

# **Jacksonville Transportation Authority**

Financial Report  
September 30, 2015

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RSM US LLP

## Independent Auditor's Report

To the Board Members  
Jacksonville Transportation Authority  
Jacksonville, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Jacksonville Transportation Authority (the Authority), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority'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, the business-type activities, each major fund and the aggregate remaining fund information of the Authority, as of September 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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**Emphasis of Matters**

As discussed in Note 15 to the accompanying financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and Government Accounting Standards Board Statement No. 71, *Pension Transactions for Contributions Made Subsequent to Measurement Date – an Amendment of GASB Statement No. 68*. Accordingly, the net position of the Authority has been restated as of October 1, 2014. 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 management's discussion and analysis, budgetary comparison information, and the other post-employment benefits and pension schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2016 on our consideration of the Authority'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 Authority's internal control over financial reporting and compliance.

*RSM US LLP*

Jacksonville, Florida  
May 26, 2016

## **Jacksonville Transportation Authority**

### **Management's Discussion and Analysis (Unaudited)**

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This discussion and analysis is designed to provide insight into the Jacksonville Transportation Authority's (JTA or the Authority) annual financial report by discussing significant financial issues and changes in financial position based on currently known facts in order to better explain material changes in the Authority's financial position and performance during the Fiscal Year ended September 30, 2015 as compared to September 30, 2014.

The information contained herein is designed to assist the reader in assessing the Authority's financial position. We encourage readers to consider the information contained in this discussion in conjunction with all of the other sections of the Authority's financial statements.

#### **Financial Highlights**

The financial highlights section will serve as background in understanding the more detailed explanations that follow:

The following are highlights of the Authority's financial activities for Fiscal Year 2015:

- In January 2015, the Authority issued \$100.5 million in Senior Lien Local Option Gas Tax Revenue, Series 2015 Bonds. The proceeds will be used to finance Roadway and Mobility Corridor Projects.
- The Authority's total net position was \$317.4 million, an increase of 4.3%, or \$13 million from the prior year beginning net position after the restatement for the adoption of GASB Statements No. 68 and 71. The entity wide year end net position balance consisted of net investment in capital assets of \$195.3 million and unrestricted net position of \$122.1 million.
- The increase in federal and state grant expenditures was primarily attributable to the Authority's major project initiatives including Real Time Passenger Information, First Coast Flyer (Bus Rapid Transit -BRT), bus purchases including Compressed Natural Gas (CNG) and replacement vans for the Connexion service.
- Total capital assets net of depreciation increased in 2015, from \$183.1 million to \$195.3 million, an increase of 6.7%. The increase in capital assets was primarily due to an increase in construction in process for the Authority's major project initiatives previously mentioned.

## Jacksonville Transportation Authority

### Management's Discussion and Analysis (Unaudited)

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#### Overview of the Financial Statements

This discussion is to introduce the Jacksonville Transportation Authority's basic financial statements. The basic financial statements are comprised of three components: government-wide statements, fund financial statements, and notes to the financial statements.

The government-wide financial statements are the first two statements that focus on the Authority as a whole and provide both long-term and short-term information about the Authority's overall financial condition. These statements provide readers with a broad view of the Authority's finances, similar to a private sector business.

The fund financial statements are the remaining statements. They are similar to traditional governmental financial statements. These statements report on individual parts of the Authority's operations and include more detail than the government-wide statements.

#### Government-wide Financial Statements

The government-wide statements report on the Authority as a whole using accounting rules very similar to those used by private companies. There are two government-wide statements. The first is the statement of net position, which combines and reports all of the Authority's assets and deferred outflows of resources and liabilities and deferred inflows of resources. The second is the statement of activities. It combines and reports all of the Authority's revenues and expenses regardless of when cash is paid or received. These two financial statements demonstrate how the Authority's net position has changed. Net position is the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources and is one way of assessing the Authority's current financial condition. Increases or decreases in net position are good indicators of whether the Authority's financial health is improving or deteriorating over time. Other non-financial factors, such as changes in local economic conditions, regulations, and government legislation, are important in evaluating the Authority's overall financial condition.

