

BROWARD METROPOLITAN PLANNING ORGANIZATION

**Audited Financial Statements and
Independent Auditors' Report Thereon
For the Year Ended June 30, 2016
And
Auditors' Reports in accordance with OMB Circular A-133**



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BROWARD METROPOLITAN PLANNING ORGANIZATION

**Audited Financial Statements
For the Year Ended June 30, 2016**

BROWARD METROPOLITAN PLANNING ORGANIZATION

<u>TABLE OF CONTENTS</u>	<u>PAGE</u>
Independent Auditors' Report	1
Management's Discussion & Analysis	4
Basic Financial Statements	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position	9
Statement of Activities	10
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	11
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	12
Notes to the Financial Statements	13
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund	27
Notes to the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund	28
Compliance Section	
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 <i>Government Auditing Standards</i>	29
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	31
Schedule of Expenditures of Federal Awards	33
Notes to the Schedule of Expenditures of Federal Awards	34
Schedule of Findings and Questioned Costs	35

Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Broward Metropolitan Planning Organization
Fort Lauderdale, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Broward Metropolitan Planning Organization, (the Organization), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Organization'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 the major fund of the Organization as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-8 and 27-28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's financial statements as a whole. The accompanying schedule of expenditures of federal awards 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2017, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Organization's internal control over financial reporting and compliance.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

January 5, 2017

Management's Discussion & Analysis

BROWARD METROPOLITAN PLANNING ORGANIZATION
Management's Discussion and Analysis
June 30, 2016

The Management's Discussion and Analysis (MD&A) of the Broward Metropolitan Planning Organization (the "Organization") is designed to provide an objective and easy to read analysis of the financial activities based on currently known facts, decisions, and conditions. The MD&A provides a broad overview and short and long-term analysis of the Organization's activities based on information presented in the financial statements. Specifically, this information is designed to assist the reader in focusing on significant financial issues, provide an overview of the Organization's financial activity and identify changes in the Organization's financial position and its ability to address the next year's challenges. Finally, the MD&A will identify any material deviations from the approved budget.

The Organization has presented its financial statements in accordance with the reporting model required by Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

The information contained in this MD&A is only a component of the entire financial statement report. Readers should take time to read and evaluate all sections of the report, including the footnotes and required supplementary information provided.

FINANCIAL HIGHLIGHTS

GOVERNMENT WIDE

- The assets and deferred outflows of the organization exceeded the liabilities and deferred inflows at the close of the most recent fiscal year by \$54,557 (a positive total net position). Of this amount \$113,142 represents a negative unrestricted net position and \$167,699 is invested in capital assets net of debt as a positive net position.
- The organization's total net position decreased by \$16,231. The decrease was mainly due to the recognition of the net pension activity as required under the *Governmental Accounting Standards Board*, statement number 68 as a participant in the Florida Retirement System pension and health insurance subsidy plan. That activity resulted in an increase to net pension liability in the amount of \$406,806. That amount (\$406,806) is netted against a decrease of deferred inflows of \$166,154 and \$458,770, in FYE 2016 and 2015 respectively, for a recovery in the amount of \$292,616; and from planned expenditures on long term budgeted projects being spent at a rate less than the revenues collected from grants, indirect cost reimbursements and local contributions; resulted in the majority of this total net decrease.

GOVERNMENTAL FUND BASIS

- At the close of the most recent fiscal year, the organization's governmental unassigned fund reported is \$861,543 all of which is unassigned and available to be used at the Organization's discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Organization's basic financial statements are comprised of the 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

BROWARD METROPOLITAN PLANNING ORGANIZATION
Management's Discussion and Analysis
June 30, 2016

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the Organization's finances, in a manner similar to a private-sector business. In addition, the government-wide statements are prepared using the accrual basis of accounting. The *Statement of Net Position* (balance sheet) presents information on the Organization's assets and liabilities, with the difference between the two reported as net position.

The *Statement of Activities* (income statement) presents information showing how the Organization's net assets changed during the fiscal year. All changes in revenues are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements present functions of the Organization that are principally supported by grant revenues (governmental activities). The governmental activities of the Organization include metropolitan planning activities. Thus, the Organization has no business-type activities. The government-wide financial statements are found beginning on page 9 of this report.

Fund Financial Statements

The governmental fund financial statements provide readers with an overview of each fund and its related function in a traditional format. A fund is a grouping of related accounts that maintain control over resources that are segregated for specific activities or objectives. The Organization uses fund accounting to ensure and demonstrate legal compliance with finance-related legal requirements. The Organization utilized one Governmental fund for the fiscal year ending June 30, 2016: the *General Fund*, which accounts for the operating activities of the Organization.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the 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. Such information may be useful in evaluating a government's near-term financing requirements.

The focus of governmental funds is narrower than government-wide financial statements, and it is therefore useful to compare the information presented for governmental funds with similar information presented for governmental activities as presented in the government-wide financial statements. By comparing and contrasting, readers may better understand the long-term impact of the Organization's near term financing decisions. The "Balance Sheet – Governmental Funds" and "Statement of Revenues, Expenditures, and Change in Fund Balance – Governmental Funds" are reconciled as shown on the bottom of the respective statements to facilitate the comparison between the *governmental funds* and *governmental activities*.

