

ANNUAL FINANCIAL REPORT

OF

RIVER TO SEA
TRANSPORTATION PLANNING ORGANIZATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

PREPARED BY:

HERBERT M. SEELY
CHIEF FINANCIAL OFFICER

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June 30, 2018

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Daytona Beach, Florida

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TPO BOARD MEMBERS

June 30, 2018

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

Vice Chair Deb Denys, Chairperson

Volusia County Council

Vice Mayor Lita Handy-Peters, 1st Vice Chairperson

City of DeBary

Commissioner Robert Gilliland, 2nd Vice Chairperson

City of Daytona Beach

Mayor Steve Emmett*

Town of Beverly Beach

Commissioner Chris Nabicht

City of Deltona

Councilwoman Christine Power

City of Edgewater

Commissioner Marshall Shupe*

City of Flagler Beach

Commissioner Penny Currie

City of Holly Hill

Vice Mayor Jason McGuirk

City of New Smyrna Beach

Council Member Jeff Allebach

City of Orange City

Council Member Nick Klufas

City of Palm Coast

Council Member Joe Perrone**

Town of Ponce Inlet

Councilwoman Nancy Long

City of South Daytona

Council Member Billie Wheeler

Volusia County

Chairman Ed Kelley

Volusia County Council Chair

Council Member Joyce Cusack

Volusia County

Vickie Wyche***

FDOT TPO Liaison

Vice Mayor John Rogers*

City of Bunnell

Council Member Lorraine Geiger*

City of Daytona Beach Shores

Vice Mayor Leigh Matusick

City of DeLand

Commissioner Nate McLaughlin

Flagler County

Vice Mayor Vernon Burton*

City of Lake Helen

Commissioner Bill Lindlau*

City of Oak Hill

Commissioner Dwight Selby

City of Ormond Beach

Mayor James Sowell

Town of Pierson

Commissioner Drew Bastian

City of Port Orange

Council Member Pat Patterson

Volusia County

Saralee Morrissey***

Volusia County School Board

Andy Dance***

Flagler County School Board

Janet Deyette***

CAC Chairperson

Bob Storke***

BPAC Chairperson

Jose Papa***

TCC Chairperson

TPO Board Members as of June 30, 2018

*Non-voting member in the Small City Alliance

**Voting member for the Small City Alliance

*** Non-voting members

MANAGEMENT TEAM AND STAFF

June 30, 2018

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

Lois Bollenback
Executive Director

Herbert M. Seely
Chief Financial Officer

Colleen Nicoulin, AICP
Senior Transportation Planner

Stephan C. Harris
Transportation Planner – Project Manager

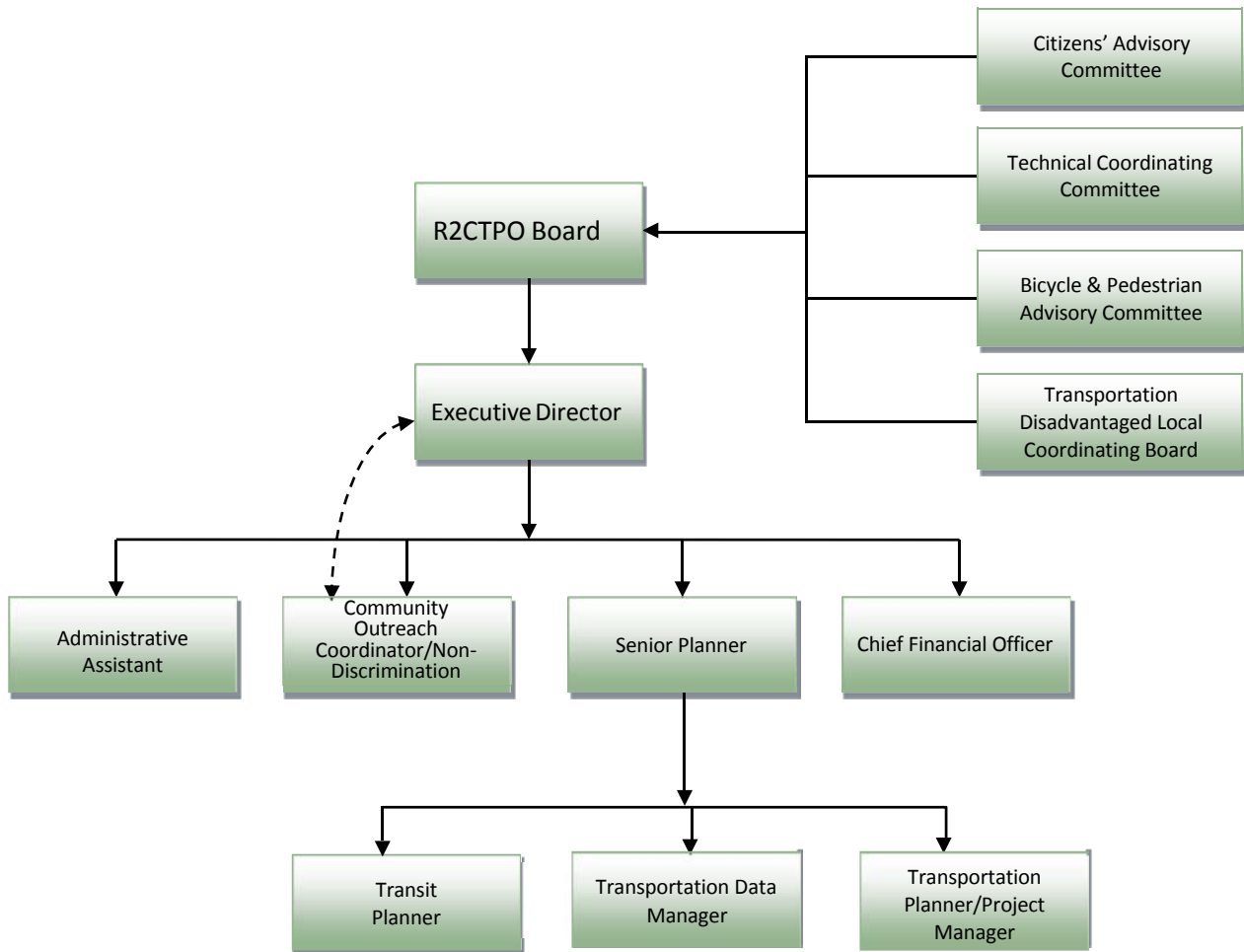
Aarti Sharma
Transportation Database Manager

Pamela C. Blankenship
Community Outreach Coordinator/Title VI Coordinator

Debbie Stewart
Administrative Assistant

River to Sea Transportation Planning Organization (TPO)

Organizational Chart



EXECUTIVE COMMITTEE MEMBERS

June 30, 2018

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

Vice Chair Deb Denys, Chairperson
Volusia County Council

Vice Mayor Lita Handy-Peters, 1st Vice Chairperson
City of DeBary

Commissioner Robert Gilliland, 2nd Vice Chairperson
City of Daytona Beach

Vice Mayor Jason McGuirk
City of New Smyrna Beach

Commissioner Chris Nabicht
City of Deltona

Council Member Pat Patterson
Volusia County Council

Commissioner Marshall Shupe
City of Flagler Beach

Executive Committee Members as of June 30, 2018



LBL 2018-12

October 2, 2018

Re: Transmittal of FY 2017/18 River to Sea TPO Audit

Dear TPO Board Members:

The report included with this letter of transmittal is on the financial status of the River to Sea TPO for the fiscal year from July of 2017 to June of 2018. As required by Section 163.01(5)(q), F.S., the River to Sea TPO undergoes an independent audit each year and provides the results of the audit to the TPO Board.

As indicated by the information presented in the “Management’s Discussion and Analysis” (MD&A), the River to Sea TPO ended the fiscal year on stable financial ground. The TPO’s assets continue to exceed its liabilities. This year’s audit included no report findings.

The TPO staff will continue to strive to ensure that we meet and exceed our fiduciary responsibilities.

Respectfully submitted,

Lois Bollenback
Executive Director, River to Sea TPO

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
River to Sea Transportation Planning Organization
Daytona Beach, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of River to Sea Transportation Planning Organization (the "R2CTPO") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the R2CTPO's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the R2CTPO as of June 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.

To the Board of Directors of
River to Sea Transportation Planning Organization
Daytona Beach, Florida

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the proportionate share of the net pension liability – Florida Retirement System pension plan, schedule of Contributions – Florida Retirement System pension plan, schedule of the proportionate share of the net pension liability – Health Insurance Subsidy pension plan, schedule of contributions – Health Insurance Subsidy pension plan, and notes to required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required 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 the R2CTPO's basic financial statements. The introductory section and other supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis 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*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

To the Board of Directors of
River to Sea Transportation Planning Organization
Daytona Beach, Florida

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated **October xx, 2018**, on our consideration of the R2CTPO'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 under the heading Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the R2CTPO's internal control over financial reporting and compliance.

BMC CPAs

October xx, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As financial management of the River to Sea Transportation Planning Organization (hereinafter referred to as "R2CTPO"), we offer readers of these basic financial statements this narrative overview and analysis of the financial activities of R2CTPO for the year ended June 30, 2018. This discussion and analysis is designed to assist readers in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and with the financial statements, which follow this section, to be taken as a whole.