The government-wide financial statements are grouped into two categories:

**Governmental activities:** Included here are road construction and general engineering administration.

**Business-type activities:** The Authority's Bus, Automated Skyway Express (ASE), and Community Transportation Coordinator (CTC) operations are classified here. In these activities, the Authority charges customers fees to cover a portion of the cost of providing these goods and services.

## **Jacksonville Transportation Authority**

### **Management's Discussion and Analysis (Unaudited)**

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#### **Fund Financial Statements**

The Authority's fund statements report in greater detail than the government-wide statements on the Authority's most significant funds. A fund is a group of related accounts used to exercise control over specific resources set apart for specific activities. The Authority, like other state and local governments, uses funds to ensure and demonstrate compliance with financial requirements imposed by law, bond covenants, and local administrative and legislative actions.

The Authority maintains several individual governmental funds. The General Fund and the Special Revenue Fund are presented separately in the governmental fund balance sheet and in the statement of revenues, expenditures, and changes in fund balances. In addition, the Authority maintains several individual proprietary funds. The Bus, ASE, and CTC Funds are presented separately in the proprietary fund balance sheet and in the statement of revenues, expenses, and changes in fund balance.

All of the Authority's funds are classified in one of the following categories.

Governmental funds tell how basic governmental services were paid for in the short-term as well as what remains for near future spending. These funds account for essentially the same services as those reported as governmental activities in the government-wide statements. Because the fund view does not include the additional long-term focus of the government-wide statements, we provide additional information following the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances that explains the differences between the two views.

Proprietary funds report on business type operations such as Bus, Connexion, and Skyway operations, where the fees typically cover a portion of the costs of operations. These statements offer both long and short-term financial information. The Authority's enterprise funds, one type of proprietary fund, are a more detailed reporting of the amounts classified as business-type activities in the government-wide statements.

#### **Notes to the Financial Statements**

The notes provide additional information and explanation that is necessary for a full understanding of both the government-wide and fund statements.

#### **Government-wide Financial Analysis**

Our analysis of the Authority's financial statements begins below. The Statement of Net Position and the Statement of Activities, in summary format, follow. These two statements report the net position, the difference between assets and liabilities, as one way to measure financial health. Over time, increases or decreases in the Authority's Net Position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in economic conditions, population growth, regulation, and new government legislation.

To begin our analysis, a summary of the Authority's balance sheet is presented in Table A-1.

## Jacksonville Transportation Authority

### Management's Discussion and Analysis (Unaudited)

#### Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 212,051,517	\$ 109,307,537	\$ 27,690,381	\$ 24,776,816	\$ 239,741,898	\$ 134,084,353
Noncurrent assets	34,734,636	97,146,571	2,318,449	10,699,061	37,053,085	107,845,632
Capital assets	15,188,250	13,563,424	180,143,085	169,554,830	195,331,335	183,118,254
<b>Total assets</b>	<b>261,974,403</b>	<b>220,017,532</b>	<b>210,151,915</b>	<b>205,030,707</b>	<b>472,126,318</b>	<b>425,048,239</b>
<b>Deferred outflows of resources</b>	<b>4,071,639</b>	<b>-</b>	<b>8,218,960</b>	<b>-</b>	<b>12,290,599</b>	<b>-</b>
Current liabilities	2,736,291	1,854,199	9,296,437	9,878,962	12,032,728	11,733,161
Long-term liabilities	145,996,225	97,723,980	6,287,149	4,652,681	152,283,374	102,376,661
<b>Total liabilities</b>	<b>148,732,516</b>	<b>99,578,179</b>	<b>15,583,586</b>	<b>14,531,643</b>	<b>164,316,102</b>	<b>114,109,822</b>
<b>Deferred inflows of resources</b>	<b>2,568,214</b>	<b>-</b>	<b>103,250</b>	<b>-</b>	<b>2,671,464</b>	<b>-</b>
Net position:						
Net investment in capital assets	15,188,250	13,563,424	180,143,085	169,554,830	195,331,335	183,118,254
Unrestricted	99,557,062	106,875,929	22,540,954	20,944,234	122,098,016	127,820,163
<b>Total net position</b>	<b>\$ 114,745,312</b>	<b>\$ 120,439,353</b>	<b>\$ 202,684,039</b>	<b>\$ 190,499,064</b>	<b>\$ 317,429,351</b>	<b>\$ 310,938,417</b>

