**Financial Statement Findings:**

**2017-001 – Untimely Remittance of Invoices**

Material Weakness: 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 four to nine months following the end of the respective quarters for which they are seeking reimbursement.

Status: We noted significant progress was made during the year to submit the invoices in a timely manner. As of September 30, 2018, invoicing appears to be up to date.

**2017-004 Accounting Staff**

Significant Deficiency: Numerous accounting errors were noted which required adjusting journal entries. Grant billings were not identified and invoiced in a timely manner. In addition, amounts due from member counties related to both the prior year and current year annual true-up of actual revenues and expenses had not been billed to the member counties. Also, reconciliations of significant due to and due from accounts with the City of Tallahassee and Leon County were not timely performed, and CRTPA's cash balances were not actively monitored during the year.

Status: See current year finding 2018-001 in the Report on Internal Control and Compliance.

**Federal Awards:**

**2017-002 – Schedule of Expenditures of Federal Awards**

Material Weakness: Several material errors were noted in accounting for federal and state grant expenditures, which required an increase in revenue and due from other governments in the amount of \$100,176.

Status: See current year finding 2018-001 in the Report on Internal Control and Compliance.

**2017-003 – Highway Planning and Construction, Grant Number 43932311401/G0D29, CFDA 20.205**

Material Weakness: CRTPA utilized an indirect cost rate of 20.87% of total direct grant salaries, which was not approved by the grantor agency, U.S. Department of Transportation, or the pass-through entity, Florida Department of Transportation.

Status: CRTPA discontinued use of the indirect cost rate effective July 1, 2018 and is charging all direct costs to the grant.

## Management Letter

Members of the Board  
Capital Region Transportation Planning Agency

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

We have audited the financial statements of the Capital Region Transportation Planning Agency (CRTPA) as of and for the fiscal year ended September 30, 2018 and have issued our report thereon dated September 19, 2019.

### **Auditors' Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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); and Chapter 10.550, *Rules of the Auditor General*.

### **Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on 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 on Internal Control Over Compliance; and Schedule of Findings and Questioned Costs. Disclosures in those reports, which are dated September 19, 2019, should be considered in conjunction with this management letter.

### Current Year September 30, 2018 Recommendations

#### **2018-002 Services Provided by the City of Tallahassee**

CRTPA utilizes the accounting office of the City of Tallahassee for the processing of its cash receipts and disbursements, including payroll. CRTPA's financial records are also maintained in the City of Tallahassee's accounting system. This has allowed CRTPA to participate in the City of Tallahassee's cash management system and to utilize the expertise of the City's Financial Services Department. It is important to note that this arrangement does not alleviate the CRTPA's responsibilities over internal controls, financial reporting and oversight.

During the audit of the City of Tallahassee, we observed the Treasury account bank reconciliations were performed six to eleven weeks after month end. City staff established preliminary bank reconciliation procedures beginning in April 2018. Four of the six preliminary bank reconciliations were performed five to six weeks after month-end, with the preliminary bank reconciliation for the month ended September 30, 2018 performed on December 4, 2018 and the final reconciliation performed on December 18, 2018. The delay in performing bank reconciliations has been observed and included as part of various management letter comments over the past several years. The timely reconciliation of bank accounts is a critical control activity. Cash transactions account for almost every activity of a government's operations, including payroll and the purchase of goods and services. Delays in performing this key control allows for errors or fraudulent transactions to occur and not be identified in a timely manner.

In addition, during the audit of CRTPA it was determined that the implementation of an accounting standard was not done in accordance with the standard, which required an actuarial determination of its OPEB liability and other related amounts. CRTPA relied on the City of Tallahassee's accounting staff to provide this information, which was not available and had to be requested from the actuary late in the audit process.

It is important that CRTPA understand its responsibility for controls over its accounting function and monitor the functioning of these controls. We recommend CRTPA review its accounting and financial reporting function to ensure that the services and functions provided by the City of Tallahassee on the CRTPA's behalf, are meeting the expectations of CRTPA. See also Finding 2018-001 in the Schedule of Findings and Questioned Costs.