Financial Highlights

- The assets of the R2CTPO exceeded its liabilities at the close of the year by \$504,000 (net position). Of this amount, \$462,091 (unrestricted net position) may be used to meet the organization's ongoing obligations to its member partners and citizens. The R2CTPO ended the fiscal year on stable financial ground.
- Income from all sources for the R2CTPO was \$1,484,639 for the year ended June 30, 2018. This represents an increase of 13.29% compared to the prior year with a total income of \$1,310,461.
- The R2CTPO's total net position decreased \$46,927 during the year ended June 30, 2018, compared to an increase of \$30,607 for the period ended June 30, 2017.
- As of the close of the year ended June 30, 2018, the R2CTPO governmental funds reported an ending fund balance of \$621,108, an decrease of \$37,651 from the prior period.
- Unreserved, undesignated fund balance for the general fund remained stable in 2018 and totaled \$605,351, which include only those amounts that are not allocable to grant activities recognized in the special revenue fund.

Overview of Financial Statements

The R2CTPO's basic financial statements are comprised of three parts: 1) the management's discussion and analysis, 2) the basic financial statements, including notes to the financial statements, and 3) the supplementary schedules presenting details of required supplemental financial data.

The Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the basic financial statements and supplementary information. The MD&A represents management's examination and analysis of the R2CTPO's financial condition and financial performance as a whole. Summary financial statement data, key financial and operational indicators used in the strategic plan, budget and other management tools were used for this analysis.

The basic financial statements consist of entity-wide and fund financial statements that are combined for this annual report. These financial statements provide both the short and long-term financial information about the R2CTPO's financial and operational activities, all of which are governmental activities. These statements report information about the R2CTPO using full accrual accounting methods and economic resources focus as utilized by similar business activities in the private sector. Information concerning all of the R2CTPO's assets and liabilities, both financial and capital, and short and long-term debt are included. Likewise, all revenues and expenses received during the year, regardless of when cash is received or paid, are reported.

The basic financial statements of the R2CTPO include a statement of net position and governmental fund balance sheet, statement of activities and governmental fund revenues, expenditures and changes in fund balances and notes to the financial statements, which are described as follows:

- A statement of net position and governmental fund balance sheet presents information on all of the R2CTPO's assets and liabilities at the end of its fiscal year, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the R2CTPO's financial position is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities result in increased net position, which indicates an improved financial condition.
- The statement of activities and governmental fund revenues, expenditures and changes in fund balances present the results of business operations over the course of the fiscal year and information as to how the R2CTPO's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., grant drawdowns receivable). These governmental activities are primarily supported by member assessments and operating grants from the Federal, State, and other governments.
- The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the R2CTPO's significant accounting policies, account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the R2CTPO's comparisons of budget to actual revenue and expenses and summaries of detailed financial data that is aggregated for financial presentation purposes.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The R2CTPO uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Reconciliation of the government-wide and fund financial statements accompany the fund financial statements found on pages 29 and 31. All of the R2CTPO's special revenue programs are shown combined, as all are Federal and State reimbursable operating grants.

Financial Analysis

The R2CTPO's basic financial statements report its net position and how it has changed over the reporting period. While increases or decreases over time in net position (the difference between assets and liabilities) may serve as a useful indicator of the R2CTPO's financial position, one also needs to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed governmental legislation to adequately assess its overall health.

The following is a summary of net position at June 30, 2018 and 2017:

Net Position

	<u>2018</u>	<u>2017</u>
Assets:		
Current and other assets.....	\$ 842,988	\$ 759,730
Capital assets, net.....	<u>41,909</u>	<u>14,290</u>
Total assets.....	<u>884,897</u>	<u>774,020</u>
Deferred outflows of resources.....	<u>70,191</u>	<u>85,487</u>
Liabilities:		
Current liabilities.....	218,833	69,985
Compensated absences obligation.....	34,039	47,489
Long-term debt outstanding.....	23,880	-
Net pension liability.....	<u>143,578</u>	<u>164,361</u>
Total liabilities.....	<u>420,330</u>	<u>281,835</u>
Deferred inflows of resources.....	<u>30,758</u>	<u>26,745</u>
Net position:		
Invested in capital assets, net of related debt.....	41,909	14,290
Unrestricted.....	<u>462,091</u>	<u>536,637</u>
Total net position.....	<u>\$ 504,000</u>	<u>\$ 550,927</u>

Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$504,000 at the close of the most recent period. This represents a decrease of \$46,927 over the prior period, all of which is attributable to operations. The R2CTPO's investment in capital assets, net of related debt (net position not available for future spending) totaled \$41,909 at the end of the year. The unrestricted net position of \$462,091 is available to meet the R2CTPO's obligations to its member partners and citizens. Conversion to GASB Statement No. 34 does not allow the reporting of net position as "reserved" unless there are external legal restrictions on how they may be used. Thus, while there may be long-term management plans for unrestricted net position, they must be reported as unrestricted until such external restrictions occur.

The R2CTPO's investment in capital assets increased from \$14,290 at the end of the prior period to \$41,909 this year. The Organization's cash and investment reserves experienced a decrease from \$333,522 in 2017 to \$51,939 in 2018. Due from other governments increased from \$404,202 in the prior year to \$775,292 in the current year. This was a result of larger consultant contracts being due at the end of the year and not receiving reimbursement. These receivables consisted primarily of amounts due from the federal and state governments for reimbursements of expenses under operating grants. Prepaid expense/deposits of \$9,257 are for expenses for rent copier lease, insurance, utilities and postage that will be expensed in next year's operations. The R2CTPO maintains a \$6,500 rent deposit for the building and office facilities.

Accounts payable totaling \$207,712 represented 49.42% of the R2CTPO's total liabilities at the end of the period. Of this amount, \$169,671 was for expenditures related to operating grant programs which will be reimbursed to the Organization after June 30, 2018 through grant reimbursements. Accrued liabilities of \$11,121 (2.65% of total liabilities) were for salaries earned but not paid until the following year. Long-term debt totaled \$57,919, which represents the estimated future cost of compensated absences for employees that is recognized as a liability in the entity-wide financial statements at the time it is earned as well as outstanding capital lease obligations.

While not recognized as a liability in the entity-wide financial statements, in the General Fund, the R2CTPO reported unearned revenue totaling \$3,047 received in advance for local matching payments on the R2CTPO's FTA Grants and other deferrals.

The following is a summary of changes in net position for the years ended June 30, 2018 and 2017:

Change in Net Position

	<u>Year Ended 6/30/2018</u>	<u>Year Ended 6/30/2017</u>
Revenues:		
Program revenues:		
Charges for services.....	\$ 63,405	\$ 59,313
Operating grants/other.....	1,419,991	1,249,910
General revenues:		
Investment earnings	<u>1,243</u>	<u>1,238</u>
Total revenues.....	<u>1,484,639</u>	<u>1,310,461</u>
Expenses:		
General government.....	97,538	42,826
Transportation.....	1,434,028	1,236,878
Interest on long-term debt.....	<u>-</u>	<u>150</u>
Total expenses.....	<u>1,531,566</u>	<u>1,279,854</u>
Increase (decrease) in net position.....	<u>(46,927)</u>	<u>30,607</u>
Net position, beginning of year.....	<u>550,927</u>	<u>520,320</u>
Net position, end of year.....	<u>\$ 504,000</u>	<u>\$ 550,927</u>

Governmental funds provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Organization's financing requirements. The R2CTPO's net position decreased \$46,927 in 2018, as a result of operations. R2CTPO still maintains a strong net position which will be used to support future grant matching.

The general fund is the chief operating fund of the R2CTPO. At the end of the current period, the unassigned fund balance was \$605,351 as a measure of general fund liquidity; it may be useful to compare unreserved fund balance to the total fund expenditures. The unreserved fund balance represented 6.21 times the general fund expenditures at the end of the current period. It is important to note that all special revenue fund revenues, which represent 96% of entity-wide revenues, required advance funding before reimbursement. No accumulation of equity occurs in the R2CTPO's special revenue (grant) funds since all current period project costs are funded in full from a combination of the proceeds from external grant funds, external grant matching and other local support.

While the statement of net position and governmental balance sheet shows a snapshot of the R2CTPO's financial position at the beginning and ending of the periods, the statement of activities and governmental fund revenues, expenditures and changes in fund balances provides answers as to the nature and source of these changes. Revenues from membership dues and charges were \$63,405 and \$59,313 for 2018 and 2017, respectively. Operating grant revenues of \$1,447,927 was up 17.4% this year from \$1,232,737 reported during the prior period. As a result, advances from the general fund were required to finance these costs until the resulting reimbursements were subsequently collected; these increased to \$596,906 in 2018 from \$334,547 in 2017.

Investment earnings for 2018 were \$1,243, an increase from the prior year's amount of \$1,238.

The R2CTPO's general fund expenditures for the year ended June 30, 2018 were \$102,299 and \$37,651 more than revenues in the general fund resulting in a decrease in fund balance of \$37,651. Amounts expended in the general fund for personal services expenditures in 2018 were \$-0-, the same as the prior

period. Amounts expended for operational expenses, materials and services increased in the current 2018 year and totaled \$102,299, compared to \$37,692 expended in the prior year.

Amounts expended for capital outlay in 2018 totaled \$8,500, compared to \$4,600 in 2017. During the current year, the acquisition of additional computer equipment was approved in the Unified Planning Work Program (Section 112 Program) in the amount of \$8,500, compared to \$4,600 one year earlier.

Debt service expenditures in 2018 totaled \$0 compared to \$7,659 one year earlier. These amounts represent the capital lease payments on the R2CTPO's various copier lease obligations.

