

**North Florida Transportation
Planning Organization**

Financial Statements, Supporting Schedules
And Other Reports

Year Ended June 30, 2015

North Florida Transportation Planning Organization
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
North Florida Transportation Planning Organization
Jacksonville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of North Florida Transportation Planning Organization (the "Organization"), as of and for the year ended June 30, 2015, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

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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 opinion.

Opinion

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 Organization as of June 30, 2015, and the respective changes in financial position thereon and the respective budgetary comparison for the General Fund and the Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 2 to the financial statements, in the fiscal year ended June 30, 2015, the Organization adopted the provisions of Government Accounting Standards Board Statement (GASBS) Number 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement Number 27. As a result of the implementation of GASBS 68, the Organization reported a restatement for the change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-8 and 11 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.

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Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's basic financial statements as a whole. 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 is presented for purposes of additional analysis as required by 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 basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2016, 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 the Organization's internal control over financial reporting and compliance.

Magers & Associates, LLC

Magers & Associates, LLC
Orange Park, Florida
February 11, 2016

North Florida Transportation Planning Organization
Management's Discussion and Analysis
Year Ended June 30, 2015

The financial management of the North Florida Transportation Planning Organization (the "Organization") extends to the readers of these financial statements the following narrative analysis of the financial performance of the Organization for the fiscal year ended June 30, 2015. Please read it in conjunction with the financial statements.

Overview of the Financial Statements

The Management's Discussion and Analysis is intended to serve as an introduction to the basic financial statements and supplementary information. The Management's Discussion and Analysis represents management's examination and analysis of the Organization's financial condition and financial performance as a whole.

The organization-wide and fund financial statements are combined for this annual report, as all activities of the Organization are governmental activities. The report consists of the organization-wide and fund statements, notes to the financial statements, and other supplementary information. The Organization uses the economic resources measurement focus and the accrual basis of accounting. Information concerning all of the Organization's assets and liabilities, both short-term and long-term are included. Likewise, all revenues and expenses received during the year are reported, regardless of when cash is received or paid.

The Organization uses governmental fund accounting and its financial statements reflect the balances of non-obligated resources. 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 Organization 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. The Special Revenue Fund contains all of the Organization's Federal and State reimbursable operating grants.

The basic financial statements of the Organization include a Statement of Net Assets and Governmental Fund Balance Sheets, Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in fund Balances and notes to the financial statements, which are described as follows:

The Statement of Net Position and Governmental funds Balance Sheet presents information on all of the Organization'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 gauge of whether the financial position of the Organization is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net position, which also indicates an improved financial condition.

North Florida Transportation Planning Organization
Management's Discussion and Analysis
Year Ended June 30, 2015

The Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances presents data showing how the Organization's net position changed during the most recent fiscal 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 result in cash flows in future fiscal periods (e.g., grants receivable and earned but unused personal leave). These governmental activities are primarily supported by member assessments and operating grants from the federal and state 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 Organization'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 Organization's comparisons of budget to actual revenue and expenses and summaries of detailed financial data that is aggregated for financial presentation purposes.

Financial Analysis

The Organization's basic financial statements report its net position and how they have changed over the reporting period. Net position, the difference between assets and liabilities, may serve as a useful indicator of the Organization's financial position. Over time, increases or decreases in the Organizations net assets are a useful indicator of whether in financial health is improving or deteriorating, respectively. However, 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 Statement of Net Position and Governmental Funds Balance Sheets indicates that, at the close of the fiscal year, June 30, 2015, assets exceeded liabilities by \$1,221,748 an decrease of \$691,469 from the previous year. This decrease from the prior year is due to the implementation of GASB 68 and the related adjustment to the beginning net position (see Note B). The Organization's investment in capital assets was \$31,007 at June 30, 2015, representing 2.54% of net position and therefore is not available for future spending. The decrease in capital assets from the prior year is due to the increase in accumulated depreciation. The unrestricted balance at June 30, 2015 is \$1,190,741 and is available to meet the Organization's obligations to its member partners and citizens. Government Accounting Standards Board (GASB) Statement 34 does not allow net position to be represented as reserved unless there are external legal restrictions on how these funds may be used. So although there may be long-term management plans for unrestricted net position, they must be reported as unrestricted until such external restrictions occur.

North Florida Transportation Planning Organization
Management's Discussion and Analysis
Year Ended June 30, 2015

The receivables account, Due from Other Governments, consists of amounts due from federal and state governments for reimbursements of expenses under operating grants totaling \$892,934. There are no outstanding amounts due from its member governments at June 30, 2015.

Accounts payable totaling \$316,503 represented 65% of the Organization's total liabilities at the end of the fiscal year. Of this amount, \$298,483 is for expenditures related to operating grant programs that will be reimbursed to the Organization after year end. Deferred outflows of \$94,473 represent the prepaid member assessments for July 1, 2015 to September 30, 2015 that will be recognized as earned revenue in the next fiscal year's operations. This item exists since the assessments billed to the members are for a period that is tied to the members' fiscal year of October 1 to September 30. The accrued compensated absences amount of \$79,591 represents the long-term portion of leave the employees were eligible to accumulate.

The General Fund is the chief operating fund of the Organization. At the end of the fiscal year, the unreserved fund balance of the General Fund was \$2,091,090 with the total fund balance being \$2,099,743. As a measure of the General Fund liquidity, it may be useful to compare the unreserved fund balance of \$2,099,743 to total Governmental Fund expenditures of \$3,226,139. The unreserved General Fund balance represents 65% of total Governmental fund expenditures. The Special Revenue fund requires advance funding and represents 93% of the Organization's total Governmental fund expenditures for the year ended June 30, 2015. As previously stated, local assessments are not billable until the beginning of the second quarter of the fiscal year, requiring use of cash reserves for all costs in the first quarter; therefore, an unrestricted fund balance of at least one third of the year's expected expenditures, or approximately \$1,064,626 appears to be warranted as a minimum.

The following explanations are offered in support of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for the General Fund and the Special Revenue Fund.