*Management Response:*

*Timeliness of reconciliations*

*We have reviewed this finding with City Financial Services and will work with them as they look to continue to improve their process (see City Financial Services response below). We will also determine if we can have a staff member make regular checks on the reconciliations to ensure they are being done in a timely manner.*

*City Financial Services response: Financial Reporting recognizes the importance of timely bank reconciliations and has succeeded in improving the timeliness since this comment was first made. They continue to review process and have for the last couple of months been cross training another employee on this task with the goal of completing the reconciliations within one month of closing each month in the general ledger which will represent approximately 5 weeks after month end.*

*Other Post-Employment Benefits - See response to 2018-003.*

*We recognize our responsibility for controls over the accounting function and will continue efforts to monitor the functioning of these controls. We are also in the process of reviewing our services agreement with the City which governs the services and functions provided to CRTPA.*

**2018-003 Other Post-Employment Benefits (OPEB)**

It was determined during the audit that the implementation of an accounting standard was not done in accordance with the standard, which required an actuarial determination of its OPEB liability and other related amounts. CRTPA relied on the City of Tallahassee’s accounting staff to provide this information, which was not available and had to be requested from the actuary late in the audit process.

It is important that CRTPA understands its responsibility for controls over its accounting function and monitor the functioning of these controls. We recommend that CRTPA review its accounting and financial reporting function to ensure that the services and functions provided by the City of Tallahassee on CRTPA’s behalf, are meeting the expectations of CRTPA.

*Management Response:*

*Prior to FY 2018, CRTPA employees received benefits through either the City of Tallahassee or Leon County. The County pension (FRS) and OPEB (HIS) plans are administered by the Florida Retirement System. The City’s OPEB plan is administered by the City. As of June 2019, new CRTPA employees do not have the option to select FRS benefits. The OPEB liability and related amounts are accounting estimates provided by an independent actuary. In prior years, the CRTPA’s OPEB items, under the prior standard (GASB 45), were allocated by City Financial Services based on percentage of covered payroll. In future years, under the current standard (GASB 75), the CRTPA will ensure that the independent actuarial report provides separate numerical columns for our OPEB items as allocated by the actuary based on percentage of covered payroll.*

**2018-004 Board Governance**

The CRTPA Board serves an important role in establishing the “tone at the top” and establishing and maintaining a control environment that fosters timely and accurate financial reporting and grants management. We recommend the CRTPA Board works with management to establish formal financial reporting and grants management monitoring procedures. Such monitoring procedures should include review by the Board of quarterly budget to actual comparisons including explanations for variations from budget, and quarterly monitoring of progress towards the resolution of internal control findings and recommendations.

*Management Response:*

*Beginning in March 2019, the CRTPA Board began receiving quarterly budget reports detailing the utilization of each grant. In addition, periodic updates have been provided on the status of the responses to the FDOT IG Audit.*

\*\*\*\*\*

**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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except for the following:

| <b>Tabulation of Uncorrected Audit Findings</b> |                             |                             |                             |
|---|-----------------------------|-----------------------------|-----------------------------|
| <b>Current Year Finding</b>                     | <b>2016-17 FY Finding #</b> | <b>2015-16 FY Finding #</b> | <b>2014-15 FY Finding #</b> |
| 2018-001  | 2017-002 / 2017-004         | 2016-001                    | 2015-001                    |
| 2018-002  | 2017-004                    | 2016-001                    | 2015-001                    |
| 2018-004  | 2017-005                    | -                           | -                           |

**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. CRTPA was established by an inter-local agreement which is disclosed in Note 1 to the Notes to the financial statements. CRTPA has no component units.

**Financial Condition and Management**

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for CRTPA. It is management’s responsibility to monitor CRTPA’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.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we noted the matters discussed in the Current Year September 30, 2018 Recommendations section of this letter.