BROWARD METROPOLITAN PLANNING ORGANIZATION
Management's Discussion and Analysis
June 30, 2016

Fund Financial Statements (Continued)

The Organization adopts an appropriated budget biannually for its General Fund. The budgetary comparison schedule, which constitute Required Supplementary Information pursuant to the Governmental Accounting Standards Board (the "GASB"), is provided to demonstrate compliance with this budget.

Notes to the Financial Statements and Supplementary Information

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Organization's budget to actual results for the General Fund for the current year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As discussed in the financial highlights section, net position may serve over time as a useful indicator of a government's financial position. The following table summarizes the Organization's net position at June 30, 2016 and 2015.

	2016	2015	Dollar change	Increase (decrease) % change
Assets				
Cash	\$ 1,203,557	\$1,001,585	\$ 201,972	20.2%
Grants receivable	1,062,277	1,084,228	(21,951)	-2.0%
Prepaid expenses	650	311	339	109.0%
Capital Assets, Net	167,699	124,480	43,219	34.7%
Total assets	2,434,183	2,210,604	223,579	10.1%
Deferred outflows				
Pension plan deferred outflows	406,806	427,502	(20,696)	-4.8%
Liabilities				
Accounts payable	417,753	370,728	47,025	12.7%
Compensated absences	163,487	141,647	21,840	15.4%
Net pension liability	1,051,850	645,521	406,329	62.9%
Due to other agency	987,188	950,652	36,536	3.8%
Total liabilities	2,620,278	2,108,548	511,730	24.3%
Deferred inflows				
Pension plan deferred inflows	166,154	458,770	(292,616)	-63.8%
Net position:				
Invested in capital assets, net of related debt	167,699	124,480	43,219	34.7%
Unrestricted	(113,142)	(53,692)	(59,450)	110.7%
Total net position	\$ 54,557	\$ 70,788	\$ (16,231)	-22.9%

BROWARD METROPOLITAN PLANNING ORGANIZATION
Management's Discussion and Analysis
June 30, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Of the Organization's net position, \$167,699 reflects its investment in capital assets (e.g. fixtures, and equipment), net of accumulated depreciation. These assets are used to provide services and are therefore not available for future spending. The remaining balance is an unrestricted net position of \$(113,142).

Changes in Net Position

The following table summarizes the Organization's changes in net assets for the two years ended June 30, 2016 and 2015 and is followed by a comparative analysis of the two years:

	<u>2016</u>	<u>2015</u>	<u>Dollar change</u>	<u>Increase (decrease) % change</u>
Revenues:				
Federal, state grants and other government support	\$ 4,760,370	\$ 4,385,184	\$ 375,186	8.6%
In-kind contributions	165,387	512,487	(347,100)	-67.7%
Miscellaneous revenues	<u>1,163</u>	<u>55,863</u>	<u>(54,700)</u>	<u>-97.9%</u>
Total revenues	<u>4,926,920</u>	<u>4,953,534</u>	<u>(26,614)</u>	<u>-0.5%</u>
Expenses:				
Transportation planning	<u>4,943,151</u>	<u>4,824,431</u>	<u>118,720</u>	<u>2.5%</u>
Change in net position	(16,231)	129,103	(145,334)	-112.6%
Net position, beginning of year	70,788	147,170	(76,382)	-51.9%
Prior period adjustment	-	<u>(205,485)</u>	<u>205,485</u>	NA
Net position, end of year	<u>\$ 54,557</u>	<u>\$ 70,788</u>	<u>\$ (16,231)</u>	<u>-22.9%</u>

Governmental Activities – Governmental activities during the current fiscal year decreased the organization's net position by \$16,231 mainly due to pension costs as required under the *Governmental Accounting Standards Board*, statement number 68 as a participant in the Florida Retirement System pension and health insurance subsidy plan.

FINANCIAL ANALYSIS OF THE ORGANIZATION'S FUNDS

The focus of the Organization's governmental funds is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the Organization's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of fiscal year 2016, the Organization's governmental funds reported an ending fund balance of \$861,543.

BROWARD METROPOLITAN PLANNING ORGANIZATION
Management's Discussion and Analysis
June 30, 2016

GENERAL BUDGETARY HIGHLIGHTS

The Organization is required to prepare a Unified Planning Work Program (UPWP) for two years, which shows activities in sufficient detail to indicate who (e.g. MPO, State, public transportation operator, local government or consultant) will perform the work, the schedule for completing the work, the resulting products, the proposed funding by activity/task, and a summary of the total amounts and sources of Federal, State and matching funds. (Code of Federal regulations-§450.306(a)). The UPWP serves as an annual budget of time and funding requirements. The following information is presented to assist the reader in comparing the original/final budget (Adopted) and the actual results. Refer to the Notes to Budgetary Schedule, Note 1 on page 22.

General Fund

General Fund Revenues and Expenditures

There was a positive budgeted variance in the general fund total expenditures. Actual total expenditures of \$4,830,122 when compared to the final budgeted expenditures of \$6,537,701 resulted in a decrease of \$1,707,579 from budgeted expenses. This was because certain projects began late or did not start on time resulting in less monies being expended than were originally anticipated.

Actual revenues were lower than budgeted amounts by \$1,610,780 as of June 30, 2016 due to 1) the use of carryover / excess funds from the prior fiscal year, 2) the delay or elimination of projects / activities as directed by the Board, 3) the collection of grant administrative fees which offset salary and fringe expense in the original budget and 4) employee attrition.