#### Statement of Net Position 2015 vs. 2014

The Authority's governmental activities show an increase of \$41.9 million or 19.1% in total assets from 2014. Included in governmental activities are custodial assets which represent the sum total of planning, design and construction of assets that are built for others. In Fiscal year 2015, the change in total assets is attributable to the transfers of custodial assets to the City of Jacksonville or State of Florida and an increase in investments related to the bond issuance.

Total liabilities for governmental activities increased by \$49.2 million or 49.4%. The primary contributors to the increase were an increased liability for the bond issuance and a reduction of the custodial projects liabilities related to the transfer of custodial assets. Custodial assets is the line item that contains the estimated liability for construction projects that will be turned over to the state or city upon completion. The Governmental activities change in net position was a net decrease of \$5.7 million from the prior year, which included an adjustment for the restatement for GASB 68 and 71 of \$5.1 million and current year activity of \$.6 million

Total assets for the Authority's business type activities' increased \$5.1 million or 2.5% compared to 2014.

Total liabilities for business type activities increased \$1.05 million or 7.3% compared to 2014. This increase is centered in the noncurrent liabilities section for the Authority's net pension liability.

A condensed summary of the Authority's revenues and expenses follows in Table A-2. While the Statement of Net Position shows the change in financial position, the Statement of Activities provides answers as to the nature and source of these changes.

## Jacksonville Transportation Authority

### Management's Discussion and Analysis (Unaudited)

**Table A-2**  
**Condensed Statement of Activities**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenue:						
Program revenue:						
Charges for services	\$ -	\$ -	\$ 24,051,046	\$ 23,875,510	\$ 24,051,046	\$ 23,875,510
Operating grants and contributions	1,073,929	-	10,422,011	10,484,928	11,495,940	10,484,928
Capital grants and contributions	2,770,000	-	26,610,460	15,835,193	29,380,460	15,835,193
General revenue:						
Sales taxes	79,498,976	74,431,599	-	-	79,498,976	74,431,599
Intergovernmental	-	-	69,257,329	63,448,862	69,257,329	63,448,862
Investment earnings	648,103	74,232	52,965	115,770	701,068	190,002
Other general revenues	207,147	112,281	-	-	207,147	112,281
<b>Total revenue</b>	<b>84,198,155</b>	<b>74,618,112</b>	<b>130,393,811</b>	<b>113,760,263</b>	<b>214,591,966</b>	<b>188,378,375</b>
Expenses:						
General government	3,400,002	1,156,516	-	-	3,400,002	1,156,516
Transportation and infrastructure projects	1,266,412	-	-	-	1,266,412	-
Intergovernmental:						
City of Jacksonville	76,224,174	71,967,434	-	-	76,224,174	71,967,434
Interest on long-term debt	2,627,354	-	-	-	2,627,354	-
Bus	-	-	92,209,596	86,442,358	92,209,596	86,442,358
Automated skyway express	-	-	9,705,330	10,115,164	9,705,330	10,115,164
Community transportation	-	-	16,193,460	14,926,976	16,193,460	14,926,976
<b>Total expenses</b>	<b>83,517,942</b>	<b>73,123,950</b>	<b>118,108,386</b>	<b>111,484,498</b>	<b>201,626,328</b>	<b>184,608,448</b>
<b>Change in net position before transfers</b>	<b>680,213</b>	<b>1,494,162</b>	<b>12,285,425</b>	<b>2,275,765</b>	<b>12,965,638</b>	<b>3,769,927</b>
Transfers	(1,234,135)	-	1,234,135	-	-	-
<b>Change in net position</b>	<b>(553,922)</b>	<b>1,494,162</b>	<b>13,519,560</b>	<b>2,275,765</b>	<b>12,965,638</b>	<b>3,769,927</b>
Net position, beginning, as restated	115,299,234	118,945,191	189,164,479	188,223,299	304,463,713	307,168,490
Net position, ending	<b>\$ 114,745,312</b>	<b>\$ 120,439,353</b>	<b>\$ 202,684,039</b>	<b>\$ 190,499,064</b>	<b>\$ 317,429,351</b>	<b>\$ 310,938,417</b>