**Additional Matters**

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate 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 note 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 CRTPA Board, 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 P.A.**  
Tallahassee, Florida  
September 19, 2019

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

January 16, 2020



EXECUTIVE COMMITTEE AGENDA ITEM 3 B

**CRTPA PART-TIME POSITION**

TYPE OF ITEM: Action

**STATEMENT OF ISSUE**

This item seeks approval for the executive director to proceed with efforts related to hiring a part-time CRTPA employee to assist with a variety of planning tasks including public involvement efforts.

**RECOMMENDED ACTION**

Option 1: Recommend the CRTPA approve the Executive Director proceeding with the hiring a part-time planning position.

**HISTORY AND ANALYSIS**

In 2019, the CRTPA conducted an assessment of the agency's staffing needs related to the latest requirements of the metropolitan transportation planning process. As a result, in the fall of 2019, the CRTPA restructured some of the agency's staffing positions to better match planning requirements and needs.

As part of the assessment process, it became evident that an enhanced focus on public involvement would benefit the CRTPA region and the agency's needs. Specifically, it was determined that a position dedicated to increasing and enhancing the agency's public involvement efforts would be assist the agency in meeting its metropolitan transportation planning requirements.

To that end, staff is seeking to proceed with efforts related to hiring a part-time planning position to assist the agency with a number of tasks, including a focus on public involvement efforts such as social media.

**OPTIONS**

Option 1: Recommend the CRTPA approve the Executive Director proceeding with the hiring a part-time planning position.  
(Recommended)

Option 2: Executive Committee Discretion.

January 16, 2020



EXECUTIVE COMMITTEE AGENDA ITEM 3 C

**CRTPA BOARD WEIGHTED VOTING UPDATE**

TYPE OF ITEM: Action

**STATEMENT OF ISSUE**

This item provides an update and seeks direction related to the Board's decision for staff to proceed with updating the Interlocal Agreement to eliminate weighted voting.

**RECOMMENDED ACTION**

Option 1: Executive Committee Direction

**HISTORY AND ANALYSIS**

At the January 16, 2018 CRTPA Board meeting, members requested an agenda item to consider eliminating the weighted voting currently in use by the Board. To that end, at the February 20, 2018 CRTPA meeting, an agenda item related to the CRTPA Board weighted voting was presented and discussed. The item (see **Attachment 1**) provided a detailed history of the agency's expansion and development of the weighted voting of its membership.

The discussion resulted in Board approval of (1) updating the CRTPA Interlocal Agreement to eliminate references to weighted voting and (2) updating the CRTPA Bylaws to eliminate references to weighted voting. The agenda item noted that if the Board chooses to move to a one member – one vote structure, it may be accomplished using the current eleven (11) members as shown below:

| <b>CRTPA Board Member</b> | <b>Votes</b> |
|---------------------------|--------------|
| Gadsden County Cities     | 1            |
| Gadsden County            | 1            |
| Jefferson County          | 1            |
| Wakulla County            | 1            |
| Leon County School Board  | 1            |
| Tallahassee               | 3            |
| Leon County               | 3            |
| <b>Total Votes</b>        | <b>11</b>    |

Furthermore, the agenda item noted that based on the structure, the option for the City of Tallahassee and Leon County to change their respective number members would need to be eliminated.

Subsequent to the meeting, as staff initiated the process of updating the Interlocal Agreement, the membership of the CRTPA Board changed with the addition of a Leon County representative. As a result, the proposal to change the Board's weighted voting (as identified above) will need to be re-evaluated.

### **OPTIONS**

Option 1: Executive Committee Direction.

### **ATTACHMENT**

Attachment 1: February 20, 2018 CRTPA Agenda Item 6A ("CRTPA Board Weighted Voting")



February 20, 2018

## AGENDA ITEM 6 A

**CRTPA BOARD WEIGHTED VOTING**

TYPE OF ITEM: Action

**STATEMENT OF ISSUE**

At the January 16, 2018 CRTPA Board meeting, members requested an agenda item to consider eliminating the weighted voting currently in use by the Board. Staff has provided the history of the weighted vote as well as considerations before any final decision is made.