Economic Factors and Next Year's Budgets and Rates

The overall financial position and results of operations for the R2CTPO remained constant for the period ended June 30, 2018. The R2CTPO operated within its internal budget constraints and operating reserves to help meet planned future contractual obligations. It is expected that the Organization's net position will remain stable for the remainder of the next year.

Many factors are considered each year by the R2CTPO in its efforts to establish an operating budget, to evaluate its personnel needs and to develop uniform membership and user fees that are reasonable and, more importantly, capable of cost recovery. Some of the major factors considered in this process are the local economy, civilian labor force, unemployment rates and inflation rates.

- The most recent estimates available for unemployment data in Volusia County, Florida are compiled by the Florida Agency for Workforce Innovation on the Florida Research and Economic Information Database Application (FREIDA). This agency estimates a countywide unemployment rate of 3.5% at the end of April 2018. This rate is lower than the countywide rate of 4.5% experienced approximately one year earlier.
- Inflationary trends for Volusia County compare favorably with those trends experienced at the state and national levels.

Requests for Information

This financial report is designed to provide a general overview of the R2CTPO's finances for all those who have expressed an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, River to Sea Transportation Planning Organization, 2570 W. International Drive, Suite 100, Daytona Beach, Florida 32114.

Requests for Information

This financial report is designed to provide a general overview of the R2CTPO's finances for all those who have expressed an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, River to Sea Transportation Planning Organization, 2570 W. International Drive, Suite 100, Daytona Beach, Florida 32114.

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BASIC FINANCIAL STATEMENTS

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STATEMENT OF NET POSITION**Statement 1**

June 30, 2018

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATIONGovernmental Activities

Assets:

Cash and cash equivalents.....	\$ 45,669	
Investments.....	6,270	
Due from other governments.....	775,292	
Prepays.....	9,257	
Refundable deposits.....	6,500	
Capital assets, net of accumulated depreciation.....	<u>41,909</u>	
Total assets.....		<u>\$ 884,897</u>

Deferred Outflows of Resources:

Deferred amounts related to pensions.....		<u>70,191</u>
---	--	---------------

Liabilities:

Accounts payable.....	207,712	
Accrued liabilities.....	11,121	
Compensated absences.....	34,039	
Long-term liabilities:		
Portion due or payable within one year.....	4,776	
Portion due or payable after one year.....	19,104	
Net pension liability.....	<u>143,578</u>	
Total liabilities.....		<u>420,330</u>

Deferred Inflows of Resources:

Deferred amounts related to pensions.....		<u>30,758</u>
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Net Position:

Invested in capital assets, net of related debt.....	41,909	
Unrestricted.....	<u>462,091</u>	
Total net position.....		<u>\$ 504,000</u>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF ACTIVITIES**Statement 2**

For the Year Ended June 30, 2018

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Service	Operating Grants Contributions	Capital Grants Contributions	
Governmental Activities:					
General government.....	\$ 107,060	\$ 63,405	\$ -	\$ -	\$ (43,655)
Transportation.....	<u>1,424,506</u>	<u>-</u>	<u>1,419,991</u>	<u>-</u>	<u>(4,515)</u>
Total governmental activities.....	<u>\$ 1,531,566</u>	<u>\$ 63,405</u>	<u>\$ 1,419,991</u>	<u>\$ -</u>	(48,170)
General revenues:					
Investment earnings.....					<u>1,243</u>
Change in net position.....					(46,927)
Net position, beginning.....					<u>550,927</u>
Net position, ending.....					<u>\$ 504,000</u>

The accompanying notes are an integral part of the financial statements.

**BALANCE SHEET
GOVERNMENTAL FUNDS**

Statement 3

June 30, 2018

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

	General Fund	Revenue Fund	Total
Assets:			
Cash and cash equivalents.....	\$ 45,669	\$ -	\$ 45,669
Investments.....	6,270	-	6,270
Due from other governments.....	-	775,292	775,292
Due from other funds.....	596,906	-	596,906
Prepays.....	9,257	-	9,257
Refundable deposits.....	<u>6,500</u>	<u>-</u>	<u>6,500</u>
Total assets.....	<u>664,602</u>	<u>775,292</u>	<u>1,439,894</u>
Liabilities:			
Accounts payable.....	38,041	169,671	207,712
Accrued liabilities.....	2,406	8,715	11,121
Unearned revenue.....	3,047	-	3,047
Due to other funds.....	<u>-</u>	<u>596,906</u>	<u>596,906</u>
Total liabilities.....	<u>43,494</u>	<u>775,292</u>	<u>818,786</u>
Fund Balances:			
Nonspendable:			
Prepaid expenses.....	9,257	-	9,257
Refundable deposits.....	6,500	-	6,500
Unassigned.....	<u>605,351</u>	<u>-</u>	<u>605,351</u>
Total fund balance.....	<u>621,108</u>	<u>-</u>	<u>621,108</u>
Total liabilities and fund balance.....	<u>\$ 664,602</u>	<u>\$ 775,292</u>	

Amounts reported for governmental activities in the statement of net position are different because of the following:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.....	41,909
Deferred outflows related to pensions.....	70,191
Deferred inflows related to pensions.....	(30,758)
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds. These liabilities and other debt related deferred charges consist of the following:	
Unearned revenues.....	3,047
Capital lease obligations (long-term debt).....	(23,880)
Compensated absences (long-term debt).....	(34,039)
Net pension liability.....	<u>(143,578)</u>
Net position of governmental activities	<u>\$ 504,000</u>

The accompanying notes are an integral part of the financial statements.

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

Statement 4

For the Year Ended June 30, 2018

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

	General Fund	Special Revenue Fund	Total
Revenues:			
Intergovernmental.....	\$ -	\$ 1,447,927	\$ 1,447,927
Charges for services.....	63,405	-	63,405
Investment earnings.....	1,243	-	1,243
Miscellaneous.....	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues.....	<u>64,648</u>	<u>1,447,927</u>	<u>1,512,575</u>
Expenditures:			
Current:			
General Government:			
Materials and services.....	<u>102,299</u>	<u>-</u>	<u>102,299</u>
Transportation:			
Personal services.....	-	688,045	688,045
Materials and services.....	-	751,382	751,382
Capital outlay.....	<u>-</u>	<u>8,500</u>	<u>8,500</u>
	<u>-</u>	<u>1,447,927</u>	<u>1,447,927</u>
Debt Service:			
Principal retirement.....	-	-	-
Interest and other.....	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures.....	<u>102,299</u>	<u>1,447,927</u>	<u>1,550,226</u>
Net change in fund balances.....	(37,651)	-	(37,651)
Fund balances, beginning of year.....	<u>658,759</u>	<u>-</u>	<u>658,759</u>
Fund balances, end of year.....	<u>\$ 621,108</u>	<u>\$ -</u>	<u>\$ 621,108</u>

The accompanying notes are an integral part of the financial statements.

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

**Statement 4
(continued)**

For the Year Ended June 30, 2018

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

Net change in fund balances - total governmental funds..... \$ (37,651)

Amounts reported for governmental activities in the statement of activities
are different because of the following:

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. This is the amount by which
capital outlays exceeded depreciation expense in the current period:

Capital outlay expenditures.....	\$ 8,500	
Depreciation expense.....	<u>(4,761)</u>	3,739

Repayment of principal on debt obligations, including capital leases, is an
expenditure in the governmental funds, but the repayment reduces
long-term liabilities in the statement of net assets:

Principal paid on capital leases.....		-
---------------------------------------	--	---

Revenues in the statement of activities that do not provide current
financial resources are not reported as revenues in the governmental funds:

Unearned grant revenues.....		(27,936)
------------------------------	--	----------

The (increase) decrease in net pension liabilities, deferred outflows and
inflows are reported in the statement of activities, but not in the individual
governmental fund statements, as follows:

Deferred outflows - pension plans.....	(15,296)	
Deferred inflows - pension plans.....	(4,013)	
Net pension liability.....	<u>20,783</u>	1,474

Under the modified accrual basis of accounting used in the
governmental funds, expenditures are not recognized for transactions
that are not normally paid with expendable available financial resources.

In the statement of activities, however, which is presented on the
accrual basis, expenses and liabilities are reported regardless of when
financial resources are available. This adjustment is for the following:

(Increase) decrease in compensated absences liabilities.....		<u>13,447</u>
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Change in net position of governmental activities.....		<u><u>\$ (46,927)</u></u>
--	--	---------------------------

The accompanying notes are an integral part of the financial statements.

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND**

Statement 5

For the Year Ended June 30, 2018

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

	Budget Amounts		Actual	Variance
	Original	Final		
Revenues:				
Charges for services.....	\$ 54,355	\$ 54,355	\$ 63,405	\$ 9,050
Investment earnings.....	1,200	1,200	1,243	43
Total revenues.....	<u>55,555</u>	<u>55,555</u>	<u>64,648</u>	<u>9,093</u>
Expenditures:				
Current:				
General Government:				
Operating expenditures.....	<u>55,555</u>	<u>55,555</u>	<u>102,299</u>	<u>(46,744)</u>
Debt Service:				
Principal retirement.....	-	-	-	-
Interest and other.....	-	-	-	-
Total expenditures.....	<u>55,555</u>	<u>55,555</u>	<u>102,299</u>	<u>(46,744)</u>
Excess (deficit) of revenues over (under) expenditures.....	-	-	(37,651)	(37,651)
Fund balances, beginning of year.....	<u>658,759</u>	<u>658,759</u>	<u>658,759</u>	-
Fund balance, end of year.....	<u>\$ 658,759</u>	<u>\$ 658,759</u>	<u>\$ 621,108</u>	<u>\$ (37,651)</u>

The accompanying notes are an integral part of the financial statements.