CAPITAL ASSETS

The Organization's investment in capital assets, net of accumulated depreciation, for its governmental type activities as of June 30, 2016 and 2015 amounted to \$167,699 and \$124,480, respectively. There were additions to capital assets in the amount of \$84,633 during the year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Long range goals, economic factors, and available financial resources assist the Organization in prioritizing their goals and objectives for the next fiscal year. For the fiscal year ended June 30, 2016 the total of grant, local and miscellaneous revenues was \$4,760,371.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Organization's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Gregory Stuart, Executive Director, at 100 West Cypress Creek Road, 8th Floor, and Suite 850 Fort Lauderdale, Florida 33309-2112.

Basic Financial Statements

BROWARD METROPOLITAN PLANNING ORGANIZATION

**Statement of Activities
Year Ended June 30, 2016**

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash	\$ 1,203,557
Grants receivable	1,062,277
Prepaid expenses	650
Capital assets, net	<u>167,699</u>
Total assets	<u>\$ 2,434,183</u>
Deferred Outflows	
Pension plan deferred outflows	406,806
<u>Liabilities</u>	
Accounts payable and accrued liabilities	\$ 417,753
Compensated absences	163,487
Net pension liability	1,051,850
Due to other agency	<u>987,188</u>
Total liabilities	<u>2,620,278</u>
Deferred Inflows	
Pension plan deferred inflows	166,154
<u>Net Position</u>	
Invested in capital assets, net of related debt	167,699
Unrestricted	<u>(113,142)</u>
Total net position	<u>\$ 54,557</u>

BROWARD METROPOLITAN PLANNING ORGANIZATION

**Statement of Activities
Year Ended June 30, 2016**

Functions/Programs	Expenses	Program Revenues Operating Grants, Other Support and In-Kind Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:			
Transportation planning	\$ 4,943,151	\$ 4,925,757	\$ (17,394)
Total	<u>\$ 4,943,151</u>	<u>\$ 4,925,757</u>	<u>(17,394)</u>
Miscellaneous and investment revenues			<u>1,163</u>
Change in net position			<u>(16,231)</u>
Net position - beginning of year			<u>70,788</u>
Net position - end of year			<u><u>\$ 54,557</u></u>

BROWARD METROPOLITAN PLANNING ORGANIZATION
Balance Sheet - Governmental Funds
Year Ended June 30, 2016

	General Fund	Total Governmental Funds
<u>Assets</u>		
Cash	\$ 1,203,557	\$ 1,203,557
Grants receivable	1,062,277	1,062,277
Prepaid expenses	650	650
Total assets	\$ 2,266,484	\$ 2,266,484
<u>Liabilities and Fund Balances</u>		
<u>Liabilities:</u>		
Accounts payable and accrued liabilities	\$ 417,753	\$ 417,753
Due to other agency	987,188	987,188
Total liabilities	1,404,941	1,404,941
<u>Fund Balance:</u>		
Unassigned	861,543	861,543
Total fund balance	861,543	861,543
Total liabilities, deferred inflow of resources and Fund Balance	\$ 2,266,484	\$ 2,266,484
Total fund balance - Governmental Funds		861,543
Amounts reported for governmental activities in the statement of net position are different because:		
Long term assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Capital assets		167,699
Deferred outflows from pensions		406,806
Long-term liabilities are not due and payable in the current period and therefore not reported in the funds:		
Deferred inflows from pensions		(166,154)
Net pension liability		(1,051,850)
Compensated absences		(163,487)
Net position of governmental activities (Page 9)		\$ 54,557

BROWARD METROPOLITAN PLANNING ORGANIZATION
Statement of Revenues, Expenditures and Changes In Fund Balances
Governmental Funds
Year Ended June 30, 2016

	General Fund	Total Governmental Funds
<u>Revenues:</u>		
Federal and state grants	\$ 4,760,371	\$ 4,760,371
Other government support and contributions	-	-
In-kind contributions	165,387	165,387
Miscellaneous and investment revenues	1,163	1,163
Total revenues	4,926,921	4,926,921
<u>Expenditures:</u>		
Current:		
Transportation planning:		
Personnel services	1,879,582	1,879,582
Professional and consultants	2,451,365	2,451,365
Occupancy	196,827	196,827
Miscellaneous	136,961	136,961
In-kind expenses	165,387	165,387
Total expenditures	4,830,122	4,830,122
Net change in fund balance	96,799	96,799
Fund balances - beginning	764,744	764,744
Fund balances - ending	\$ 861,543	\$ 861,543
Net change in fund balance - total governmental funds		\$ 96,799
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays, reported as expenditures in governmental funds, are shown as capital assets in the statement of net assets		
		84,633
Provision for depreciation expense on governmental capital assets is included in the governmental activities in the statement of net assets		
		(41,414)
Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These activities consist of :		
Change in pension expense		(134,409)
Change in compensated absences		(21,840)
Change in net position of governmental activities		\$ (16,231)

Notes to the Basic Financial Statements

BROWARD METROPOLITAN PLANNING ORGANIZATION

Notes to the Basic Financial Statements

June 30, 2016

Note 1 – Summary Of Significant Accounting Policies

The Broward MPO is a transportation policy-making board comprised of 25 voting members including 19 representatives from Broward County municipalities, the South Florida Regional Transportation Authority/Tri-Rail (SFRTA), the Broward County School Board, and four Broward County Commissioners. There are an additional 13 alternate members of the board, who have voting rights when others are absent. The MPO is responsible for transportation planning and funding allocation in Broward County. The Broward MPO works with the public, planning organizations, government agencies, elected officials, and community groups to develop transportation plans.