**HISTORY AND ANALYSIS**

The potential removal of the weighted voting currently used by the CRTPA Board includes several considerations for Board members. This section of the agenda will address:

- The History of MPO Expansion and Weighted Voting of Membership
- The use of “voting points”
- Florida Statute Requirements
- One Member-to One Vote Structure

**MPO Expansion and Weighted Voting of Membership**

Since the establishment of the Tallahassee/Leon County MPO in 1977 several membership additions and expansions have occurred. There are a couple points to make prior to describing the MPO expansions, including:

1. While the number of voting members may vary, Tallahassee and Leon County have always been equal partners in terms of totals points that each organization represented whether it was the Tallahassee/Leon County MPO or the CRTPA.
2. All the expansions of the MPO that have occurred from 1977 to 2008 met Florida Statute 339.175 (Metropolitan Planning Organization) requirements.

The details of these expansions are provided below.

**Tallahassee/Leon County Metropolitan Planning Organization (MPO)**

On February 8, 1977, the City of Tallahassee and Leon County executed an interlocal agreement establishing the Tallahassee-Leon County Metropolitan Planning Organization (MPO) to carry out a continuing, coordinated, and comprehensive transportation planning process. At that time, the City Commission and County Board had five (5) members each, so the voting did not have any weighting that occurred, each member had a single vote.

**Leon County BOCC Expansion**

The first time the Board was expanded was to reflect the expansion of the Leon County Board of County Commissioners (Leon County BOCC) from five (5) to seven (7) members. To reflect this change, and keep the voting equal, the Board went to a weighted vote. Each Leon County member had one vote with a weight of five (5) points, 35 in total, while each City member had a vote with a weight of seven (7) points, 35 in total. Therefore, the maximum potential points were 70 for any item brought to the Board.

**Leon County School Board Expansion**

The second time the Board expanded was to incorporate the Leon County School Board into the MPO process. This expansion occurred in 1998. In terms of voting and weighting points, the City of Tallahassee and Leon County maintained the same structure of one (1) vote – seven (7) points for the City and one (1) vote – five (5) points for the County. The Board provided one (1) vote with a weight of (1) to the Leon County School Board. Therefore, the maximum potential points were 71 for any item brought to the Board.

**Tallahassee/Leon County MPO Expansion to CRTPA**

The third expansion of the MPO was initiated on October 13, 2003 when the Board approved membership include portions of Gadsden County and portions of Wakulla County. To reflect this expansion, the Board approved a voting scenario based on the populations that each member represented. This scenario is shown below.

| <b>Member</b>            | <b>Votes</b> | <b>Points</b> |
|--------------------------|--------------|---------------|
| Havana                   | 1            | 1             |
| Midway                   | 1            | 1             |
| Quincy                   | 1            | 2             |
| Gadsden County           | 1            | 5             |
| Wakulla County           | 1            | 6             |
| Leon County School Board | 1            | 1             |
| Tallahassee              | 5            | 42            |
| Leon County              | 7            | 42            |
| <b>Totals Points</b>     |              | <b>100</b>    |

The points for this scenario, based on population, reflect the 2000 Census data. When this expansion occurred, the CRTPA included four (4) members from Gadsden County and one (1) member from Wakulla County. The new membership changed the Tallahassee/Leon County points from the previous 100 to 84. Again, with equal representation amongst city and county members, each was provided 42 points, which were divided by the members on the Board.

It should be noted that Tallahassee and Leon County have the capabilities to reduce the number of members, which would increase the number of points to the remaining Tallahassee or Leon County members. In this instance, both opted to keep the entirety of their respective commissions on the CRTPA Board. In total, the CRTPA had 18 members.