The General fund charges for services revenue account reflected a final budgeted amount that was equal to the original budgeted amount. General fund actual revenue amounts were slightly higher than the final budgeted amount, while actual expenditures were \$118,574 lower than the final budgeted amount due primarily to lower than budgeted spending in various tasks.

The Special Revenue Fund reflected final budgeted operating grant revenues that were equal to the originally budgeted operating grant revenues. Actual operating grant revenues were lower than the final budgeted amount by \$2,172,627 due to unexpended funds under certain grants. Except for ARF86 and TD grant ARH57, all grants were under spent in the current year.

North Florida Transportation Planning Organization
Management's Discussion and Analysis
Year Ended June 30, 2015

Government –Wide Financial Statements

	<u>FY2015</u>	<u>FY2014</u>	Dollar <u>Change</u>	Percent <u>Change</u>
NET ASSETS				
Current and other assets	\$ 2,510,719	\$ 2,482,534	\$ 28,185	1%
Capital assets	<u>31,007</u>	<u>35,338</u>	<u>(4,331)</u>	-12%
Total Assets	<u>\$ 2,541,726</u>	<u>\$ 2,517,872</u>	<u>\$ 23,854</u>	1%
Deferred outflows related to pensions	<u>\$ 100,222</u>	<u>\$ -</u>	<u>\$ 100,222</u>	100%
Accounts payable	\$ 316,503	\$ 436,313	\$ (119,810)	-27%
Deferred outflows	94,473	94,409	64	0%
Net pension liability	826,295	-	826,295	100%
Accrued compensated absences	<u>79,591</u>	<u>73,934</u>	<u>5,657</u>	8%
Total Liabilities	<u>\$ 1,316,862</u>	<u>\$ 604,656</u>	<u>712,206</u>	118%
Deferred inflows related to pensions	<u>\$ 103,338</u>	<u>\$ -</u>	<u>\$ 103,338</u>	100%
Net assets:				
Invested capital assets	\$ 31,007	\$ 35,338	\$ (4,331)	-12%
Unrestricted	<u>1,190,741</u>	<u>1,877,879</u>	<u>(687,138)</u>	-37%
Total Net Assets	<u>\$ 1,221,748</u>	<u>\$ 1,913,217</u>	<u>\$ (691,469)</u>	-36%
CHANGES IN NET ASSETS	<u>FY2015</u>	<u>FY2014</u>	Dollar <u>Change</u>	Percent <u>Change</u>
Revenues:				
Operating grants				
Federal	\$ 2,572,757	\$ 2,786,757	\$ (214,000)	-8%
State	<u>381,371</u>	<u>103,507</u>	<u>277,864</u>	268%
Total Operating Grants	2,954,128	2,890,264	63,864	2%
Charges for services	418,826	503,041	(84,215)	-17%
Interest and miscellaneous revenues	<u>1,116</u>	<u>1,209</u>	<u>(93)</u>	-8%
Total Revenues	<u>3,374,070</u>	<u>3,394,514</u>	<u>(20,444)</u>	-1%
Expenses:				
Programs and operations	3,293,283	3,220,571	72,712	2%
Capital Outlay				
Equipment	3,751	-	3,751	100%
Depreciation	<u>8,083</u>	<u>17,244</u>	<u>(9,161)</u>	-53%
Total Expenses	<u>3,301,366</u>	<u>3,237,815</u>	<u>63,551</u>	2%
Change in net assets	72,704	156,699	(83,995)	-54%
Net Assets				
Beginning of the year	<u>1,149,044</u>	<u>1,756,518</u>	<u>(607,474)</u>	-35%
End of the year	<u>\$ 1,221,748</u>	<u>\$ 1,913,217</u>	<u>\$ (691,469)</u>	-36%

North Florida Transportation Planning Organization
Management's Discussion and Analysis
Year Ended June 30, 2015

Economic Factors and Next Year's Budgets and Rates

The overall financial position and results of operations for the Organization reflects increased financial stability for the fiscal year ended June 30, 2015, while staying within budget. Unrestricted net position decreased \$687,138 and total net position decreased \$691,469. As the Organization's regional transportation needs continue to grow, additional funding sources will require ongoing assessment to ensure the long-term financial stability of the agency.

Requests for Information

This financial report is intended to provide an overview of the Organization's finances. Questions regarding the information provided in this report or requests for additional financial information should be addressed to the Fiscal Administrator, North Florida Transportation Planning Organization, 1022 Prudential Drive, Jacksonville, Florida, 32207.

North Florida Transportation Planning Organization

Statement of Net Position and
Governmental Funds Balance Sheet

June 30, 2015

	General Fund	Special Revenue Fund	Total	Adjustments (Note C)	Statement of Net Assets
<u>ASSETS</u>					
Cash and cash equivalents	\$ 1,608,785	\$ -	\$ 1,608,785	\$ -	\$ 1,608,785
Due from other funds	600,798	-	600,798	(600,798)	-
Due from other governments	9,000	892,934	901,934	-	901,934
Capital assets, net	-	-	-	31,007	31,007
Total assets	<u>2,218,583</u>	<u>892,934</u>	<u>3,111,517</u>	<u>(569,791)</u>	<u>2,541,726</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Deferred outflows related to pensions	\$ -	\$ -	\$ -	\$ 100,222	\$ 100,222
<u>LIABILITIES</u>					
Accounts payable	18,020	298,483	316,503	-	316,503
Deferred outflows	94,473	-	94,473	-	94,473
Due to other funds	-	600,798	600,798	(600,798)	-
Net pension liability	-	-	-	826,295	826,295
Accrued compensated absences	-	-	-	79,591	79,591
Total liabilities	<u>112,493</u>	<u>899,281</u>	<u>1,011,774</u>	<u>305,088</u>	<u>1,316,862</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred inflows related to pensions	-	-	-	103,338	103,338
<u>FUND BALANCES/NET ASSETS</u>					
Fund balances:					
Unassigned	<u>2,091,090</u>	<u>8,653</u>	<u>2,099,743</u>	<u>(2,099,743)</u>	<u>-</u>
Total fund balances	<u>2,091,090</u>	<u>8,653</u>	<u>2,099,743</u>	<u>(2,099,743)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 2,203,583</u>	<u>\$ 907,934</u>	<u>\$ 3,111,517</u>		
Net position:					
Invested in capital assets				31,007	31,007
Unrestricted				<u>1,190,741</u>	<u>1,190,741</u>
TOTAL NET POSITION				<u>\$ -</u>	<u>\$ 1,221,748</u>

See accompanying notes and Independent Auditors' Report.