The summary of significant accounting policies of the Broward Metropolitan Planning Organization (the “Organization”) is presented to assist the reader in interpreting the basic financial statements. The policies are considered essential and should therefore be read in conjunction with the basic financial statements.

The basic financial statements of the Organization have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Organization’s accounting policies are described below.

a. Financial Reporting Entity

The financial statements were prepared in accordance with government accounting standards which establishes standards for defining and reporting on the financial reporting entity. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the Organization, organizations for which the Organization is financially accountable and other organizations for which the nature and significance of their relationship with the Organization are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Organization is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Organization. Based upon the application of these criteria, there were no organizations that met the criteria described above.

b. Government-wide and Fund 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 Organization’s activities. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

BROWARD METROPOLITAN PLANNING ORGANIZATION
Notes to the Basic Financial Statements
June 30, 2016

Note 1 – Summary Of Significant Accounting Policies (Continued)

b. Government-wide and Fund Financial Statements (Continued)

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues. The Organization does not have any business-type activities.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

c. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

The Organization's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental activities for the Organization.

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the Organization's assets and liabilities, including long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Governmental Fund Financial Statements

The 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Organization considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenue is susceptible to accrual. Other revenues that are generally not measurable until actually received are not accrued. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The Organization reports its only fund as a major governmental fund:

The **General Fund** is the Organization's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund if applicable. Included in the general fund are amounts received as contributions from local governmental entities and spent for general fund purposes related to those local areas.

BROWARD METROPOLITAN PLANNING ORGANIZATION
Notes to the Basic Financial Statements
June 30, 2016

Note 1 – Summary Of Significant Accounting Policies (Continued)

d. Cash and Cash Equivalents

The Organization’s cash and cash equivalents are considered to be cash on hand and demand deposits.

e. Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Organization as assets with an initial, individual cost or component of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Capital assets of the Organization are depreciated using the straight-line method over their estimated useful lives ranging between 3 and 10 years.

f. Compensated Absences

It is the Organization's policy to permit employees to accumulate, within certain limits, earned but unused paid time off, which will be paid to employees upon separation from service. All paid time off is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, due to employee resignation or retirement. There is no such maturity of balances present as of June 30, 2016. The following is a schedule of compensated absences:

	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
	<u>06/30/15</u>			<u>06/30/16</u>
Compensated Absences	\$ 141,647	\$ 21,840	\$ -	\$ 163,487

g. Fund Balance / Net Position

Effective July 1, 2009, the Organization adopted the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the Organization is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Nonspendable Fund Balance—includes amounts that are (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, for example: inventories, prepaid amounts, and long-term notes receivable.

BROWARD METROPOLITAN PLANNING ORGANIZATION
Notes to the Basic Financial Statements
June 30, 2016

Note 1 – Summary Of Significant Accounting Policies (Continued)

h. Fund Balance / Net Position (Continued)

Restricted Fund Balance—includes amounts that are restricted for specific purposes stipulated by external resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance—includes amounts that can only be used for the specific purposes determined by a formal action of the Organization’s highest level of decision-making authority, the MPO Board of Directors. Commitments may be changed or lifted only by the Organization taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).

Assigned Fund Balance—includes amounts intended to be used by the Organization for specific purposes that are neither restricted nor committed. Intent is expressed by (a) MPO Board of Directors or (b) a body (a budget, finance committee, or executive director) to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed.

Unassigned Fund Balance—this residual classification is used for all negative fund balances. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Net Position-In the government-wide financial statements, net position is classified in the following categories:

Invested in Capital Assets, Net of Related Debt—This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position—This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments, enabling legislation, constitutional provisions. At fiscal year-end June 30, 2016, the Organization did not have any restricted net position.

Unrestricted Net Position—This amount is the remaining net position that does not meet the definition of “invested in capital assets, net of related debt” or “restricted net position.”

It is the policy of the Organization to spend restricted amounts first when expenditure is incurred for purposes for which both restricted and unrestricted balances are available.

BROWARD METROPOLITAN PLANNING ORGANIZATION
Notes to the Basic Financial Statements
June 30, 2016

Note 1 – Summary Of Significant Accounting Policies (Continued)

i. Use of Estimates

The preparation of the basic financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses and in kind revenues. Actual results could differ from these estimates and assumptions.

Note 2 – Deposits

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution permitted by the State. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized with securities held by the entity or its agent in the entity's name. Additionally, since the Organization has no defined investment policy, management has elected to proceed under the Alternative Investment Guideline as set forth in Section 218.415 (17) Florida Statutes.

Note 3 – Capital Assets

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

	Balance			Balance
	<u>06/30/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>06/30/16</u>
Furniture and equipment	\$ 306,398	\$ 84,633	\$ -	\$ 391,031
Less: accumulated depreciation	<u>(181,918)</u>	<u>(41,414)</u>	<u>-</u>	<u>(223,332)</u>
Total capital assets, net	<u>\$ 124,480</u>	<u>\$ 43,219</u>	<u>\$ -</u>	<u>\$ 167,699</u>

Depreciation expense for the year totaled \$41,414 and was related to transportation planning.