**2008 Expansion to Metropolitan Statistical Area (MSA)**

Florida Statute 339.175 (2)(c) allows for the expansion of an MPO’s borders to encompass the entire Metropolitan Statistical Area or MSA. The MSA, known as the Tallahassee MSA, includes Gadsden County, Jefferson County, Leon County and Wakulla County. The reasons for this expansion included better regional coordination amongst the counties and the recognition that more than half of the workers in Gadsden, Jefferson and Wakulla Counties travel to Leon County for their jobs. Additionally, it provided the region with a stronger and unified voice in transportation decisions.

However, the expansion to the MSA included some tough decisions about the CRTPA Board membership. First, the size of the Board could quickly become overwhelming if each incorporated municipality and the county had representation. Therefore, Gadsden County was provided two (2) votes, one (1) for the six incorporated municipalities and one (1) for the county. Jefferson County was provided one (1) vote that represented both the county and Monticello. Wakulla County was also provided a vote to represent the county, Sopchoppy and St. Marks. These changes are reflected below:

| <b>Member</b>            | <b>Votes</b> | <b>Points</b> |
|--------------------------|--------------|---------------|
| Gadsden County Cities    | 1            | 5             |
| Gadsden County           | 1            | 8             |
| Jefferson County         | 1            | 4             |
| Wakulla County           | 1            | 8             |
| Leon County School Board | 1            | 1             |
| Tallahassee              | 3            | 37            |
| Leon County              | 3            | 37            |
| <b>Totals Points</b>     |              | <b>100</b>    |

The points for two of the members changed from the 2000 Census to the 2010 Census data. Gadsden County was reduced by one (1) point and Wakulla County was increased by one (1) point. All others remained the same. The biggest change that occurred more recently on the Board was the City of Tallahassee and Leon County both reducing the number of voting members from five (5) and seven (7) to three (3) and three (3), respectively.

**Voting Points**

The use of the CRTPA’s voting points are used for several functions, including:

**Quorum**

Originally, when the MPO was exclusively the Tallahassee/Leon County MPO, the quorum for a meeting had to be the majority of city and county commissioners in attendance. Therefore, the minimum number of members could be six (6), based on the original MPO, and seven (7) based on the expansion of the MPO due to the Leon County BOCC expansion. The introduction of Leon County School Board members did not change the quorum requirements. These boards did not require the weighted vote for a quorum.

However, the expansion to the CRTPA in 2003 and again in 2008 uses the weighted vote to determine the quorum. Currently, the points associated with each member are totaled to determine when the Board meeting can begin based on the points associated with each member and not the individual member. For example, the total number of points for members outside of Leon County and the City of Tallahassee totals 25 and requires that at least two (2) City or county members (12.33 points for each member, or 24.66 points for two), and the LCSB member (one point) be present for the meeting to have a quorum. This is just one example, but it is possible to have a quorum with less than half of the members present.

Therefore, as Board membership ebbs and flows during the meeting, staff is constantly checking the points to ensure that a quorum is present.

### **Board Voting**

The main function of having voting points is to ensure there is no “tie” to any vote that the Board makes. Since 2003, there has only been one (1) vote that required the use of the voting points to determine if a motion failed or passed.

### **Florida Statute Requirements**

Since there is a Florida House of Representative Bill currently being considered staff wanted to provide a little background comparison on that as well. Only the proposed changes that would potentially affect the CRTPA have been included below.

### **Current F.S. Chapter 339.175 Metropolitan Planning Organization Requirements**

There are several Florida Statutes that help guide MPO membership and voting, including the following:

#### F.S. 339.175 (3) Voting Membership

The language under 339.175 (3)(a) states:

(a) The voting membership of an M.P.O. shall consist of not fewer than 5 or more than 19 apportioned members, the exact number to be determined on an equitable geographic-population ratio basis by the Governor, based on an agreement among the affected units of general-purpose local government as required by federal rules and regulations....

*Currently, the CRTPA is comprised of eleven (11) members and well within the Florida Statute guidelines.*

(a).... County commission members shall compose not less than one-third of the M.P.O. membership...