North Florida Transportation Planning Organization
Statement of Activities and
Governmental Funds Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Total	Adjustments (Note C)	Statement of Activities
<u>REVENUES</u>					
Operating grants:					
Federal	\$ -	\$ 2,572,757	\$ 2,572,757	\$ -	\$ 2,572,757
State	-	331,486	331,486	-	331,486
State match	-	49,885	49,885	-	49,885
Charges for services:					
Member assessments	377,826	-	377,826	-	377,826
Special assessments	41,000	-	41,000	-	41,000
Additional funding	-	-	-	-	-
Miscellaneous revenues	1,116	-	1,116	-	1,116
Total revenues	<u>419,942</u>	<u>2,954,128</u>	<u>3,374,070</u>	<u>-</u>	<u>3,374,070</u>
<u>EXPENDITURES / EXPENSES</u>					
Transportation:					
Current:					
Programs and operations	219,310	3,003,078	3,222,388	70,895	3,293,283
Capital outlay:					
Equipment	3,751	-	3,751	(3,751)	-
Depreciation			-	8,083	8,083
Total expenditures/expenses	<u>223,061</u>	<u>3,003,078</u>	<u>3,226,139</u>	<u>75,227</u>	<u>3,301,366</u>
Excess (deficiency) of revenues over expenditures	196,881	(48,950)	147,931	-	72,704
Transfers - internal activities	<u>(48,950)</u>	<u>48,950</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and transfers in (out) over expenditures	147,931	-	147,931	(147,931)	
Change in net position	-	-	-	72,704	72,704
<u>FUND BALANCES/NET POSITION</u>					
Beginning of year	<u>1,943,159</u>	<u>8,653</u>	<u>1,951,812</u>	<u>(802,768)</u>	<u>1,149,044</u>
End of year	<u>\$ 2,091,090</u>	<u>\$ 8,653</u>	<u>\$ 2,099,743</u>	<u>\$ (877,995)</u>	<u>\$ 1,221,748</u>

See accompanying notes and Independent Auditors' Report.

North Florida Transportation Planning Organization

Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
General Fund and Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts
	Original	Final	
<u>GENERAL FUND</u>			
REVENUES			
Charges for services	\$ 377,826	\$ 377,826	\$ 377,826
Special assessments	41,000	41,000	41,000
Miscellaneous revenues	-	-	1,116
Total revenues	<u>418,826</u>	<u>418,826</u>	<u>419,942</u>
EXPENDITURES			
Current:			
Transportation	341,635	341,635	219,310
Capital outlay	-	-	3,751
Total expenditures	<u>341,635</u>	<u>341,635</u>	<u>223,061</u>
Excess (deficiency) of revenues over expenditures	77,191	77,191	196,881
<u>OTHER FINANCING SOURCES / USES</u>			
Operating transfers out	-	-	(48,950)
Net change in fund balance	77,191	77,191	147,931
Fund balance, beginning of year	-	-	1,943,159
Fund balance, end of year	<u>\$ 77,191</u>	<u>\$ 77,191</u>	<u>\$ 2,091,090</u>
<u>SPECIAL REVENUE FUND</u>			
REVENUES			
Operating grants	\$ 5,126,755	\$ 5,126,755	\$ 2,954,128
Total revenues	<u>5,126,755</u>	<u>5,126,755</u>	<u>2,954,128</u>
EXPENDITURES			
Current:			
Transportation	5,203,946	5,203,946	3,003,078
Total expenditures	<u>5,203,946</u>	<u>5,203,946</u>	<u>3,003,078</u>
Excess (deficiency) of revenues over expenditures	(77,191)	(77,191)	(48,950)
<u>OTHER FINANCING SOURCES/USES</u>			
Operating transfers in	-	-	48,950
Net change in fund balance	(77,191)	(77,191)	-
Fund balance, beginning of year	-	-	8,653
Fund balance, end of year	<u>\$ (77,191)</u>	<u>\$ (77,191)</u>	<u>\$ 8,653</u>

See accompanying notes and Independent Auditors' report.

North Florida Transportation Planning Organization
Notes to Financial Statements
Year Ended June 30, 2015

Note A – Organization and Nature of Operations

The North Florida Transportation Planning Organization (the “Organization”) was established under Chapter 339.175, Laws of Florida, to encourage and promote the development of transportation systems for the Northeast Florida urbanized area. The Organization works with local governments and transportation agencies to identify and evaluate transportation needs in the Northeast Florida region, determining the types of studies, strategies and improvements needed, and developing short and long-term programs and plans that include schedules, funding requirements and sources.

Note B – Summary of Significant Accounting Policies

1. Financial Reporting Entity

The Organization is a voluntary association of local governmental units organized under the authority of Chapter 339.175 of the Florida Statutes in accordance with the 1962 Federal Aid Highway Act. Its primary duties include the responsibility for transportation-related air, noise and water quality planning within the Northeast Florida urbanized area, developing an annually updated transportation improvement program, and providing leadership to initiate and develop transportation plans and programs and to establish transportation priorities and strategies in Duval County, and most of St. Johns, Clay and Nassau Counties. Members are appointed by the Governor of Florida and inter-local agreements among the various governmental entities within the Northeast Florida urbanized area on the basis of equitable population ratio and geographic factors. The North Florida Transportation Planning Organization covers over 1,800 square miles and serves a population of approximately 1.2 million.