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

Statement 6

For the Year Ended June 30, 2018

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

	<u>Budget Amounts</u>		Actual	Variance
	Original	Final		
Revenues:				
Intergovernmental:				
Federal awards.....	\$ 1,523,586	\$ 1,523,586	\$ 1,347,723	\$ (175,863)
State financial assistance.....	65,259	65,259	61,493	(3,766)
Local grants and awards.....	<u>58,117</u>	<u>58,117</u>	<u>38,711</u>	<u>(19,406)</u>
Total revenues.....	<u>1,646,962</u>	<u>1,646,962</u>	<u>1,447,927</u>	<u>(199,035)</u>
Expenditures:				
Current:				
Transportation:				
Personal services.....	699,752	699,752	688,045	11,707
Operating expenditures.....	933,010	933,010	751,382	181,628
Capital outlay.....	<u>14,200</u>	<u>14,200</u>	<u>8,500</u>	<u>5,700</u>
Total expenditures.....	<u>1,646,962</u>	<u>1,646,962</u>	<u>1,447,927</u>	<u>199,035</u>
Excess (deficit) of revenues over (under) expenditures.....	-	-	-	-
Fund balance, beginning of year.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of River to Sea Transportation Planning Organization (“R2CTPO”) have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body promulgating governmental accounting and financial reporting principles. The following is a summary of its significant accounting policies:

A. Reporting Entity

R2CTPO is a voluntary association of local government units organized under the authority of Chapter 339.175, Florida Statutes, in accordance with the 1962 Federal Aid Highway Act. Its primary purpose is to provide leadership in the initiation and development of transportation plans and programs and the establishment of transportation priorities and strategies in Volusia County, Flagler Beach, and Beverly Beach, Florida. Members are appointed by the governing bodies of the participating local government units. The R2CTPO was originally created on May 6, 1977, as the Volusia County Metropolitan Planning Organization and operates under interlocal agreements established pursuant to Chapter 163.01, Florida Statutes, among the various participating governmental entities. As of April 23, 2014, Volusia Transportation Planning Organization officially changed its name to River to Sea Transportation Planning Organization.

The accompanying financial statements present the financial position and results of operations of the applicable funds controlled by or dependent on R2CTPO. In evaluating R2CTPO as a reporting entity, management has addressed all potential component units for which the entity may or may not be financially accountable and, as such, be includable within R2CTPO’s financial statements. No component units exist which would require inclusion in R2CTPO’s financial statements.

B. Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the financial activities of R2CTPO. The effect of interfund activities, when applicable, has been removed from these statements. All of R2CTPO’s activities are governmental activities which are supported from population-based service fee assessments to its government-member organizations. R2CTPO does not engage in any business-type 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 that are clearly identifiable with a specific function or segment. Program revenues include 1) intergovernmental revenues, which includes operating grants and financial assistance received from federal, state, and local government units, 2) charges for services, which includes member assessments and reimbursements for program costs incurred to conduct specialized program studies, and 3) miscellaneous revenues. General revenues include interest earnings. Fund financial statements are presented for R2CTPO’s general and special revenue funds. Both funds are considered to be “major” funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

June 30, 2018

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

as revenue in the year for which they are assessed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. When both restricted and unrestricted resources are available for use, it is R2CTPO's policy to use restricted resources first, then unrestricted resources as they are needed.

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, R2CTPO considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and long-term lease agreements are recorded only when payment is due. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

The R2CTPO's accounts are organized on the basis of funds each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The focus of the governmental fund financial statements is on major funds, as defined and determined based on criteria established under Governmental Accounting Standards Boards Statement No. 34.

The R2CTPO reports the following major governmental funds:

The General Fund is the R2CTPO's primary operating fund. It accounts for all financial resources of the organization, except those required to be accounted for in another fund.

The Special Revenue Fund is used to account for the financial resources related to the planning and programming activities of the organization. Funds are provided from the Florida Department of Transportation, the Federal Highway Administration, and the Federal Transit Administration.

D. Budgets and Budgetary Accounting

On or before July 1 of each year, the R2CTPO adopts an annual budget on a generally accepted accounting principles (GAAP) basis sufficient to support the anticipated Unified Planning Work Program (UPWP) for the year. The budget is adopted at the fund level and includes combined revenues from all sources, including federal, state, local and private grants-in-aid, contracts, fees, and such other funding sources legitimately available to the R2CTPO. The level of budget control is at the UPWP task level.

E. Deposits and Investments

R2CTPO's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

R2CTPO's corporate charter authorizes investments in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Board of Administration Local Government Surplus Trust Fund Pool.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

June 30, 2018

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

All of the R2CTPO’s investments are reported at fair value, with the exception of investments in the SEC Rule 2a7-like pools (State Board of Administration Local Government Surplus Trust Fund Pool) which are stated at cost, or amortized cost, and are the same as the fair value of pool shares.

F. Receivables

All receivables and amounts due from other governments are reported net of an allowance for uncollectible accounts, when applicable, which is based upon management's analysis of historical trends.

G. Prepaids

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

H. Capital Assets

Capital assets, which include office furniture, fixtures and equipment, are reported in the government-wide financial statements. Capital assets are defined by R2CTPO as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation has been provided on capital assets as a direct charge using the straight-line method over the estimated useful lives of the various classes of depreciable assets, which range from 3-7 years.

I. Compensated Absences

It is R2CTPO’s policy to grant employees personal leave based upon the number of years of employment with the R2CTPO. Employees are permitted to accumulate earned paid time off (PTO) credits for unused vacation, illness or injury, and personal leave benefits. The amount of paid time off available to the employee increases with the length of employment as follows:

Years of Eligible Service	PTO Hours Bi-weekly	PTO Days Annually
Upon initial eligibility	7.38 hrs.	24 days
After 5 years service	8.31 hrs.	27 days
After 13 years service	9.85 hrs.	32 days
After 20 years service	10.15 hrs.	33 days

R2CTPO’s employees may accumulate paid time off credits up to a maximum of 520 hours. After an employee has accumulated over 240 hours, the employee may elect to sell back as many as 48 hours of credits at their base rate of pay at the date of the sale (limited to one time per year during the month of September). Upon termination, employees will be paid for all accumulated paid time off credits.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

June 30, 2018

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

J. Pensions

In government-wide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting. Employer and plan member contributions to defined contribution pension plans are recognized in the period that the contributions are due. For its defined benefit plans, the R2CTPO recognizes a net pension liability, which represents the R2CTPO's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the FRS defined benefit plan and the HIS defined benefit plan and additions to/deductions from the FRS and the HIS fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

K. Unearned Revenue

Unearned revenues are reported when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the entity before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when R2CTPO has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

L. Grants

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

M. Long-term Obligations

In the government-wide financial statements, long-term obligations (capital leases) are reported as liabilities in the governmental activities statement of net position.

N. Deferred Outflows/inflows of Resources

In addition to assets, when applicable the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, when applicable the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

June 30, 2018

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

O. Net Position Flow Assumption

Sometimes the organization will fund outlays for a particular purpose from both restricted (e.g., restricted fund or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the R2CTPO's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

P. Fund Balance Flow Assumptions

Sometimes the entity will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the R2CTPO's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Q. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The R2CTPO itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board is the highest level of decision-making authority for the entity that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the entity for specific purposes but do not meet the criteria to be classified as committed. The Board is authorized to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash such as prepaid amounts.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

June 30, 2018

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

R. Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

S. New Accounting Pronouncements

The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current financial statements:

- Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans.*" The provisions of this statement are effective for fiscal years beginning after June 15, 2017.
- GASB Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). There was no impact to the Organization's financial statements as a result of this guidance.
- GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. There was no impact to the Organization's financial statements as a result of this guidance.

The following Governmental Accounting Standards Board (GASB) Statements will be implemented in future financial statements:

- Statement 83, "*Certain Asset Retirement Obligations.*" The objective of this statement is to address accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. This statement is currently under review to evaluate the impact it may have on the Organization's financial statement presentation. The provisions of this statement are effective for fiscal years beginning after June 15, 2018.
- Statement 84, "*Fiduciary Activities.*" The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement is currently under review to evaluate the impact it may have on the Organization's financial statement presentation. The provisions of this statement are effective for fiscal years beginning after December 15, 2018.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

June 30, 2018

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

- Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It is anticipated that no action will be required by the Organization to implement this Statement. The provisions of this Statement are effective for reporting periods beginning after December 15, 2019.
- Statement No. 88, *Certain Disclosures Related to Debt*. The objective of this Statement is to better improve the disclosure in notes to governmental financial statements related to debt, including direct borrowings and direct placements. It is anticipated that no action will be required by the Organization to implement this Statement. The provisions of this Statement are effective for reporting periods beginning after June 15, 2018.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are to improve relevance and comparability about capital assets and the related cost of borrowing as well as simplify the accounting for interest costs incurred before the end of a construction period. It is anticipated that no action will be required by the Organization to implement this Statement. The provisions of this Statement are effective for reporting periods beginning after December 15, 2019.
- Statement No. 90, *Major Equity Interests*. The objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization. It is anticipated that no action will be required by the Organization to implement this Statement. The provisions of this Statement are effective for reporting periods beginning after December 15, 2018.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Statement of Net Position**

Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities

Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net change in fund balances – total governmental funds and changes in net position – governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

June 30, 2018

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Individual annual budgets were adopted for R2CTPO’s governmental funds. The basis on which the budgets were prepared is consistent with generally accepted accounting principles for the fund. All annual appropriations lapse at fiscal yearend.