*Currently, county commissioners constitute 55% of the CRTPA Board.*

### **House Bill 575 (HB 575)**

This proposed legislation, if implemented by the Florida Legislature, would change several paragraphs in Florida Statute 339.175, relating to the number of MPO Board members, the constitution of commission members, and the removal of the weighted voting structure that several MPO's utilize. It should be noted HB 575 has not progressed through any additional committees since its approval in Local, Federal and Veterans Affairs on January 10. The companion bill SB 1516, has yet to be heard in committee.

#### Voting Membership

Changes to F.S. 339.175 on voting membership are proposed as:

....(a) 1. The voting membership of an M.P.O. designated in an urbanized area with a population of 500,000 or fewer shall consist of at least 5 but not more than 11 ~~25~~ apportioned members, with the exact number determined on an equitable geographic-population ratio basis..

*The CRTPA has eleven (11) members, and therefore meets the proposed change.*

#### County Commission Membership

Changes to F.S. 339.175 on county commission membership are proposed as:

....(a) 3. In accordance with 23 U.S.C. s. 134, the Governor may also allow M.P.O. members who represent municipalities to alternate with representatives from other municipalities within the metropolitan planning area which do not have members on the M.P.O. ~~With the exception of instances in which all of the county commissioners in a single county M.P.O. are members of the M.P.O. governing board,~~ County commissioners shall compose at least one-third of the M.P.O. governing board membership; however, the entire county commission may not be members of the M.P.O. governing board...

*The CRTPA does not have the entirety of any county commission as voting members.*

#### Weighted Voting

Changes to F.S. 339.175 on weighted voting are proposed as:

...An M.P.O. may not adopt a weighted voting structure....

*The CRTPA does have a weighted voting structure that is based on the population that each member represents. This structure has been in place since the expansion from the MPO to the CRTPA occurred in 2003. At the time, CRTPA Board did not want to move to a "1 to 1" without Leon County and the City of Tallahassee maintaining their majority voting position. Staff felt that the best way to accommodate this was to move towards a weighted representative vote.*

*The proposed language changes to the F.S. 339.175 through HB 575 only affect the CRTPA on the removal of weighted voting. The CRTPA is not the only MPO that relies on weighted voting. North Florida TPO (Jacksonville), River to the Sea TPO (Volusia), Pasco County MPO, and Heartland MPO (South-Central Florida) have weighted voting on their respective Boards.*

**One Member - One Vote Structure**

If the CRTPA Board so chooses to move to a one member – one vote structure, it can be accomplished using the current eleven (11) members (shown below). Based on this structure, the option for the City of Tallahassee and Leon County to change their respective number members would need to be eliminated.

| <b>CRTPA Board Member</b> | <b>Votes</b> |
|---------------------------|--------------|
| Gadsden County Cities     | 1            |
| Gadsden County            | 1            |
| Jefferson County          | 1            |
| Wakulla County            | 1            |
| Leon County School Board  | 1            |
| Tallahassee               | 3            |
| Leon County               | 3            |
| <b>Total Votes</b>        | <b>11</b>    |

Should the Board choose to eliminate weighted voting, two things will need to occur:

1. Update the CRTPA Interlocal Agreement to eliminate references to weighted voting.

Since each member government is a party to the interlocal agreement, this would be the most time-consuming portion of the process since the update would be contingent on review by 12 attorneys and placing the agreement on 12 different meeting agendas. FDOT is a party to the agreement as well. Estimated time to complete: 6 - 9 months.

2. Update the CRTPA Bylaws to eliminate references to weighted voting.

The Bylaw update could be accomplished in one meeting upon completing the update of the Interlocal Agreement.

## **NEXT STEPS**

Options for the CRTPA Board to consider, at this point, include:

1. Direct staff to initiate the process of updating the Interlocal Agreement to change from a weighted vote to a one member – one vote structure regardless of any proposed changes to F.S. 339.175.
2. Wait to see if HB 575 is passed and then make modifications based on any changes to F.S. 339.175.
3. Maintain the current structure. If the legislation does not pass, the CRTPA Board meets all current F.S. 339.175 provisions.