Membership is comprised of County Commissioners from Clay County (2), St. Johns County (1) and Nassau County (1); the Mayors of Jacksonville, St. Augustine or St. Augustine Beach, Atlantic Beach, Neptune Beach or Jacksonville Beach; one board member each from the Jacksonville Port Authority, Jacksonville Airport Authority, Jacksonville Transportation Authority, St. Augustine-St. Johns County Airport Authority, and the Nassau County Ocean, Highway and Port Authority; members of the Jacksonville City Council (3); and ex-officio members including the District 2 Secretary, Florida Department of Transportation, a U.S. Navy representative and a County Commissioner from Flagler, Baker and Putnam Counties.

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

North Florida Transportation Planning Organization

Notes to Financial Statements

Year Ended June 30, 2015

Note B – Summary of Significant Accounting Policies (continued)

2. Change in Accounting Principles

The Organization participates in the Florida Retirement System (FRS) defined benefit pension plan, the Health Insurance Subsidy (HIS) defined benefit plan, and the City of Jacksonville (COJ) general employees' pension plan. As a participating employer, the Organization implemented Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, which requires employers participating in cost-sharing multiple-employer defined benefit pension plans to report the employers' proportionate share of the net pension liabilities of the defined benefit pension plans. The requirements of this Statement are being implemented prospectively, with the Organization reporting its proportionate share of the actuarially determined liabilities of \$777,063 at July 1, 2014. In addition, the District reported beginning deferred outflows for contributions subsequent to measurement date of \$12,890 as of July 1, 2014.

3. Adjustment to Beginning Net Position

The beginning net position of the District was decreased due to the adoption of a new GASB Pronouncement, Statement No. 68, Accounting and Financial Reporting for Pensions. GASB Statement No. 68 requires the District to recognize its proportionate share of the net pension liabilities and operating statement activities related to changes in the collective pension liabilities of cost-sharing multiple-employer FRS, HIS, and COJ defined benefit plans. Below is a summary of the required changes in beginning net position:

	<u>Government-wide Statements</u>	
	Government Activities	
Beginning net position, as previously reported	\$	1,913,217
Cumulative effect of change in accounting principle		<u>(764,173)</u>
Beginning net position, as restated	\$	<u>1,149,044</u>

4. Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities, and report information on all of the activities of the Organization. The effect of interfund activities has been removed from these statements. The Organization only has governmental activities and does not engage in any business-type activities. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges for services, including member assessments; (2) operating grants; and (3) miscellaneous revenues. General revenues include interest income. Fund financial statements are presented for the Organization's General and Special Revenue Funds. Both of these funds are considered to be major funds. The Special Revenue Fund is used to account for federal and state transportation planning activities.

North Florida Transportation Planning Organization
Notes to Financial Statements
Year Ended June 30, 2015

Note B – Summary of Significant Accounting Policies (continued)

5. 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 when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Organization considers revenues to be available if they are collected within sixty days of the end of the current period. Expenditures are generally 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.

6. Budgets and Budgetary Accounting

On or before July 1 of each year, the Organization 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 fund sources legitimately available to the Organization. The level of budget control is at the UPWP task level.

7. Fund Balances and Spending Order

In accordance with GASB No. 54, the Organization classifies governmental fund balances as follows:

- Non-spendable Fund Balance – represents fund balance that is (a) not in a spendable form such as prepaid items or (b) legally or contractually required to be maintained intact such as endowment.
- Restricted Fund Balance – consists of amounts that can be spent only on the specific purpose stipulated by law or by the external providers of those resources.
- Unassigned Fund Balance – represents the residual classification or fund balance and includes all spendable amounts not contained within the other classifications of the General Fund.

When both restricted and unrestricted resources are available for use, it is the Organization's policy to use restricted resources first, and then unrestricted resources, as they are needed for their intended purposes.

North Florida Transportation Planning Organization

Notes to Financial Statements

Year Ended June 30, 2015

Note B – Summary of Significant Accounting Policies (continued)

8. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, money market accounts, and other highly liquid investments.

9. Property and Equipment

Property and equipment purchased in the Governmental Fund types are recorded as expenditures at the time of purchase. It is the Organization's policy to capitalize property and equipment over \$1,000. Amounts less than \$1,000 are expensed. Gifts or contributions are recorded in the General Fixed Assets Account Group at fair market value at the date of receipt. Depreciation is provided on fixed 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 to 15 years.

10. Compensated Absences

It is the Organization's policy to grant employees personal leave based upon the number of years of employment with the Organization. Personal leave may be used as time off or accrued up to defined maximum limits. Any personal leave earned but not used may be carried forward up to a maximum of 320 hours. Employees resigning or retiring with two weeks notice shall be paid for the credited personal leave up to the maximum allowable rate referred to above. Such pay shall be made at the employee's current rate of pay. Employees who terminate prior to completion of six months continuous service will not be paid for any accrued personal leave time.

11. Indirect Costs

Certain administrative costs are recorded in the General Fund as indirect costs in the Organization's accounting system and are allocated to the Special Revenue Fund based upon an indirect cost rate appropriate in the circumstances. The rate is based upon direct salary and fringe benefit costs and is calculated using actual indirect costs.

12. Grants

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

13. Interfund Transfers

Interfund transfers are between the Organization's General and Special Revenue Funds and represent the local match, where required, for Federal and State grants received or excess revenue or expenditures from performance-based grants. All grants are cost reimbursable grants except for the Transportation Disadvantaged grant, which is performance-based and is reimbursed as tasks are completed. Eligible project costs are 100% advanced by the General Fund.

14. Management's Review

Management has evaluated subsequent events through February 11, 2016, the date which the financial statements were available to be issued.

North Florida Transportation Planning Organization
Notes to Financial Statements
Year Ended June 30, 2015

Note C – Reconciliation of Government-Wide and Fund Financial Statements

Adjustments were made to include capital assets, net of accumulated depreciation, and long-term liabilities on the statement of net position. This resulted in a net difference between ending governmental fund balances and total net position of \$ (877,995). Interfund payables and receivables were also eliminated.