- The beginning balance as of October 1, 2014 was restated to reflect the adoption of GASB Statements No. 68 and 71. Please refer to Note 15 for further details.

#### Statement of Activities 2015 vs. 2014

For the Governmental activities, revenues increased \$9.6 million or 12.8% from the prior year. The increase is attributable to grant revenue for the St. John's River Ferry, investment earnings and sales tax revenue. The general sales tax revenues – the first half cent sales tax dedicated to transportation in Duval County, continued to climb as compared to prior years.

Primarily due to increased debt service, expenditures for Governmental activities increased by \$10.4 million or 14.2% compared to previous year, from \$73.1 million in 2014 to \$83.5 million in 2015. Governmental activities for fiscal year 2015 included costs for the St. John's River Ferry, interest on the long-term debt for the bond issuance and an increase in intergovernmental expense to the City of Jacksonville.

Total revenues for Business-type activities increased by \$16.6 million or 14.6%. The increased revenue is primarily due to an overall increase of capital grants in 2015 for the Authority's major project initiatives and intergovernmental revenue.

## Jacksonville Transportation Authority

### Management's Discussion and Analysis (Unaudited)

#### Financial Analysis of the Authority's Funds

##### General Fund Budgetary Highlights

###### 2015

Of the Jacksonville Transportation Authority's Government Funds, the General Fund is primary. Total Intergovernmental Revenues for the General fund (the sales tax before any debt service payments are made) were budgeted at \$76.2 million; actual sales tax revenues were \$79.5 million. As compared to the Final Budget, actual General Fund revenues increased by \$4.3M (or 5.6%), primarily due to the sales tax budget being conservatively aligned with a slow but steady growth in the economic environment projected for FY 2015. The actual sales tax collected was much higher and was attributable to the continued economic recovery evidence by additional consumer and business purchases within the community and the grant revenue for the St. John's Ferry.

General Government Expenditures for the General fund were budgeted at \$2.1 million; the actual amount of expenditures was \$1.6 million. The Intergovernmental expenditures were budgeted at \$74.7 million. The actual amount was \$76.2 million. The General Fund expenditures increased by \$1.15M (or 1.5%) compared to the final budget, primarily due to the higher sales tax collections that were transferred to cover debt obligations associated with the increased sales tax receipts. The most significant and positive expenditure variance (\$421K) occurred in the general administration workforce. Increased activity for capital outlay labor, legal and other related expenses from the JTAMobility Works program, the St. John's Ferry, and various transit and road projects contribute to the reduction in the General Fund's salary and benefit costs. These general administration costs were appropriated to the project whose activities are reimbursed by Federal, State or internal bond sources.

Overall, resources available for appropriation were \$3.3 million above the final budgeted amount. As we noted earlier, sales tax collections were more than expected and the St. John's Ferry funding also positively affected the resources available for appropriation.

#### Capital Asset and Debt Administration

##### Capital Assets

At the end of Fiscal Year 2015, the Authority showed \$195.3 million in both the governmental and business-type activities in a broad range of Land, Buildings, Vehicles, Equipment and Construction in Progress as shown in Table A-3.