No later than 60 days prior to fiscal year end, the proposed budget is presented to the Board of Directors for review. The Board holds public meetings and a final budget must be prepared and legally adopted prior to June 30. The annual budget is prepared by department and object. Transfers of appropriations between departments require approval of the Board. The legal level of budgetary control is at the departmental level. During the current period, the Executive Board transferred budgetary appropriations in the special revenue fund to reflect changes in awards and promotion activities incurred during the year.

It is not R2CTPO’s policy to use encumbrance accounting, under which, purchases orders, contracts, and other commitments are recorded as an extension of formal budgetary integration.

NOTE 4 - CASH DEPOSITS AND INVESTMENTS

Deposits. At June 30, 2018, the carrying value of R2CTPO’s cash deposit accounts was \$45,569, while the bank balance totaled \$68,059. The cash deposits are held by a bank that qualifies as public depository under the Florida Security for Public Deposits Act as required by Chapter 280, Florida Statutes and are fully insured. Amounts reported in the financial statements include \$100 in cash funds on hand at the end of the fiscal year.

Investments. As of June 30, 2018, R2CTPO had the following investments and maturities:

Investment Type	Fair Value	Less Than 1	From 1 - 5	From 6 - 10
Local Government Investment Pool:				
State Board of Administration, Local Government Surplus Trust Fund Investment Pool				
Florida PRIME.....	\$ 6,270	\$ 6,270	\$ -	\$ -

The R2CTPO’s investments consist of amounts invested in the Local Government Surplus Trust Fund managed by the Florida State Board of Administration (SBA). The SBA is part of the Local Government Surplus Trust Fund and is governed by Chapter 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of the Local Government Surplus Trust Fund. As a Florida PRIME pool participant, R2CTPO invests in a pool of investments whereby R2CTPO owns a share of the respective pool, not the underlying securities.

GASB 31 outlines the two options for accounting and reporting for money market investment pools as either “2a-7 like” or fluctuating net asset value (NAV). GASB 31 describes a “2a-7 like” pool as an

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

June 30, 2018

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

“external investment pool that is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with Rule 2a-7 under the Investment Company Act of 1940 (the “1940 Act”). Rule 2a-7 is the rule that permits money market funds to use amortized cost to maintain a constant NAV of \$1.00 per share, provided that such funds meet certain conditions. The SBA’s interpretation of GASB 31 is that the Florida PRIME is currently considered an SEC “2a-7 like” fund, thus the account balance should also be considered the fair value of the investment.

Interest Rate Risk. R2CTPO does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rates, instead all investments are governed by state statutes. Generally, all of R2CTPO’s surplus funds are invested in the Local Government Surplus Trust Fund. Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment’s fair value. GASB 40 requires that interest rate risk be disclosed using one of the five approved methods. The five methods are segmented time distribution, specific identification, weighted average maturity (WAM), duration, and simulation model. Different methods may be presented for different types of investments.

Interest rate risk disclosures are required for all debt investments as well as investments in mutual funds, external investment pools, and other pooled investments that do not meet the definition of a “2a-7 like” pool. At June 30, 2018, the WAM of the Florida PRIME is 31 days. An estimate of weighted average life (WAL) is available. In the calculation of WAL, the time at which an expected principal amount is to be received (measured in years) is weighted by the principal amount received at that time divided by the sum of all expected principal payments. The principal amounts used in the WAL calculation are not discounted to present value as they would be in a weighted average duration calculation.

Credit Risk. R2CTPO’s investment policies are governed by state statutes which allow the government to invest in Local Government Surplus Trust Fund Investment Pool, authorized government investment pools, Securities and Exchange Commission registered money market funds (with rating exceptions), interest bearing time deposits of savings accounts in qualified public depositories, and direct obligations of the U.S. Treasury. The Florida PRIME is rated by Standard and Poors, with a rating of AAAM as of June 30, 2018.

Concentrations of Credit Risk. R2CTPO places no limit on the amounts it invests in any one issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are excluded from the concentration of credit risk disclosure requirements.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a failure of a depository, R2CTPO’s deposits may not be returned to it. R2CTPO does not have a deposit policy for custodial risk.

Pursuant to the applicable provisions of Chapter 280, Florida Statutes, *The Florida Security for Public Deposits Act* (“the Act”), the State of Florida, Department of Financial Services, Division of Treasury, Bureau of Collateral Management have established specific requirements relative to security and collateralization for public deposits. Accordingly, banks qualifying as a public depository in the State of Florida must adopt the necessary procedures outlined in these statutes and meet all of the requirements of this chapter to be designated by the State’s Chief Financial Officer as eligible to receive deposits from municipal depositors. Collateral having a market value equal to 50% of the average daily balance for each month of all public deposits in excess of any applicable depository insurance is required to be pledged or deposited with the State’s Chief Financial Officer to secure such deposits. Additional collateral, up to a maximum of 125% may be required if deemed necessary under the conditions set forth in the Act.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

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Securities eligible to be pledged as collateral are generally limited to obligations of the United States government and any state thereof and are held in the name of the State Chief Financial Officer's office. Compliance with the provisions of Chapter 280, Florida Statutes, is monitored by a Qualified Public Depository Oversight Board with members appointed by the State Chief Financial Officer.

At June 30, 2018, the carrying amount of R2CTPO's deposits in the Local Government Surplus Funds Trust Fund was \$7,373, all of which was covered by federal depository insurance and the statutory provisions of the Act.

NOTE 5 - DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables: Amounts are aggregated into single accounts receivable (net of allowance for uncollectible accounts) lines for certain funds and aggregated columns. Below is a detail of receivables anticipated to be collected within an operating cycle:

Due from other governments:	
Special Revenue Fund:	
Due from Florida Department of Transportation.....	\$ 775,292
Less: allowance for doubtful accounts.....	<u> -</u>
Total receivables, net.....	<u>\$ 775,292</u>

Payables: Amounts are aggregated into accounts payable and accrued liabilities lines for certain funds and aggregated columns. Below is a detail of payables anticipated to be paid within an operating cycle:

Accounts payable.....	\$ 207,712
Accrued liabilities:	
Accrued payroll.....	\$ 9,539
Accrued payroll taxes.....	730
Accrued employee benefits.....	<u>852</u>
	<u>11,121</u>
Total accounts payable and accrued liabilities.....	<u>\$ 218,833</u>

NOTE 6 – INTERFUND BALANCES

The outstanding balances between funds result mainly from the time lag between the dates reimbursable expenditures occur and when the R2CTPO is actually reimbursed by grantor agencies. As a result, advances from the general fund are required to finance these costs until reimbursement is received. Individual fund interfund receivables and payables at June 30, 2018, are comprised of the following:

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

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RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

Fund	Interfund Receivables	Interfund Payables
General Fund.....	\$ 596,906	\$ -
Special Revenue Fund.....	-	596,906
Totals.....	<u>\$ 596,906</u>	<u>\$ 596,906</u>

NOTE 7 - CAPITAL ASSETS

The following is a summary of changes in capital assets during the year ended June 30, 2018:

Function/Source	Balances 6/30/2017	Additions	Deletions	Balances 6/30/2018
Office furniture, fixtures, and equipment....	\$ 125,150	\$ 32,380	\$ (60,488)	\$ 97,042
Less: accumulated depreciation.....	(110,860)	(4,761)	60,488	(55,133)
Total capital assets, net of accumulated depreciation.....	<u>\$ 14,290</u>	<u>\$ 27,619</u>	<u>\$ -</u>	<u>\$ 41,909</u>

Depreciation expense for the year totaled \$4,761 and was allocated as follows: general government, \$4,761; and transportation, \$-0-.

NOTE 8 - OPERATING LEASES

R2CTPO leases building and office facilities under a non-cancelable operating lease that was signed on July 1, 2010 and amended on March 28, 2018. The lease is currently payable in equal monthly base rent installments of \$5,974 per month. In addition to the monthly base rent, the lease provides that the lessee will reimburse the lessor for its pro-rata share of contingent charges (specified common area maintenance and taxes) which are currently billed at \$2,494 per month. At the end of each annual rental year, all actual contingent facilities common area costs are recalculated by the lessor to determine a pro-rata true-up adjustment which is billed (or refunded) to R2CTPO at the start of each annual rental cycle. This lease is accounted for as an operating lease and contains an option to be cancelled in the event annual appropriations are not authorized. This lease expires April 1, 2018. Actual lease expense for the year ended June 30, 2018 totaled \$122,959.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

June 30, 2018

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

The future minimum lease payments (excluding estimated contingent rentals) under this agreement are as follows:

<u>Year ending June 30,</u>	<u>Total Amount</u>
2019.....	\$ 71,693
2020.....	72,344
2021.....	74,300
2022.....	74,951
2023.....	<u>76,907</u>
Totals.....	<u>\$ 370,195</u>

NOTE 9 – LONG-TERM DEBT

The Organization's long-term debt outstanding at June 30, 2018, is as follows:

	<u>Balance Due</u>	<u>Current Maturities</u>
Capital Lease Obligations:		
\$23,880 capital lease for office equipment, dated 6/28/2018, payable in monthly installments of \$398 through 6/28/2023, with no interest, secured with office equipment with a book value of \$23,880 at 6/30/2018.	\$ 23,880	\$ 4,776
Compensated absences.....	34,039	5,106
Net pension liability.....	<u>143,578</u>	<u>-</u>
Totals.....	<u>\$ 201,497</u>	<u>\$ 9,882</u>