Ending Governmental Fund Balances	\$	2,099,743
Capital Assets, Net of Depreciation		31,007
Long-term Portion of Accrued Compensated Absences		(79,591)
Net pension liability		(826,295)
Deferred outflows related to pensions		100,222
Deferred inflows related to pensions		(103,338)
		\$ 1,221,748
Total Net Position		

Adjustments were made to include depreciation expense, eliminate capital outlay expenditures, and record the increase in long-term compensated absences on the statement of activities. This resulted in a net difference between “excess of revenues and transfers in over expenditures and transfers out” and “change in net position” of \$ 75,227.

Excess of Revenues and Transfers in over Expenditures		
and Transfers out	\$	147,931
Add: Capital Outlay		3,751
Add: Organization's Pension Contributions		15,063
Less: Depreciation Expense		(8,083)
Less: Accrued Compensated Absences		(5,657)
Less: Cost of benefits earned net of employee contributions		(80,301)
		\$ 72,704
Change in Net Position		

Note D – Cash Deposits and Investments

Cash deposits consist of interest and non-interest bearing demand accounts and are reported at fair value. All deposits were 100% insured by collateral, pursuant to the Public Depository Security Act of the State of Florida.

North Florida Transportation Planning Organization

Notes to Financial Statements

Year Ended June 30, 2015

Note E – Capital Assets

The following is a summary of changes in capital assets during the fiscal year:

	Balance June 30,2014	Increases	Decreases	Balance June 30,2015
Property and Equipment	\$ 216,196	\$ 3,751	\$ -	\$ 219,947
Less: Accumulated Depreciation	(180,858)	(8,082)	-	(188,940)
Total Capital Assets, Net	<u>\$ 35,358</u>	<u>\$ (4,331)</u>	<u>\$ -</u>	<u>\$ 31,007</u>

Note F – Long-Term Liabilities

During the year ended June 30, 2015, the following changes occurred in long-term liabilities:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Due Within One Year
Accrued compensated absences	\$73,934	\$75,212	\$69,555	\$79,591	\$ -0-

Note G – Lease Obligations

The Organization leases its office facilities under a non-cancellable operating lease with the Jacksonville Transportation Authority (JTA) expiring December 31, 2014. The JTA lease agreement contains a cost of living adjustment provision increasing the base rent by the change in the CPI index, which such increase shall not be less than 3% each year.

The Organization also leases a mailing system and copier equipment under non-cancellable operating lease agreements expiring at various dates.

Future estimated minimum lease payments under the non-cancellable operating leases of June 30, 2015, are as follows:

Year Ending June 30,	Office Facilities	Copiers	Total
2015	25,440	15,236	40,676
2016	-	6,956	6,956
Totals	<u>25,440</u>	<u>22,192</u>	<u>47,632</u>

Rent expense totaled \$71,240 for the year ended June 30, 2015.

North Florida Transportation Planning Organization
Notes to Financial Statements
Year Ended June 30, 2015

Note H – Employee Benefit Plans

Defined Contribution Plans

Florida Retirement System

Plan Description. Beginning November 2010, new employees of the Organization are covered under the Florida Retirement System (FRS), a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available to governmental units within the State. FRS was created by the Florida Legislature and is administered by the State of Florida. FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

Benefits Provided. Retirees receive a lifetime pension benefit with joint and survivor payment options.

Contributions. The Organization is required to contribute a fixed portion of their covered payroll as provided in various acts of the Florida Legislature. Beginning with fiscal year 2014, employees were required to contribute 3% of compensation and the required contribution of the covered payroll for the Organization was 7.37% for regular employees and 12.28% for employees enrolled in the drop program.

Pension Liabilities, Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources. At June 30, 2015, the Organization reported a liability of \$30,765 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, 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 entities, actuarially determined. At June 30, 2014, the Organization's proportion was 0.000504226 percent, which was an increase of 0.000033954 percent from its proportion share of 0.000470272 percent measured as of June 30, 2013.

North Florida Transportation Planning Organization

Notes to Financial Statements

Year Ended June 30, 2015

Note H – Employee Benefit Plans (continued)

For the year ended June 30, 2015, the Organization recognized pension expense of \$3,835. At June 30, 2015, the Organization reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual results	\$ -	\$ 1,904
Changes of assumptions	5,328	-
Net difference between projected and actual earnings on Plan investments	-	51,321
Changes in proportion and differences between contributions and proportionate share of contributions	4,917	-
Contributions subsequent to the measurement date	<u>12,856</u>	<u>-</u>
Total	<u>\$ 23,101</u>	<u>\$ 53,225</u>

The deferred outflows of resources related to pensions totaling \$12,856 resulting from Organization’s contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported for the FRS Pension plan as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Amount Recognized
<u> </u>	<u> </u>
2016	\$ (8,596)
2017	(8,596)
2018	(8,596)
2019	(8,596)
2020	(8,596)

North Florida Transportation Planning Organization

Notes to Financial Statements

Year Ended June 30, 2015

Note H – Employee Benefit Plans (continued)

Actuarial Assumptions. Actual assumptions are reviewed annually by Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of July 1, 2014, using the entry age normal actuarial cost method. Inflation increase is assumed to at 2.60%. Payroll growth is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 7.65%. 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. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB table.

The following changes in actuarial assumptions occurred in 2014:

As of June 30, 2014, the inflation rate assumption was decreased from 3.00% to 2.60%, the real payroll growth assumption was decreased from 1.00% to 0.65%, and the overall payroll growth rate assumption was decreased from 4.00% to 3.25%. The long-term expected rate of return decreased from 7.75% to 7.65%.