Note 4 – Due To Other Agency

The Organization entered into an inter-local agreement with the South Florida Regional Transportation Authority (SFRTA) to provide advance monies to the Organization for the payment of operational expenses in accordance with the Organization's current budget and adopted Unified Planning Work Program. The Organization is required to reimburse the SFRTA quarterly in accordance with the agreement. At the end of the fiscal year the Organization owed the SFRTA \$987,188.

BROWARD METROPOLITAN PLANNING ORGANIZATION
Notes to the Basic Financial Statements
June 30, 2016

Note 5 – Federal And State Grants

Federal Highway Administration (FHWA) Grants

The FHWA-PL grants represent apportionments under 23 USC Section 104(f) made to the Organization through the State of Florida Department of Transportation. The FHWA-PL grants reimburse 80% of allowable expenditures claimed by the Organization, and the remaining 20% is contributed by FDOT as an in-kind match utilizing toll revenue credits. The FHWA-PL grant is a cost reimbursement grant.

Federal Transit Administration (FTA) Grants

The FTA apportions funds annually for the Section 5305d Metropolitan Planning Program. The apportionment is based on the State’s urbanized area population as defined by the U.S. Census Bureau and is made to the Organization through the State of Florida Department of Transportation.

The FTA grants provided for the undertaking of metropolitan planning activities pursuant to 49 USC Section 5305d (previously known as Section 8 of the Federal Transit Act). Under Section 5305d, FTA participates in 80% of allowable costs claimed by the Organization. The remaining 20% is contributed by FDOT (10% cash) and Organization (10% in-kind). The FTA grant is a cost reimbursement grant.

Florida Commission For The Transportation Disadvantaged Planning Grant

The purpose of this Agreement is to provide financial assistance to accomplish the duties and responsibilities of the Official Planning Agency as set forth in Chapter 427, Florida Statutes, Rule 41-2, Florida Administrative Code, Commission policies, and the application and policy manual for Transportation Disadvantaged Planning related services. This grant is a cost reimbursement grant.

During the year ended June 30, 2016, funding from federal and state agencies is summarized as follows:

FHWA - PL Grant	\$ 1,634,522
Unified Planning Work Program - Education Corridor Transit Study	99,268
Unified Planning Work Program - Climate Change Pilot Study	65,189
FTA Sect 5305d Grant	1,488,480
Alternative Analysis Program	1,434
Urbanized Area Formula Program - Public Engagement Campaign & Planning	286,844
Urbanized Area Formula Program - Interface w/ MDT & SFRTA	164
State Road 7 Grant	571,313
Corridor Congestion Management/Livability Studies	199,052
Transportation Disadvantaged Grant	58,063
	\$ 4,404,329

BROWARD METROPOLITAN PLANNING ORGANIZATION
Notes to the Basic Financial Statements
June 30, 2016

Note 6 – Retirement And Post Employment Benefit Program

The Florida Retirement System (FRS), a state-administered cost-sharing multiple-employer defined benefit retirement plan (the Plan), covers all regular employees of the Organization. The FRS offers employees a defined contribution program and a post-employment health plan. The Organization is required to make contributions in accordance with rates established by the Florida Legislature. Essentially, all regular employees of participating employers are eligible and must enroll as member of FRS.

Plan provisions are established by Chapters 121 and 112, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, wherein Plan eligibility, contributions, and benefits are defined and described in detail. The Plan also includes an early retirement provision but imposes a penalty for each year a member retires before the specified retirement age. The Plan provides retirement, disability, and death benefits and annual cost-of-living adjustments, as well as supplements for health-care insurance and, for certain employees, a supplement to cover social security benefits lost by virtue of retirement system membership.

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

Funding Policy

The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due (see Plan description for current rates). Level percentage of payroll employer contribution rates, established by state law, is determined using the entry-age actuarial cost method. If an unfunded actuarial liability reemerges as a result of future plan benefit changes, assumption changes or methodology changes, it is assumed any unfunded actuarial liability would be amortized over 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, it is anticipated that future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount.

For the fiscal year ended June 30, 2015 (the latest information available), eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

BROWARD METROPOLITAN PLANNING ORGANIZATION
Notes to the Basic Financial Statements
June 30, 2016

Note 6 – Retirement And Post Employment Benefit Program (Continued)

Contributions

The Florida Legislature establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability and be amortized within 30 plan years. The Organization is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2016, the average active employee contribution rate was 3.0% of annual pay, and the Organization’s average contribution rate was 7.26% of annual payroll. Employer rates include 1.66% for the post-employment health insurance supplement and 0.04% for administrative cost of the Public Optional Retirement Program. Contribution rates are dependent upon the retirement class in which employed.

(A) Renewed membership was closed to retirees of a state-administered retirement system initially reemployed by an FRS participating employer on or after July 1, 2010.

The Organization’s liability to the defined benefit plan is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the Organization. The Organization’s payments to the defined benefit plan in combination with the post-employment health insurance supplement for the fiscal years ended June 30, 2015 and 2014 totaled \$133,427 and \$135,179 respectively. Based on GASB 68, the Organization’s proportionate share of the net pension liability, which increased after 2014 has caused a deferred outflow of resources in the amount of \$349,158 and a deferred inflow of resources in the amount of \$166,154 for the FRS plan and a deferred outflow of resources for \$57,648 for the HIS plan.