**Table A-3**  
**Capital Assets**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 13,512,437	\$ 13,512,437	\$ 23,885,451	\$ 23,240,178	\$ 37,397,888	\$ 36,752,615
Land improvements	-	4,092	6,622,280	6,071,286	6,622,280	6,075,378
Building and improvements	24,343	29,046	59,857,342	62,904,989	59,881,685	62,934,035
Vehicles	-	17,849	40,704,316	41,599,155	40,704,316	41,617,004
Furniture and office equipment	-	-	920,952	1,205,527	920,952	1,205,527
Other equipment	-	-	9,560,289	7,959,584	9,560,289	7,959,584
Construction in progress	1,651,470	-	38,592,455	26,574,111	40,243,925	26,574,111
<b>Total</b>	<b>\$ 15,188,250</b>	<b>\$ 13,563,424</b>	<b>\$ 180,143,085</b>	<b>\$ 169,554,830</b>	<b>\$ 195,331,335</b>	<b>\$ 183,118,254</b>

## **Jacksonville Transportation Authority**

### **Management's Discussion and Analysis (Unaudited)**

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#### **Next Year's Budget**

The Authority's Board of Directors approved the Fiscal Year 2016 Budget in May 2015. The budget was subsequently approved by the City of Jacksonville in September 2015. An amended budget was approved in March 2016 to incorporate the St. Johns River Ferry as a new mode in the transit operations budget.

The Fiscal Year 2016 operating and capital budget is balanced and supports a fiscally responsible strategic business plan. The Authority's Fiscal Year 2016 budget ensures that appropriate resources are allocated to the mission critical areas and JTA will operate and serve our customers in the most effective and efficient manner possible.

The Fiscal Year 2016 budget also represents the forward thinking and vision of the Authority as it focuses on Blueprint 2020, a five-year strategic plan to implement several major initiatives such as the Jacksonville Regional Transportation Center (JRTC) and First Coast Flyer (Bus Rapid Transit-BRT). All major Authority initiatives are designed to enhance the economic viability of the greater Jacksonville and Northeast Florida region.

#### **Requests for Information**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest therein. Questions concerning any of the information provided in this report or requests for additional information may be addressed to:

Finance Department  
Jacksonville Transportation Authority  
121 West Forsyth Street  
Jacksonville, FL 32202

**Jacksonville Transportation Authority**

**Statement of Net Position  
September 30, 2015**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 20,117,573	\$ 7,758,884	\$ 27,876,457
Investments	160,147,836	-	160,147,836
Internal balances	9,048,590	(9,048,590)	-
Due from other governments	16,000,936	24,380,555	40,381,491
Accounts receivable, net	7,461	782,925	790,386
Inventory	-	3,529,676	3,529,676
Prepays	6,729,121	286,931	7,016,052
Noncurrent assets:			
Restricted cash and cash equivalents	9,236,511	-	9,236,511
Restricted investments	14,180,935	-	14,180,935
Restricted due from other governments	11,317,190	-	11,317,190
Net pension asset	-	2,318,449	2,318,449
Capital assets (net of accumulated depreciation):			
Land	13,512,437	23,885,451	37,397,888
Construction in progress	1,651,470	38,592,455	40,243,925
Land improvements	-	6,622,280	6,622,280
Buildings and improvements	24,343	59,857,342	59,881,685
Vehicles	-	40,704,316	40,704,316
Furniture and office equipment	-	920,952	920,952
Other equipment	-	9,560,289	9,560,289
<b>Total assets</b>	<b>261,974,403</b>	<b>210,151,915</b>	<b>472,126,318</b>
<b>Deferred outflows of resources</b>	<b>4,071,639</b>	<b>8,218,960</b>	<b>12,290,599</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	1,478,090	6,542,610	8,020,700
Accrued expenses	322,718	2,183,528	2,506,246
Claims payable	-	430,140	430,140
Accrued compensated absences	144,000	140,159	284,159
Accrued interest	791,483	-	791,483
Noncurrent liabilities:			
Claims payable	-	3,986,597	3,986,597
Accrued compensated absences	222,832	560,632	783,464
Net pension liability	8,289,182	1,739,920	10,029,102
Revenue bonds payable	116,527,510	-	116,527,510
OPEB obligation	403,000	-	403,000
Custodial projects – due to other governments	20,553,701	-	20,553,701
<b>Total liabilities</b>	<b>148,732,516</b>	<b>15,583,586</b>	<b>164,316,102</b>
<b>Deferred inflows of resources</b>	<b>2,568,214</b>	<b>103,250</b>	<b>2,671,464</b>
<b>Net Position</b>			
Net investment in capital assets	15,188,250	180,143,085	195,331,335
Unrestricted	99,557,062	22,540,954	122,098,016
<b>Total net position</b>	<b>\$ 114,745,312</b>	<b>\$ 202,684,039</b>	<b>\$ 317,429,351</b>