Asset Class	Target Allocation	Long-Term Arithmetic Expected Real Rate of Return
Cash	1.00%	3.11%
Intermediate -Term Bonds	18.00%	4.18%
High Yield Bonds	3.00%	6.79%
Broad US Equities	26.50%	8.51%
Developed Foreign Equities	21.20%	8.66%
Emerging Market Equities	5.30%	11.58%
Private Equity	6.00%	11.80%
Hedge Funds / Absolute Return	7.00%	5.81%
Real Estate (Property)	12.00%	7.11%
Total	100.00%	

North Florida Transportation Planning Organization

Notes to Financial Statements

Year Ended June 30, 2015

Note H – Employee Benefit Plans (continued)

Discount Rate. The discount rate used to measure the total pension liability for the FRS Pension Plan disclosed above is based on a projection of cash flows that assumed that employee contributions will be made at the current contribution rate and that contributions from participating members will be made at statutorily required rates, actuarially determined. Based on those assumptions, the FRS 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. Long-Term Expected Rate of Return. To develop an analytical basis for the selection of the long-term expected rate of return assumption for the FRS Pension Plan, the 2014 FRS Actuarial Assumptions conference reviews long-term assumptions developed by multiple contracted capital market assumptions teams. The table below shows resulting assumptions for each of the asset classes in which the plan was invested 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. The expected real rate of return is presented in arithmetic means.

Long-Term Expected Rate of Return. To develop an analytical basis for the selection of the long-term expected rate of return assumption for the FRS Pension Plan, the 2014 FRS Actuarial Assumptions conference reviews long-term assumptions developed by multiple contracted capital market assumptions teams. The table below shows resulting assumptions for each of the asset classes in which the plan was invested 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. The expected real rate of return is presented in arithmetic means.

Sensitivity of the Organization’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate. The following presents the Organization’s proportionate share of the net pension liability of the FRS Pension Plan calculated using the discount rate of 7.65 percent. Also presented is what the Organization’s proportionate share of the FRS Pension Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage - point lower (6.65 percent) or 1-percentage -point higher (8.65 percent) than the current rate:

	1% decrease (6.65%)	Current Discount Rate (7.65%)	1% increase (8.65%)
Organization's proportionate share of the FRS Pension Plan net pension liability	\$ 131,586	\$ 30,765	\$ (53,099)

North Florida Transportation Planning Organization

Notes to Financial Statements

Year Ended June 30, 2015

Note H – Employee Benefit Plans (continued)

Retiree Health Insurance Subsidy (HIS) Program Defined Benefit Pension Plan

Plan Description. The HIS Pension Plan is a cost-sharing multiple-employer defined benefit pension plan established to provide a monthly subsidy payment to retired members of any state-administered retirement system in order to assist such retired members in paying the costs of health insurance. Persons are eligible for health insurance subsidy payments who are retired under a state-administered retirement system, or a beneficiary who is a spouse or financial dependent entitled to receive benefits under a state-administered retirement system except those individuals who are pension recipients under Section 121.40, 237.08(18)(a) and 250.22, Florida Statutes, or recipients of health insurance coverage under Section 110.1232, Florida Statutes or any other special pension or relief act are not eligible for such pension payments. A person is deemed retired from a state-administered retirement system when he or she terminates employment with all employers participating in the Florida Retirement System and:

- For a member of the FRS investment plan, the participant meets the age or service requirements to qualify for normal retirement per Section 121.021(29), Florida Statutes and meets the definition of retiree in Section 121.4501(2), Florida Statutes.
- For a member of the FRS defined benefit pension plan, or any employee who maintains creditable service under the pension plan and the investment plan, the member begins drawing retirement benefits from the pension plan.

Any person retiring on or after July 1, 2001, as a member of the Florida Retirement System, including a member of the investment plan, must satisfy the vesting requirements for his or her membership class under the pension plan as administered under Chapter 121, Florida Statutes. Any person retiring due to disability must qualify for a regular or in-line-of-duty disability benefit per provisions under Chapter 112, Florida Statutes.

Benefits Provided. The benefit of the HIS Pension Plan is a monthly payment to assist retirees state-administered retirement systems in paying their health insurance costs and is administered by the Department of Management Services, Division of Retirement. HIS 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.

For the fiscal year ended June 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare. Terms of the benefits provided by the Plan may be amended only by the State Legislature with a change in the Statutes governing the Plan.

North Florida Transportation Planning Organization

Notes to Financial Statements

Year Ended June 30, 2015

Note H – Employee Benefit Plans (continued)

Contributions. The HIS Pension 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, 2015, the contribution rate was 1.26 percent of payroll pursuant to section 112.363, Florida Statutes. There are no employee contributions required for the HIS Pension Plan. HIS Pension Plan contributions are deposited in a separate trust fund from which HIS payments are authorized.

The Organization’s contributions to the HIS Pension Plan totaled \$1,845 for the fiscal year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2015, the Organization reported a liability of \$50,352 for its proportionate share of the HIS Pension Plan net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The Organization’s proportionate share of the net pension liability was based on accrued retirement contributions for employers that were members of the HIS Pension Plan during the fiscal year ended June 30, 2014. At June 30, 2014, the Organization’s proportionate share was 0.000538512 percent, which was an increase of 0.000005879 percent from its proportionate share of 0.000544391 percent measured as of June 30, 2013.

For the year ended June 30, 2015, the Organization recognized pension expense of \$3,425 for the HIS Pension Plan. At June 30, 2015, the Organization reported deferred outflows of resources and deferred inflows of resources related to pensions for the HIS Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ -	\$ -
Changes of assumptions	1,792	-
Net difference between projected and actual earnings on Plan investments	24	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	441
Contributions subsequent to the measurement date	2,207	-
Total	\$ 4,023	\$ 441

North Florida Transportation Planning Organization
Notes to Financial Statements
Year Ended June 30, 2015

Note H – Employee Benefit Plans (continued)

The deferred outflows of resources related to pensions totaling \$2,207 resulting from Organization contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported for the HIS Pension plan as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Amount Recognized
2016	\$ 275
2017	275
2018	275
2019	275
2020	275

Actuarial Assumptions. The total pension liability for the HIS Pension Plan was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected to the measurement date.

- Valuation date: July 1, 2014
- Measurement date: June 30, 2014
- Discount rate: 4.29%
- Long-term expected rate of return, net of investment expense: N/A
- Municipal bond rate: 4.29%
- Inflation: 2.60%
- Salary increase, including inflation: 3.25%
- Mortality Generational RP-2000 with Projection Scale BB
- Actuarial cost method: Entry Age Normal

The actuarial assumptions that determined the total pension liability of the HIS Pension Plan as of June 30, 2014, were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate. 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 Pension Plan 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. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

North Florida Transportation Planning Organization

Notes to Financial Statements

Year Ended June 30, 2015

Note H – Employee Benefit Plans (continued)

Long-Term Expected Rate of Return. As stated above, the HIS Pension Plan is essentially funded on a pay-as-you-go basis. As such, there is no assumption for a long-term expected rate of return on a portfolio, no assumptions for cash flows into and out of the pension plan, or assumed asset allocation.