Annual Pension Cost and Net Pension Liability

The Organization’s annual pension cost and net pension liability for the FRS and HIS plans for the year ended June 30, 2015 (the latest information available) were as follows:

<u>Employer Share of Annual Cost and Net Liability</u>	<u>FRS</u>	<u>HIS</u>
Annual required contribution	\$ (34,221)	\$ -
Investment gains	(618,317)	(193)
Interest on net pension liability	574,419	16,836
Service and administrative costs	104,485	7,821
Effect of plan changes	18,887	2,204
Annual net pension costs	45,253	26,668
Total deferred (inflows) and outflows	240,652	29,605
Amortization of employer specific amounts	53,582	2,617
Additional - contributions received	(119,479)	(13,591)
Increase (Decrease) in net pension obligation	220,008	45,299
Net pension liability (asset), beginning of the year	274,557	370,964
Net pension liability (asset), end of the year	<u>\$ 494,565</u>	<u>\$ 416,263</u>

BROWARD METROPOLITAN PLANNING ORGANIZATION
Notes to the Basic Financial Statements
June 30, 2016

Note 6 – Retirement And Post Employment Benefit Program (Continued)

The schedule of the Organization’s net pension liability as of June 30, 2015 (the latest information available) is as follows:

FRS Schedule	2015	2014
Broward MPO's proportion of the net pension liability (asset)	0.004900529%	0.004499847%
Broward MPO's proportionate share of the net pension liability (asset)	\$ 632,969	\$ 274,557
Broward MPO's covered-employee payroll	\$ 1,282,803	\$ 1,185,262
Broward MPO's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	49.34%	23.16%
Plan fiduciary net position as a percentage of the total pension liability	92.00%	96.09%

* The amounts presented for each fiscal year were determined as of 6/30.

HIS Schedule	2015	2014
Broward MPO's proportion of the net pension liability (asset)	0.004107306%	0.003967425%
Broward MPO's proportionate share of the net pension liability (asset)	\$ 418,881	\$ 370,964
Broward MPO's covered-employee payroll	\$ 1,282,803	\$ 1,185,262
Broward MPO's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	32.65%	31.30%
Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.99%

* The amounts presented for each fiscal year were determined as of 6/30.

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions and was then projected to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 67.

Schedule of Investment Returns

The Organization’s schedule of investment returns – annual money – weighted rate for the FRS and HIS indicates that the only available rate of investment return was for the year end June 30, 2015 at 17.57%.

Year Ended	Employees
September 30, 2016	NA
September 30, 2015	17.57%
September 30, 2014	NA

BROWARD METROPOLITAN PLANNING ORGANIZATION
Notes to the Basic Financial Statements
June 30, 2016

Note 6 – Retirement And Post Employment Benefit Program (Continued)

Plan Benefits

The system provides for vesting of benefits after six years of creditable service; however, employees initially enrolled on or after July 1, 2010 vest with 8 years of service. Employees are eligible for normal retirement at age 62 or 30 years of service; however, employees initially enrolled after July 1, 2010 are eligible for normal retirement at age 65 or 33 years of service. Early retirement or reduced retirement may be taken after a member has vested; however there is a five percent benefit reduction for each year remaining from a member’s retirement age to his/her normal retirement age. Benefits are computed on the basis of age and/or years of service, average final compensations and service credit. Average final compensation is the average of the five highest fiscal years of earnings. The system also provides for death and disability benefits. The FRS also offers an investment plan option which is effectively a defined contribution plan. Employees are fully vested after one year of employment. Employees covered by benefit terms. At June 30, 2016, there were no employees covered and receiving benefits by the benefit terms.

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2016, the Organization reported liabilities of \$632,969 in the FRS plan and \$418,881 in the HIS plan for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Organization’s proportion of the net pension liability was based on a projection of the Organization’s long-term share of contributions to the pension plan relative to the projected contributions of all participating Organization districts, actuarially determined. At June 30, 2015, the Organization’s proportion was 0.004107306% for the HIS, which was an increase of 0.000139881% from its proportion measured as of June 30, 2014. The FRS proportion for June 30, 2015 was 0.004900529% which increased 0.000400682% from June 30, 2014.

For the year ended June 30, 2015 and based on measurement percentages above, the Organization recognized a net FRS adjustment to pension expense of \$98,835 and a net HIS expense of \$35,575. At June 30, 2016, and based on the plan valuation as of June 30, 2015, the Organization reported deferred outflows of resources and deferred inflows of resources related to the FRS and HIS plans from the following sources:

<u>Deferred Outflows (Inflows) of Resources</u>	
Differences between expected and actual experience	\$ 51,811
Changes in assumptions	74,967
Net differences between projected and actual earnings on pension plan investments	(150,915)
Changes in proportion and differences between contributions and proportionate share of contributions	264,789
Contribution adjustment for payments subsequent to the measurement date	<u>133,427</u>
Total	<u>\$ 374,079</u>

BROWARD METROPOLITAN PLANNING ORGANIZATION
Notes to the Basic Financial Statements
June 30, 2016

Note 6 – Retirement And Post Employment Benefit Program (Continued)

\$374,079 has been reported as net deferred outflows of resources related to the FRS and HIS plans resulting from Organization contributions subsequent to the measurement date will be recognized in the calculation for the reduction of the net pension liability for the years subsequent to June 30, 2016.

Discount Rate

In general, the discount rate for calculating the total pension liability under GASB 67 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 plan sponsor.