A summary of changes in the Organization's long-term debt for the year ended June 30, 2018, is as follows:

	<u>Balance 6/30/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2018</u>
Capital lease obligations.....	\$ -	\$ 23,880	\$ -	\$ 23,880
Compensated absences.....	47,489	6,546	(19,996)	34,039
Net pension liability.....	<u>164,361</u>	<u>-</u>	<u>(20,783)</u>	<u>143,578</u>
Totals.....	<u>\$ 211,850</u>	<u>\$ 30,426</u>	<u>\$ (40,779)</u>	<u>\$ 201,497</u>

Amortization of leased equipment under capital assets is included with depreciation expense.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

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RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

NOTE 10 - STATE FINANCIAL ASSISTANCE

During the year ended June 30, 2018, R2CTPO received funds from the State of Florida in the form of State Financial Assistance (\$30,501), as well as additional funds representing the state’s pro-rata portion of matching funds (\$30,992) required as the state’s matching funds for federal contracts received under its Unified Planning Work Program (UPWP) for Fiscal Year 2017/18, adopted April 27, 2016. Since the threshold for the Florida Single Audit Act is \$750,000, an audit under the Florida Single Audit Act was not required and was not performed. During the year ended June 30, 2018, these funding amounts are summarized as follows:

State Financial Assistance

<u>State Agency/Project</u>	<u>Contract</u>	<u>Total Expenditures</u>
State Financial Assistance:		
Florida Department of Transportation:		
Commission for the Transportation Disadvantaged (2017).....	G0001	\$ 30,501
Total.....		<u>\$ 30,501</u>
Funding provided in the form of state matching of federal grants:		
Florida Department of Transportation:		
Transit Technical Studies Grant:		
Fiscal Year 2014-15.....	AQI75	\$ 3,958
Fiscal Year 2015-16.....	AQI75	4,490
Fiscal Year 2016-17.....	G0H73	4,595
Fiscal Year 2017-18.....	G0H73	<u>17,949</u>
Total.....		<u>\$ 30,992</u>

NOTE 11 - EMPLOYEE PENSION PLANS

A. Defined Contribution Plan

The R2CTPO contributes to a defined contribution pension plan for all full-time employees who were employed prior to July 1, 2009, which is fully administered by the Principal Financial Group under a plan originally established by the Board of Directors in October 1980. On June 23, 2009, the Board approved Resolution 2009-13, amending the pension plan to allow for the conversion to the Florida Retirement System, effective July 1, 2009. As a result of these actions, three employees opted to withdraw from the above described retirement plan options and convert to the Florida Retirement System. Four employees remained in the original plan. New employees are only eligible to enroll into the Florida Retirement System.

Plan provisions, benefit terms and contribution requirements are established and may be amended by the Board. Employer and plan member contributions are recognized in the period that contributions are due. For each participating employee in the pension plan, the R2CTPO is required to contribute 9.85% of employees’ earnings to an individual employee account. Employees are permitted to make contributions to the pension plan, up to applicable Internal Revenue code limits. During the year ended June 30, 2018, employee contributions totaled \$-0-, and the employer recognized pension expense of \$24,617.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

June 30, 2018

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

Each employee participating in the Principal purchase pension plan will become 100% vested after one year of employment with the R2CTPO. If the employee becomes separated from employment with the R2CTPO prior to achieving one year of service, the employer's contribution to that employee's account is forfeited by that employee. All employee forfeitures remain in the account for the R2CTPO's use in offsetting its next contribution. An additional deferred compensation plan is also offered that allows all employees to contribute additional funds for retirement on a voluntary basis via payroll deduction.

B. Florida Retirement System (FRS) - Defined Benefit Pension Plans

General Information About the FRS. The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the R2CTPO who were employed after June 30, 2009 are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs.

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

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

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The R2CTPO's general class of membership is as follows:

- Regular Class - Members of the FRS who do not qualify for membership in the other classes.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of the Plan may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision. However, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

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RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

The following chart shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
<i>Regular Class members initially enrolled before July 1, 2011:</i>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<i>Regular Class members initially enrolled on or after July 1, 2011:</i>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

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RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2017-18 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	7.92
DROP - Applicable to Members of the Above Class	0.00	13.26
FRS, Reemployed Retiree	(2)	(2)

Notes: (1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.
(2) Contribution rates are dependent upon retirement class in which reemployed, when applicable.

The R2CTPO's employer and employee contributions to the FRS Plan totaled \$8,978 and \$4,344, respectively, for the fiscal year ended June 30, 2018. This excludes HIS defined benefit pension plan contributions of \$4,415 and FRS Investment Plan contributions of \$7,513.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2018, the R2CTPO reported a liability of \$89,358 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The R2CTPO's proportionate share of the net pension liability was based on the R2CTPO's 2016-17 fiscal year contributions relative to the 2016-17 fiscal year contributions of all participating members based on a June 30, 2017 fiscal year. At June 30, 2017, the R2CTPO's proportionate share was 0.000302097 percent, which was a decrease of 0.00007173 percent from its proportionate share measured as of June 30, 2016 of 0.000373827 percent.

For the fiscal year ended June 30, 2018, the R2CTPO recognized Plan pension expense of \$11,468. In addition, the R2CTPO reported deferred outflows of resources and deferred inflows of resources related to pensions (based on the actuarial valuation dated July 1, 2017) from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 8,201	\$ 495
Change of assumptions	5,632	-
Net difference between projected and actual earnings on FRS pension plan investments	25,460	3,276
Changes in proportion and differences between employer FRS contributions and proportionate share of contributions	-	13,806
Employer FRS contributions subsequent to the measurement date	<u>12,493</u>	<u>-</u>
Total	<u>\$ 51,786</u>	<u>\$ 17,577</u>

The deferred outflows of resources related to pensions, totaling \$12,493, resulting from the R2CTPO's contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

June 30, 2018

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

pension liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2019	\$ 1,223
2020	8,910
2021	5,203
2022	3,414
2023	2,463
Thereafter	<u>503</u>
	<u>\$ 21,716</u>

Actuarial Assumptions. The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Investment rate of return	7.10 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.00%	3.11%	3.10%	1.65%
Intermediate-term Bonds	18.00%	4.18%	4.05%	5.15%
High Yield Bonds	3.00%	6.79%	6.25%	10.95%
Broad US Equities	26.50%	8.51%	6.95%	18.90%
Developed Foreign Equities	21.20%	8.66%	6.85%	20.40%
Emerging Market Equities	5.30%	11.58%	7.60%	31.15%
Private Equity	6.00%	11.80%	8.11%	30.00%
Hedge Funds / Absolute Return	7.00%	5.81%	5.35%	10.00%
Real Estate (Property)	12.00%	7.11%	6.35%	13.00%
Total	<u>100.00%</u>			

Assumed Inflation - Mean	2.60%	2.00%
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Note: (1) As outlined in the Plan's Investment Policy

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

June 30, 2018

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

Discount Rate. The discount rate used to measure the total pension liability was 7.10 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the R2CTPO's Proportionate Share of the Net Position Liability to Changes in the Discount Rate. The following presents the R2CTPO's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the R2CTPO's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.10 percent) or 1 percentage-point higher (8.10 percent) than the current rate:

	1% Decrease <u>(6.10%)</u>	Current Discount Rate <u>(7.10%)</u>	1% Increase <u>(8.10%)</u>
The R2CTPO's proportionate share of the net pension liability	\$ 161,733	\$ 89,358	\$ 29,271

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

Payables to the FRS Pension Plan. At June 30, 2018, the R2CTPO reported a payable of \$-0- for the outstanding amount of contributions to the FRS Plan required for the fiscal year ended June 30, 2018.

C. HIS Pension Plan (Defined Benefit Pension Plan)

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided. For the fiscal year ended June 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2018, the HIS contribution rate was 1.66% of payroll pursuant to section 112.363, Florida Statutes. The R2CTPO contributed 100 percent of its statutorily required contributions for the current and preceding 5 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

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RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

The R2CTPO's contributions to the HIS Plan totaled \$4,415 for the fiscal year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions. At June 30, 2018, the R2CTPO reported a net pension liability of \$54,220 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The R2CTPO's proportionate share of the net pension liability was based on the R2CTPO's 2016-17 fiscal year contributions relative to the total 2016-17 fiscal year contributions of all participating members. At June 30, 2018, the R2CTPO's proportionate share was 0.000507082 percent, which was an increase of 0.000093274 percent from its proportionate share measured as of June 30, 2016, of 0.000600356 percent.

For the fiscal year ended June 30, 2018, the R2CTPO recognized HIS Plan pension expense of \$3,967. In addition, the R2CTPO reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 113
Change of assumptions	7,621	4,688
Net difference between projected and actual earnings on HIS pension plan investments	35	5
Changes in proportion and differences between employer HIS contributions and proportionate share of contributions	6,333	8,375
Employer HIS contributions subsequent to the measurement date	<u>4,416</u>	<u>-</u>
Total	<u>\$ 18,405</u>	<u>\$ 13,181</u>

The deferred outflows of resources related to pensions, totaling \$4,416, resulting from the R2CTPO's contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2019	\$ 150
2020	150
2021	150
2022	146
2023	146
Thereafter	<u>66</u>
	<u>\$ 808</u>

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

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RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

Actuarial Assumptions. The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Investment rate of return	3.58 percent

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

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

Discount Rate. The discount rate used to measure the total pension liability was 3.58 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the R2CTPO's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the R2CTPO's proportionate share of the net pension liability calculated using the discount rate of 3.58 percent, as well as what the R2CTPO's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.58 percent) or 1 percentage point higher (4.58 percent) than the current rate:

	1% Decrease <u>(2.58%)</u>	Current Discount Rate <u>(3.58%)</u>	1% Increase <u>(4.58%)</u>
The R2CTPO's proportionate share of the net pension liability	\$ 61,872	\$ 54,220	\$ 47,846

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

Payable to the HIS Pension Plan - At June 30, 2018, the R2CTPO reported a payable of \$-0- for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2018.