Sensitivity of the Organization’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate. The following presents the Organization’s proportionate share of the net pension liability of the HIS Pension Plan calculated using the discount rate of 4.29 percent.

Also presented is what the Organization’s proportionate share of the HIS Pension Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.29 percent) or 1-percentage-point higher (5.29 percent) than the current rate:

	1% decrease (3.29%)	Current Discount Rate (4.29%)	1% increase (5.29%)
Organization's proportionate share of the HIS Pension Plan net pension liability	\$ 57,271	\$ 50,352	\$ 44,576

Pension Plan Fiduciary Net Position. Detailed information about HIS Pension Plan’s fiduciary net position is available in the separately issued FRS Comprehensive Annual Financial Report. The comprehensive annual financial report of the FRS is available by mail at P.O. Box 9000, Tallahassee, Florida 32315-9000; by telephone toll free at (844) 377-1888 or (850) 907-6500; by e-mail at rep@dms.myflorida.com; or at the Division’s Web site (http://www.dms.myflorida.com/workforce_operations/retirement/publications).

City of Jacksonville General Employees’ Pension Plan

Plan Description. The Organization is also required to contribute to the City of Jacksonville General Employees’ Pension Plan (the “COJ Plan”) on behalf of its employees formerly employed by the City of Jacksonville. The COJ Plan is a contributory defined benefit plan in which the employee’s retirement benefit is calculated by a predetermined formula, taking into account, among other factors, the number of years a member has contributed, salary earned during years of service, and retirement age.

North Florida Transportation Planning Organization

Notes to Financial Statements

Year Ended June 30, 2015

Note H – Employee Benefit Plans (continued)

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

Actuarial Assumptions.

- **Rationale for Demographic and Noneconomic Assumptions:** The information and analysis used in selecting each demographic assumption that has a significant effect on this actuarial valuation is shown in the Experience Study Report for the five-year period ended September 30, 2012. Experience data is reviewed in conjunction with each annual valuation, and updates to mortality and investment return have been made this year. Based on professional judgment, no additional assumption changes are warranted at this time.
- **Mortality Rates:**
 - *Pre-retirement:* RP-2014 Employee Mortality Table, set forward four years for males and three years for females, projected generationally with Scale MP-2014
 - *Healthy annuitants:* RP-2014 Healthy Annuitant Mortality Table, set forward four years for males and three years for females, projected generationally with Scale MP-2014
 - *Disabled annuitants:* RP-2014 Disabled Retiree Mortality Table, set forward four years, projected generationally with Scale MP-2014
 - § RP-2014 Healthy Annuitant Mortality Table, set forward four years for males and three years for females, reasonably reflects the healthy annuitant mortality experience of the General Employees Retirement Plan as of the measurement date. The mortality table was then adjusted to future years using generational projection under Scale MP- 2014 to reflect future mortality improvement.
 - § RP-2000 Disabled Retiree Mortality table, set forward four years, reasonably reflects the disabled annuitant mortality experience of the General Employees Retirement Plan as of the measurement date. The mortality table was then adjusted to future years using generational projection under Scale MP-2014 to reflect future mortality improvement.

Net pension liability. The North Florida Transportation Planning Organization is allocated a proportional share of 0.09% of the net pension liability of the City of Jacksonville General Employees Retirement Plan based on an allocation proportional to the present value of all future benefits calculated under the actuarial assumptions used to determine contribution requirements. This basis is intended to measure the proportion of each employer's long term funding requirements. The North Florida Transportation Planning Organization's allocated share of the net pension liability is \$745,178.

North Florida Transportation Planning Organization

Notes to Financial Statements

Year Ended June 30, 2015

Note H – Employee Benefit Plans (continued)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the North Florida Transportation Planning Organization’s proportional share of the net pension liability of the Jacksonville General Employees Retirement Plan, calculated using the discount rate of 7.50%, as well as what the proportional share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage -point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate:

	1% decrease (6.50%)	Current Discount Rate (7.50%)	1% increase (8.50%)
Organization's proportionate share of the FRS Pension Plan net pension liability	\$ 1,028,547	\$ 745,178	\$ 508,699

For the year ended September 30, 2015, the North Florida Transportation Planning Organization’s recognized pension expense is \$73,041. At September 30, 2015, the North Florida Transportation Planning Organization reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

There were no contributions made subsequent to the September 30, 2014 measurement date. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ -	\$ 3,857
Changes of assumptions	73,098	-
Net difference between projected and actual earnings on Plan investments	-	45,815
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 73,098</u>	<u>\$ 49,672</u>

North Florida Transportation Planning Organization
Notes to Financial Statements
Year Ended June 30, 2015

Note H – Employee Benefit Plans (continued)

Fiscal Year Ending June 30,	Amount Recognized
2016	\$ 5,857
2017	5,857
2018	5,857
2019	5,857
2020	-

Defined Contribution Plans

The Organization maintains the North Florida Transportation Planning Organization Money Purchase Pension Plan and Trust (the “Plan”), a defined contribution pension plan. The Plan is a tax-qualified plan pursuant to Section 401(a) of the Internal Revenue Code. The Plan was established on July 1, 2004 by adoption of the Organization’s board. All full-time employees who are not making contributions to the City of Jacksonville General Employees’ Pension Plan are eligible to participate in the Plan upon employment. Participants become vested after one year of continuous employment.

The Organization is required to contribute 11% of the salaries of eligible employees to the Plan. Salaries include W-2 earnings (excluding overtime and bonuses), plus any contributions made pursuant to a salary reduction agreement, which is not included in the gross income of the employer under Section 457 of the Internal Revenue Code. Employees may not contribute to the Plan. For the year ended June 30, 2015, the Organization recognized employer contributions of \$8,610 for 2015, \$8,360 for 2014 and \$8,360 for 2013 in connection with the Plan.