	FRS	HIS
Discount rate	7.65%	4.29%
Long-term expected rate of return, net of investment expense	7.65%	NA
Municipal bond rate	NA	4.29%

The discount rate used to measure the total pension liability was 7.65 percent for the FRS and 4.29 percent for the HIS. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that Organization contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Organization’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Organization’s proportionate share of the net pension liability calculated using the discount rate of 7.65% for the FRS and 4.29% for the HIS, as well as what the Organization’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.65% and 3.29%) or 1% point higher (8.65 percent and 5.29%) than the current rate:

	1% Decrease	Current Rate	1% Increase
Broward MPOs proportionate share of the net pension liability - FRS	\$503,806	\$632,969	\$762,132
Broward MPOs proportionate share of the net pension liability - HIS	\$316,896	\$418,881	\$520,865

BROWARD METROPOLITAN PLANNING ORGANIZATION
Notes to the Basic Financial Statements
June 30, 2016

Note 6 – Retirement And Post Employment Benefit Program (Continued)

Other Key Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of June 30, 2015, were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013.

Valuation date	July 1, 2014
Measurement date	June 30, 2015
Inflation	2.60%
Salary increase including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB; details in valuation report
Actuarial cost method	Entry Age Normal

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using actuarial assumptions, applied to all periods included in the measurement. Those assumptions are included as mortality rates based on the Generational RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB.

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

Asset Class	Target Allocation *	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
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%
Assumed Inflation – Mean		2.60%		2.00%

* As outlined in the Plan’s investment policy

BROWARD METROPOLITAN PLANNING ORGANIZATION
Notes to the Basic Financial Statements
June 30, 2016

Note 6 – Retirement And Post Employment Benefit Program (Continued)

Pension Plan Fiduciary Net Position - Financial Reports

Detailed information about the pension plan’s fiduciary net position is available in the separately issued FRS financial report. Additionally, the related actuarial reports as of July 1, 2015 are available online at http://www.dms.myflorida.com/workforce_operations/retirement/publications.

Note 7 – In Kind Revenues And Expenses

The Organization receives donated professional services from individuals on their board outside of their duties as board members and from individuals associated with board members. Those estimates total \$165,387 for the year ended June 30, 2016. In kind revenues are also allowed and used as matching funds to be in compliance with grant provisions.

Note 8 – Operating Lease

The Organization leased two suites for its office space under a noncancellable operating lease agreement commencing July 1, 2010 for a ten year period with monthly base rent ranging from \$8,125 in the first year to \$10,600 in the final year of the lease. The Organization has the option to renew the lease for two five year periods. In addition to base rent, the Organization is also responsible for monthly additional rent based on its proportional share (based on square footage) of operating expenses of the building and property. The Landlord provides a yearly estimate to the Organization of its proportional share of operating expenses of which the Organization pays in equal monthly installments. At year end, the Landlord provides actual operating expenses for the year. The Organization either pays additional rent or receives a refund based upon the difference between the proportionate share of actual operating expenses and the additional rent payments made during the year.

Minimum annual lease obligations, on an annual basis, are as follows:

<u>Year ending June 30:</u>	
2017	116,400
2018	119,925
2019	123,525
2020	127,200
2021	131,025
Thereafter	134,925
	<u>\$ 753,000</u>

Total rent expense for the year ended June 30, 2016, which includes other rent related costs such as common area maintenance fees, was approximately \$195,395.

BROWARD METROPOLITAN PLANNING ORGANIZATION
Notes to the Basic Financial Statements
June 30, 2016

Note 9 – Risk Management

The Organization 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. The Organization purchases insurance through the Florida Municipal Insurance Trust. There were no claims during the fiscal year.

Note 10 – Management Review

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 5, 2017, the date the financial statements were available to be issued. There were no significant events that management believes required disclosure.

Budgetary Information

(Required Supplementary Information)

BROWARD METROPOLITAN PLANNING ORGANIZATION
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis) - General Fund
Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance to</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>final budget</u> <u>positive</u> <u>(negative)</u>
<u>Revenues:</u>				
Grants and other government support	\$ 5,918,457	\$ 5,918,457	\$ 4,760,371	\$ (1,158,086)
In-kind Contributions	619,244	619,244	165,387	(453,857)
Miscellaneous and Investment Revenues	<u>-</u>	<u>-</u>	<u>1,163</u>	<u>1,163</u>
Total revenues	6,537,701	6,537,701	4,926,921	(1,610,780)
<u>Expenditures:</u>				
Current:				
Transportation planning	<u>6,537,701</u>	<u>6,537,701</u>	<u>4,830,122</u>	<u>1,707,579</u>
Total expenditures	6,537,701	6,537,701	4,830,122	1,707,579
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,799</u>	<u>\$ 96,799</u>
Fund Balance Beginning			<u>764,744</u>	
Fund Balance Ending			<u>\$ 861,543</u>	

See notes to budgetary comparison schedule.

BROWARD METROPOLITAN PLANNING ORGANIZATION

**Notes to Budgetary Schedule
Fiscal Year Ended June 30, 2016**

NOTE 1 –BUDGETARY ACCOUNTING

The Organization prepares its budget for the general fund on a basis consistent with generally accepted accounting principles. The procedures for establishing budgetary data reflected on the budgetary comparison schedule as follows:

- Every two years, in February, the Organization requests comments from the general public of Broward County and associated local governmental agencies related to the proposed budget and projects to be considered for the two year period that commences on July 1. After review and consideration of those comments, the budget is then formally presented to the Organization Board by the Executive Director in March. The operating budget includes proposed expenditures and the means of financing them.
- Prior to July 1, the budget is legally enacted through Board adoption and subsequent approval by FHWA and FTA.