D. FRS – Investment Plan (Defined Contribution Pension Plan)

The R2CTPO contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member's account upon retirement.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

June 30, 2018

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. R2CTPO employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

Allocations to the investment member's accounts during the 2017-18 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer</u>
FRS, Regular	0.00	6.30

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended June 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the R2CTPO.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The R2CTPO's employer and employee contributions to the FRS Investment Plan totaled \$7,513 and \$3,635, respectively, for the fiscal year ended June 30, 2018.

Payable to the FRS Investment Plan - At June 30, 2018, the R2CTPO reported a payable of \$-0- for the outstanding amount of contributions to the FRS Investment Plan required for the fiscal year ended June 30, 2018.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

June 30, 2018

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

NOTE 12 - DEFERRED EMPLOYEE BENEFITS

The R2CTPO provides all their employees with a deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code plan which is fully administered by Nationwide Retirement Solutions. The R2CTPO contributed \$1,165 to this plan for the year ended June 30, 2018. Employee contributions are discretionary and determined by the employee, subject to the individual limitations contained in Section 457 of the Internal Revenue Code. All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. Amounts contributed by participating employees to the plan during the year ended June 30, 2018 totaled \$6,083.

NOTE 13 – OTHER POST-EMPLOYMENT BENEFITS

Plan Description. The Volusia County Council (the “Council”) administers a single employer defined benefit healthcare plan (the "Plan"), under which R2CTPO employees are covered. The Plan provides health care benefits including medical coverage and prescription drug benefits to both active and eligible retired employees and their dependents. Florida Statutes require local governments to offer the same health and hospitalization insurance coverage to retirees and their eligible dependents as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. For the retired employees and their eligible dependents, the cost of any such continued participation may be paid by the employer or by the retired employees. Full time employees of the R2CTPO are eligible to participate in the Plan. Employees who are active participants in the plan at the time of retirement and are either age 62 with completion of six years of service or have 30 years of service are also eligible to participate. The Plan does not issue a publicly available financial report.

The Council may amend the plan design, with changes to the benefits, premiums and/or levels of participant contribution at any time. On at least an annual basis and prior to the enrollment process, the Council approves the rates for the coming year for the retiree, employee and County contributions.

As of June 30, 2018, the membership of the R2CTPO's medical plan consisted of seven active employees.

Annual OPEB Costs and Net OPEB Obligation. The R2CTPO's OPEB liability continues to be rolled into the liability reported under the Council for the most current reporting period and was not separately calculated for R2CTPO for disclosure in the financial statements of R2CTPO. Due to the multiple variables that go into developing these numbers and the disclosure of employees in the GASB 45 Report reflecting total employees under Volusia County rather than by agency, the R2CTPO was unable to determine costs directly allocable to R2CTPO employees.

NOTE 14 - RISK MANAGEMENT

The R2CTPO is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, all of which is satisfactorily insured by general liability insurance. Commercial insurance policies are also obtained for all other risks of loss, including workers' compensation and employee health and accident insurance. There have been no significant reductions in insurance coverage during the last fiscal year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

June 30, 2018

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

NOTE 15 - COMMITMENTS AND CONTINGENCIES

The R2CTPO may from time to time be engaged in routine litigation incidental to the conduct of its corporate affairs. In the opinion of R2CTPO's Counsel, no legal proceedings are pending or threatened which may materially affect the financial condition of the Organization.

Amounts received or receivable from grantor agencies in current and prior years are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although management expects such amounts, if any, to be immaterial.

NOTE 16 – SUBSEQUENT EVENTS

In preparing these financial statements, the R2CTPO has evaluated events and transactions for potential recognition for disclosure through **October xx, 2018**, the date the financial statements were available to be issued. No subsequent events were identified that required adjustment or disclosure within the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

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REQUIRED SUPPLEMENTARY INFORMATION
FLORIDA RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN
RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

SCHEDULE OF THE PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY -
FLORIDA RETIREMENT SYSTEM PENSION PLAN (1)

	2017	2016
R2CTPO proportion of the net pension liability	0.000302097%	0.000373827%
R2CTPO proportionate share of the net pension liability	\$ 89,358	\$ 94,392
R2CTPO covered employee payroll	\$ 161,627	\$ 185,334
R2CTPO proportionate share of the net pension liability as a percentage of covered payroll	55.29%	50.93%
Plan fiduciary net position as a percentage of the total pension liability	92.00%	92.00%

SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN (1)

	2018	2017
Contractually required contribution	\$ 12,493	\$ 7,864
Contributions in relation to the contractually required contribution	\$ (12,493)	\$ (7,864)
Contribution deficiency (excess)	\$ -	\$ -
R2CTPO covered employee payroll	\$ 161,627	\$ 185,334
Contributions as a percentage of covered employee payroll	7.73%	4.24%

Notes:

(1) The amounts presented for each fiscal year were determined as of June 30.

(2) *Changes of Assumptions*. The inflation rate assumption remained at 2.6 percent and the overall payroll growth rate assumption remained at 3.25 percent. The long-term expected rate of return decreased from 7.60 percent to 7.10 percent.

REQUIRED SUPPLEMENTARY INFORMATION
FLORIDA RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN
RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

SCHEDULE OF THE PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY -
 HEALTH INSURANCE SUBSIDY PENSION PLAN (1)

	<u>2017</u>	<u>2016</u>
R2CTPO proportion of the net pension liability	0.000507082%	0.000600356%
R2CTPO proportionate share of the net pension liability	\$ 54,220	\$ 69,969
R2CTPO covered employee payroll	\$ 161,627	\$ 185,334
R2CTPO proportionate share of the net pension liability as a percentage of covered payroll	33.55%	37.75%
Plan fiduciary net position as a percentage of the total pension liability	0.99%	0.99%

SCHEDULE OF CONTRIBUTIONS
 HEALTH INSURANCE SUBSIDY PENSION PLAN (1)

	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 4,416	\$ 2,684
Contributions in relation to the contractually required contribution	\$ (4,416)	\$ (2,684)
Contribution deficiency (excess)	\$ -	\$ -
R2CTPO covered employee payroll	\$ 161,627	\$ 185,334
Contributions as a percentage of covered employee payroll	2.73%	1.45%

Notes:

(1) The amounts presented for each fiscal year were determined as of June 30.

(2) *Changes of Assumptions*. The municipal rate used to determine total pension liability increased from 2.85 percent to 3.58 percent.

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - SPECIAL REVENUE FUND
 For the Year Ended June 30, 2018
 RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

	Highway Planning and Construction Cluster					
	Section 112		Bike/Ped	Bike/Ped	ITS	ITS
	2016-2017	2017-2018	Feasibility Study	Feasibility Study	Feasibility Studies	Feasibility Studies
	G0B25	G0B25	G0B25	G0B25	G0B25	G0B25
Revenues:						
Intergovernmental:						
Federal grants.....	\$ 126,060	\$ 669,286	\$ 33,675	\$ 48,393	\$ 34,809	\$ 187,634
State matching.....	-	-	-	-	-	-
Local matching.....	-	-	3,410	4,235	-	-
Total grant revenues.....	<u>126,060</u>	<u>669,286</u>	<u>37,085</u>	<u>52,628</u>	<u>34,809</u>	<u>187,634</u>
Expenditures:						
Salaries.....	31,153	321,330	3,159	1,495	1,112	5,057
Fringe benefits.....	11,453	118,430	1,174	556	409	1,877
Office supplies.....	-	1,864	-	-	-	-
Postage.....	-	2,536	-	-	-	-
Office expense.....	143	94,323	-	-	-	-
Utilities.....	-	4,348	-	-	-	-
Advertising.....	-	1,301	-	-	-	-
Printing.....	-	2,572	-	-	-	-
Conference fees.....	200	2,524	-	-	-	-
Fees.....	705	25,848	-	-	-	-
Dues.....	-	236	-	-	-	-
Publications.....	-	347	-	-	-	-
Copy expense.....	-	18,228	-	-	-	-
Travel expense.....	418	5,839	-	-	-	-
Special studies.....	74,779	20,000	32,752	50,577	33,288	180,700
Professional fees.....	-	-	-	-	-	-
Liability insurance.....	-	7,109	-	-	-	-
Repairs.....	-	-	-	-	-	-
Capital outlay.....	-	6,375	-	-	-	-
Awards and promotion.....	-	5,023	-	-	-	-
Software.....	1,447	3,085	-	-	-	-
Telephone.....	-	2,394	-	-	-	-
Education.....	-	-	-	-	-	-
Network costs.....	5,762	25,574	-	-	-	-
Total expenditures.....	<u>126,060</u>	<u>669,286</u>	<u>37,085</u>	<u>52,628</u>	<u>34,809</u>	<u>187,634</u>
Total revenue over expenditures....	-	-	-	-	-	-
Fund balances - beginning of year.....	-	-	-	-	-	-
Fund balances - end of year.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule 1