All funds are invested with Scott Trade. Investments are self-directed by the employee. The normal retirement age designated by the Plan is sixty-five. The Plan permits withdrawals for retirement, termination and disability. The Plan does not allow participants to borrow against their accounts.

On July 1, 2013, the Board established a deferred compensation plan under the provisions of Internal Revenue Code Section 457 for the exclusive benefit of the executive director. The Organization will make an annual payment in July each year to a Deferred Income Account chosen jointly by the Executive Director and the Organization. The contribution to the plan for fiscal year 2015 was \$10,000 and is fully vested. All contributions to and interest earned to this account are governed by and subject to federal and state statutes.

North Florida Transportation Planning Organization

Notes to Financial Statements

Year Ended June 30, 2015

Note I – Risk Management

The Organization is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, injuries to employees, and natural disasters. As a result, the Organization purchases commercial insurance coverage for all types of claims with nominal deductible amounts. There have been no significant reductions in insurance coverage or any insurance claims exceeding insurance coverage during the year ended June 30, 2015.

Note J – Commitments and Contingencies

Intergovernmental Grants

Amounts received or receivable from grantors are subject to audit and adjustments by grantor agencies, principally Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the General Fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Organization expects such amounts to be immaterial.



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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
North Florida Transportation Planning Organization
Jacksonville, 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of North Florida Transportation Planning Organization (the "Organization"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated February 11, 2016.

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. 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.

To the Board of Directors
North Florida Transportation Planning Organization
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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*.

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.

Magers & Associates, LLC

Magers & Associates, LLC
Orange Park, Florida
February 11, 2016



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REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
North Florida Transportation Planning Organization
Jacksonville, Florida

Report on Compliance for Each Major Federal Program

We have audited the Organization's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2015. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the Organization's compliance.

To the Board of Directors
North Florida Transportation Planning Organization
Page Two

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, 2015.

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 the 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.

Magers & Associates, LLC

Magers & Associates, LLC
Orange Park, Florida
February 11, 2016

North Florida Transportation Planning Organization

Schedule of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2015

Federal or State Agency/ State Pass-Through Grantor/ Program Title	Catalog of Federal/State Domestic Assistance Number	Grant Number	F.P. Number	Total Program Expenditures	Pass Through
FEDERAL AWARDS					
U.S. FEDERAL HIGHWAY ADMINISTRATION					
Passed through the State of Florida					
Department of Transportation					
Highway Planning and Construction	20.205	APW90	42218721401	\$ 834,746	
Highway Planning and Construction	20.205	AR746	43505111801	545,304	
Highway Planning and Construction	20.205	AR295	43365927301	45,750	
Highway Planning and Construction	20.205	ARF85	21401171815	<u>410,174</u>	
Total Highway Planning and Construction				1,835,974 *	
Highway Research and Development Program	20.200	APS89	42600611801	<u>141,131</u>	
TOTAL U.S. FEDERAL HIGHWAY ADMINISTRATION				<u>1,977,105</u>	
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION					
Passed through the State of Florida					
Department of Transportation					
State and Community Highway Safety	20.205	AQ269	21401171801	<u>115,000</u> *	
U.S. FEDERAL TRANSIT ADMINISTRATION					
Passed through the State of Florida					
Department of Transportation					
Metropolitan Transportation Planning	20.505	ARA24	41176331413	147,878	
Metropolitan Transportation Planning	20.505	ARL90	41176331415	251,202	50,906
Metropolitan Transportation Planning	20.505	APN20	42600511801	<u>81,572</u>	
TOTAL U.S. FEDERAL TRANSIT ADMINISTRATION				<u>480,652</u>	<u>50,906</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 2,572,757</u>	<u>\$ 50,906</u>
STATE FINANCIAL ASSISTANCE PROJECTS					
FLORIDA DEPARTMENT OF TRANSPORTATION					
Transportation Planning Consultants	50.030	ARC36	21401181801	<u>193,691</u>	
TOTAL FLORIDA DEPARTMENT OF TRANSPORTATION				<u>193,691</u>	
FLORIDA COMMISSION FOR THE TRANSPORTATION					
DISADVANTAGED					
Transportation Disadvantaged Planning	55.002	ARH57	43202911401	<u>37,795</u>	
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE				<u>\$ 231,486</u>	

* Audited as major program.

See accompanying notes.

North Florida Transportation Planning Organization
Notes to Schedule of Expenditures
of Federal Awards

Note A – Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of North Florida Transportation Planning Organization, it is not intended to and does not present the financial position, changes in net position, or cash flows. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B – 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 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.

North Florida Transportation Planning Organization
 Schedule of Findings and Questioned Costs
 Federal Programs
 For the Year Ended June 30, 2015

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified that are not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness identified?	No
Significant deficiency identified that are not considered to be material weaknesses	None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510 (a) of Circular A-133?	No

Identification of major programs:

Federal Program	Federal CFDA No.
U.S. Federal Highway Administration Highway Planning and Construction	20.205

North Florida Transportation Planning Organization
 Schedule of Findings and Questioned Costs
 Federal Programs
 For the Year Ended June 30, 2015

Dollar threshold used to distinguish between
 type A and type B programs:

Federal Programs \$ 300,000

Auditee qualified as low-risk auditee? Yes

Prior findings and questioned costs relative to
 federal awards which require auditee to prepare
 a summary schedule of prior audit findings as
 discussed in Section 315(b) of OMB A-133? None

B. FINANCIAL STATEMENT FINDINGS None

FINDINGS AND QUESTIONED COSTS-

MAJOR FEDERAL PROGRAMS None

C. OTHER ISSUES

Management Letter No findings under Federal Single
 Audit Act that is required to be
 reported

Summary of Prior Audit Findings Not required because there were
 no prior year findings

Corrective Action Plan Not required because there were
 no findings required to be reported
 under Federal Single Audit Acts