Compliance

AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS*

To the Board of Directors of
Broward Metropolitan Planning Organization
Fort Lauderdale, 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 the major fund of Broward Metropolitan Planning Organization (the "Organization") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated January 5, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

The Organization's Response to Findings

The Organization's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida
January 5, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors of
Broward Metropolitan Planning Organization
Fort Lauderdale, Florida

Report on Compliance for Each Major Federal Program

We have audited Broward Metropolitan Planning Organization's (the "Organization") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Organization's major federal programs for the year ended June 30, 2016. The Organization'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 Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization'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 Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization, 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, 2016.

Report on Internal Control Over Compliance

Management of the Organization 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 Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Organization's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida

January 5, 2017

BROWARD METROPOLITAN PLANNING ORGANIZATION
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

<u>Federal Grantor/Pass-Through Grantor/Program</u>	<u>CFDA</u>	<u>Pass-Through Entity / Identifying Number</u>	<u>Federal Expenditures</u>
Federal Department of Transportation			
Passed through the Florida Department of Transportation			
Unified Planning Work Program			
Metropolitan Planning Funds PL 0058 (49)	20.205	ARN28	1,634,522
Education Corridor Transit Study	20.205	ARI53	99,268
SR-9/I-95 Integrated Corridor Management Deployment Planning Study	20.205	G0349	<u>65,189</u>
Total for CFDA 20.205			<u>1,798,979</u>
Unified Planning Work Program, Section 5305d Funds Sect 5305d	20.505	GO363	<u>1,488,480</u>
Federal Transit Project Grants			
Alternative Analysis Program	20.522	FL-39-0012-00	<u>1,434</u>
Federal Transit Formula Grants			
Urbanized Area Formula Program			
Public Engagement Campaign & Planning	20.507	FL-95-X057-00	286,844
BCT & Palm Tran Interface w/ MDT & SFRTA	20.507	FL-95-X064-00	<u>164</u>
Total for CFDA 20.507			<u>287,008</u>
Total Federal Department of Transportation Programs			
Passed through the Florida Department of Transportation			<u>3,575,901</u>
Total Expenditures of Federal Awards			<u>\$ 3,575,901</u>

See notes to the Schedule of Expenditures of Federal Awards

BROWARD METROPOLITAN PLANNING ORGANIZATION
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

NOTE 1 - BASIS OF PRESENTATION

The accounting policies and presentation of the Schedule of Expenditures of Federal Awards (the “Schedule”) of the Broward Metropolitan Planning Organization (the Organization) have been designed to conform to accounting principles generally accepted in the United States of America, including the reporting and compliance requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, Chapter 215.97, Florida Statutes, and Chapter 10.550, Rules of the Auditor General, State of Florida.

For purposes of the Schedule, federal awards include all grants and contracts entered into directly between the Organization and agencies and departments of the federal government and pass-through agencies, as applicable.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 2 CFR Part 225/OMB Circular A-87, Cost principles for State, Local and Indian Tribal Governments wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – CONTINGENCIES

Grant monies received and disbursed by the Organization are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based on prior experience, the Organization does not believe that such disallowances, if any, would have a material effect on the financial position of the Organization. As of June 30, 2016, management was not aware of any material questioned or disallowed costs as a result of grant audits in process or completed.

NOTE 4 –STATE AWARDS

The Schedule of Expenditures of Federal Awards contains various grant awards that were passed through the State of Florida Department of Transportation. These pass through awards have been audited under the Federal Single Audit Act. The total of the remaining state awards is under \$500,000. Under these circumstances, there is no requirement in accordance with Chapter 10.550 of the Florida Statutes, Rules of the Auditor General, for an audit under the State of Florida Single Audit Act.

BROWARD METROPOLITAN PLANNING ORGANIZATION

Schedule of Findings and Questioned Costs

Year Ended June 30, 2016

SECTION I – SUMMARY OF AUDITOR’S RESULTS

SECTION I- SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditors' report issued:

Unqualified

Internal control over financial reporting:

• Material weakness(es) identified?

_____ Yes X No

• Significant deficiency(ies) identified that are
Not considered to be material weakness(es)?

_____ Yes X No

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?

_____ Yes X No

• Significant deficiency(ies) identified that are
Not considered to be material weakness(es)?

_____ Yes X No

Type of auditors' report issued on compliance for major
federal programs:

Unqualified

Any audit findings disclosed that are required to be reported in
accordance with section 510(a) of OMB Circular A-133?

_____ Yes X No

Identification of major programs:

Federal Programs

Federal CFDA

Unified Planning Work Program, Section 5305d Funds
Sect 5305d

20.505

Dollar threshold used to distinguish between Type A and Type B

Federal Programs:

\$300,000

Auditee qualified as low-risk auditee for federal award programs?

 X Yes _____ No

BROWARD METROPOLITAN PLANNING ORGANIZATION

Schedule of Findings and Questioned Costs

Year Ended June 30, 2016

SECTION II – FINANCIAL STATEMENT FINDINGS

Prior year findings

None.

Current Year Findings

None Noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Prior year findings

None.

Current Year Findings

None.