Federal Transit Administration				Federal Department of Transportation		
Section 5303 2014-2015 AQI75	Section 5303 2015-2016 AQI75	Section 5303 2016-2017 G0H73	Section 5303 2017-2018 G0H73	Total- Federal	Transportation Disadvantaged G0O01	Total- All Sources
\$ 31,589	\$ 35,922	\$ 36,765	\$ 143,590	\$ 1,347,723	\$ -	\$ 1,347,723
3,958	4,490	4,595	17,949	30,992	30,501	61,493
<u>4,032</u>	<u>4,490</u>	<u>4,595</u>	<u>17,949</u>	<u>38,711</u>	-	<u>38,711</u>
<u>39,579</u>	<u>44,902</u>	<u>45,955</u>	<u>179,488</u>	<u>1,417,426</u>	<u>30,501</u>	<u>1,447,927</u>
172	1,293	10,989	106,110	481,870	20,824	502,694
64	481	4,063	39,143	177,650	7,701	185,351
-	-	206	224	2,294	-	2,294
59	111	30	425	3,161	222	3,383
-	-	11,353	18,171	123,990	-	123,990
-	-	558	770	5,676	-	5,676
-	-	120	388	1,809	-	1,809
-	-	274	-	2,846	-	2,846
-	-	-	300	3,024	40	3,064
-	-	2,610	1,825	30,988	37	31,025
-	-	229	-	465	-	465
-	-	62	53	462	-	462
-	1,080	1,275	3,266	23,849	427	24,276
-	-	24	265	6,546	1,212	7,758
-	-	3,347	-	395,443	-	395,443
39,284	41,514	8,194	-	88,992	-	88,992
-	-	1,433	-	8,542	-	8,542
-	-	-	-	-	-	-
-	-	-	2,125	8,500	-	8,500
-	-	-	-	5,023	-	5,023
-	-	292	585	5,409	-	5,409
-	-	247	297	2,938	38	2,976
-	-	-	-	-	-	-
-	423	649	5,541	37,949	-	37,949
<u>39,579</u>	<u>44,902</u>	<u>45,955</u>	<u>179,488</u>	<u>1,417,426</u>	<u>30,501</u>	<u>1,447,927</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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COMPLIANCE SECTION

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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

For the Fiscal Year Ended June 30, 2018

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

Federal Agency Pass-through Entity Program or Cluster Title	CFDA/ CSFA Number	Grant Identification Number	Pass-through Entity/Agency Identifying Number	Federal/ State Expenditures
Federal Awards:				
Other Programs:				
Department of Transportation Pass-Through Programs				
Passed-through Florida Department of Transportation				
Metropolitan Transportation Planning				
Section 5303 (fiscal year 2014-2015).....	20.505	AQI 75	FPN 422431-1-14-24	\$ 31,589
Section 5303 (fiscal year 2015-2016).....	20.505	AQI 75	FPN 422431-1-14-25	35,922
Section 5303 (fiscal year 2016-2017).....	20.505	G0H73	FPN 422431-1-14-26	36,765
Section 5303 (fiscal year 2017-2018).....	20.505	G0H73	FPN 431403-1-14-27	<u>143,590</u>
Total - Metropolitan Transportation Planning.....				<u>247,866</u>
Department of Transportation Pass-Through Programs				
Passed-through Florida Department of Transportation				
Highway Planning and Construction:				
Section 112 (fiscal year 2016-2017).....	20.205	G0B25	FMN 439333-1-14-01	126,060
Section 112 (fiscal year 2017-2018).....	20.205	G0B25	FMN 439333-1-14-01	669,286
Bike/Pedestrian Feasibility Studies (fiscal year 2016-2017).....	20.205	G0B25	FPN 439333-1-14-02	33,675
Bike/Pedestrian Feasibility Studies (fiscal year 2017-2018).....	20.205	G0B25	FPN 439333-1-14-02	48,393
ITS Feasibility Studies (fiscal year 2016-2017).....	20.205	G0B25	FPN 439333-1-14-02	34,809
ITS Feasibility Studies (fiscal year 2017-2018).....	20.205	G0B25	FPN 439333-1-14-02	<u>187,634</u>
Total Highway Planning and Construction.....				<u>1,099,857</u>
Total Department of Transportation.....				<u>1,347,723</u>
Total Expenditures of Federal Awards.....				<u>1,347,723</u>
State Financial Assistance:				
Florida Department of Transportation:				
Transportation Disadvantaged Commission:				
Planning Grant 2017-2018.....	55.002	G0001		<u>30,501</u>
Total Florida Department of Transportation.....				<u>30,501</u>
Total Expenditures of State Financial Assistance.....				<u>30,501</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

(Continued)

For the Fiscal Year Ended June 30, 2018

RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

The preceding schedule of expenditures of federal awards and state financial assistance is presented on the modified accrual basis of accounting. Under the modified accrual basis, revenue is recognized if it is measurable and available for use during the fiscal year. Expenditures are recognized in the period liabilities are incurred, if measurable. Amounts reported in the schedule have been reconciled to, and are in material agreement with, amounts recorded in the accounting records from which the basic financial statements were prepared.

No sub-recipient payments were made by River to Sea Transportation Planning Organization during the year ended June 30, 2018.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2018
 RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

Part I — Summary of Auditor’s Results

Financial statements section

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> no

Federal awards section

Internal control over major programs:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> none reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200

	<u> </u> Yes	<u> X </u> no
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The programs/projects tested as major programs/projects included the following:

<u>Federal Programs or Clusters:</u>	<u>CFDA No.</u>	<u>Federal</u>
Highway Planning and Construction Cluster		20.205

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

Auditee qualified as low-risk auditee? x Yes no

Part II — Financial Statement Findings Section

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* require reporting in a Uniform Guidance audit. No significant matters were identified.

Part III — Federal Award Findings and Questioned Costs Section

This section identifies the audit findings required to be reported by 2 CFR Part 200 Uniform Guidance (for example, material weaknesses, significant deficiencies, and material instances of noncompliance, including questioned costs), as well as any abuse findings involving federal awards that are material to a major program. Where practical, findings should be organized by federal agency or pass-through entity. No significant matters were identified.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND CORRECTIVE ACTION PLAN**
Year Ended June 30, 2018
RIVER TO SEA TRANSPORTATION PLANNING ORGANIZATION

Part I - Prior Year Findings and Questioned Costs - Major Federal Programs

This section reports the status of any audit findings included in the prior audit's schedule of findings and questioned costs relating to federal awards and state financial assistance, if applicable. This section also includes audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected or no longer valid or not warranting further action. No significant matters were identified or reported.

Part II – Corrective Action Plan

There are no audit findings for the year ended June 30, 2018, relative to federal programs that require corrective action on the part of the auditee.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of
River to Sea Transportation Planning Organization
Daytona Beach, Florida

Report on Compliance for Each Major Federal Program

We have audited the River to Sea Transportation Planning Organization's (the "R2CTPO") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of R2CTPO's major federal programs for the year ended June 30, 2018. The R2CTPO's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the R2CTPO's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the R2CTPO's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the R2CTPO's compliance.

Opinion on Each Major Federal Program

In our opinion, the R2CTPO complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

To the Board of Directors of
River to Sea Transportation Planning Organization
Daytona Beach, Florida

Report on Internal Control Over Compliance

R2CTPO's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the R2CTPO's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the R2CTPO's internal control over compliance.

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

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

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

BMC CPAs

October xx, 2018

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*

To the Board of Directors of
River to Sea Transportation Planning Organization
Daytona Beach, 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 River to Sea Transportation Planning Organization (the "R2CTPO"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the R2CTPO's basic financial statements, and have issued our report thereon dated **October xx, 2018**.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the R2CTPO's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the R2CTPO's internal control. Accordingly, we do not express an opinion on the effectiveness of the R2CTPO'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the R2CTPO'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*.

To the Board of Directors of
River to Sea Transportation Planning Organization
Daytona Beach, Florida

Purpose of this Report

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

BMC CPAs

October xx, 2018

MANAGEMENT LETTER

To the Board of Directors of
River to Sea Transportation Planning Organization
Daytona Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the River to Sea Transportation Planning Organization (the “R2CTPO”), as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated December 11, 2017.

Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 2 CFR Part 200 (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations; and Chapter 10.550, Rules of the Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by The Uniform Guidance, Schedule of Findings and Questioned Costs, and Independent Accountant’s Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated **October xx, 2018**, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.654(1)(e), Rules of the Auditor General, provides that we may comment on whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The prior year audit findings address the lack of segregation of duties in a small office environment. This has continued into the current year. However, the Auditor General of the State of Florida has recognized this finding and determined based on auditee responses in prior years that sufficient financial management procedures exist through constant review by both management and the governing board. No further action will be taken in this matter.

To the Board of Directors of
River to Sea Transportation Planning Organization
Daytona Beach, Florida
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Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 in the financial statements.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

BMC CPAs

October xx, 2018

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors of
River to Sea Transportation Planning Organization
Daytona Beach, Florida

We have examined River to Sea Transportation Planning Organization's (the "R2CTPO") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended June 30, 2018. Management is responsible for R2CTPO's compliance with those requirements. Our responsibility is to express an opinion on R2CTPO's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the R2CTPO's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the R2CTPO's compliance with specified requirements.

In our opinion, the R2CTPO complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2018.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

BMC CPAs

October xx, 2018