See notes to financial statements.

**Jacksonville Transportation Activity**

**Statement of Activities  
Fiscal Year Ended September 30, 2015**

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Transportation Authority:</b>				
Governmental activities:				
General government	\$ 3,400,002	\$ -	\$ -	\$ -
Transportation and infrastructure projects	1,266,412	-	1,073,929	2,770,000
City of Jacksonville	76,224,174	-	-	-
Interest on long-term debt	2,627,354	-	-	-
<b>Total governmental activities</b>	<b>83,517,942</b>	<b>-</b>	<b>1,073,929</b>	<b>2,770,000</b>
Business-type activities:				
Bus system	92,209,596	12,885,815	8,464,015	22,358,542
Automated skyway express	9,705,330	195,721	1,100,004	1,418,615
Community transportation coordinator	16,193,460	10,969,510	857,992	2,833,303
<b>Total business-type activities</b>	<b>118,108,386</b>	<b>24,051,046</b>	<b>10,422,011</b>	<b>26,610,460</b>
<b>Total transportation authority</b>	<b>\$ 201,626,328</b>	<b>\$ 24,051,046</b>	<b>\$ 11,495,940</b>	<b>\$ 29,380,460</b>

General revenues:  
 Sales taxes  
 Intergovernmental revenues  
 Investment earnings  
 Other  
 Transfers  
**Total general revenues and transfers**

Change in net position  
 Net position – beginning of year, as restated (Note 15)  
 Net position – end of year

See notes to financial statements.

Net (Expense) Revenue and  
Changes in Net Position

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (3,400,002)	\$ -	\$ (3,400,002)
2,577,517	-	2,577,517
(76,224,174)	-	(76,224,174)
(2,627,354)	-	(2,627,354)
(79,674,013)	-	(79,674,013)
-	(48,501,224)	(48,501,224)
-	(6,990,990)	(6,990,990)
-	(1,532,655)	(1,532,655)
-	(57,024,869)	(57,024,869)
(79,674,013)	(57,024,869)	(136,698,882)
79,498,976	-	79,498,976
-	69,257,329	69,257,329
648,103	52,965	701,068
207,147	-	207,147
(1,234,135)	1,234,135	-
79,120,091	70,544,429	149,664,520
(553,922)	13,519,560	12,965,638
115,299,234	189,164,479	304,463,713
\$ 114,745,312	\$ 202,684,039	\$ 317,429,351

Jacksonville Transportation Authority

Governmental Funds  
Balance Sheet  
September 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Other Governmental Fund	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 16,748,294	\$ -	\$ 3,369,279	\$ -	\$ 20,117,573
Investments	60,558,833	-	99,589,003	14,180,935	174,328,771
Due from other funds	11,298,711	-	-	-	11,298,711
Due from other governments	13,706,158	2,294,778	-	-	16,000,936
Accounts receivable	3,581	1,642	2,238	-	7,461
Prepaid expenses	6,729,121	-	-	-	6,729,121
Restricted assets:					
Cash and cash equivalents	-	9,236,511	-	-	9,236,511
Due from other governments	-	11,317,190	-	-	11,317,190
<b>Total assets</b>	<b>\$ 109,044,698</b>	<b>\$ 22,850,121</b>	<b>\$ 102,960,520</b>	<b>\$ 14,180,935</b>	<b>\$ 249,036,274</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 342,319	\$ 551,978	\$ 583,793	\$ -	\$ 1,478,090
Accrued expenses	322,718	-	-	-	322,718
Due to other funds	-	1,797,262	452,859	-	2,250,121
<b>Total liabilities</b>	<b>665,037</b>	<b>2,349,240</b>	<b>1,036,652</b>	<b>-</b>	<b>4,050,929</b>
Deferred inflows of resources unavailable revenue	184,603	13,567,289	-	-	13,751,892
Fund balances:					
Nonspendable:					
Prepays	6,729,121	-	-	-	6,729,121
Spendable:					
Restricted	-	6,933,592	101,923,868	14,180,935	123,038,395
Assigned	79,000,000	-	-	-	79,000,000
Unassigned	22,465,937	-	-	-	22,465,937
<b>Total fund balances</b>	<b>108,195,058</b>	<b>6,933,592</b>	<b>101,923,868</b>	<b>14,180,935</b>	<b>231,233,453</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 109,044,698</b>	<b>\$ 22,850,121</b>	<b>\$ 102,960,520</b>	<b>\$ 14,180,935</b>	<b>\$ 249,036,274</b>

See notes to financial statements.

**Jacksonville Transportation Authority**

**Reconciliation of the Balance Sheet of Governmental  
Funds to the Statement of Net Position  
September 30, 2015**

---

Fund balances – total governmental funds	\$ 231,233,453
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	15,188,250
Net liabilities for other post-employment benefits resulting from underfunding are not due and payable in the current period and, therefore, are not reported in the funds.	(403,000)
Net pension liability pertaining to the Florida Retirement System is not due and payable in the current period and, therefore, is not reported in the funds.	(8,289,182)
Deferred outflows (inflows) of resources are reported in the statement of net position but not in the governmental funds:	
Deferred outflows – pensions	4,071,639
Deferred inflows – pensions	(2,568,214)
Unavailable revenues are financial resources not available for use in current operations and therefore, are not reported in the funds.	13,751,892
Long-term obligations related to custodial construction projects are not due and payable in the current period and, therefore, are not reported in the funds.	(20,553,701)
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds:	
Revenue bonds payable	(116,527,510)
Accrued interest	(791,483)
Accrued compensated absences	(366,832)
	<hr/>
<b>Net position of governmental activities</b>	<b><u>\$ 114,745,312</u></b>

See notes to financial statements.

Jacksonville Transportation Authority

**Governmental Funds**  
**Statement of Revenue, Expenditures and Changes in Fund Balances**  
**Fiscal Year Ended September 30, 2015**

	General Fund	Special Revenue Fund	Capital Projects Fund	Other Governmental Fund	Total Governmental Funds
Revenue:					
Intergovernmental:					
Sales taxes	\$ 79,498,976	\$ -	\$ -	\$ -	\$ 79,498,976
Federal and state grants	1,000,000	13,863	-	-	1,013,863
City of Jacksonville	-	114,782	2,770,000	-	2,884,782
Investment earnings	375,097	27,985	212,212	40,569	655,863
Miscellaneous	207,148	778,475	-	-	985,623
<b>Total revenue</b>	<b>81,081,221</b>	<b>935,105</b>	<b>2,982,212</b>	<b>40,569</b>	<b>85,039,107</b>
Expenditures					
Current:					
General government	1,679,297	-	-	-	1,679,297
Transportation and infrastructure projects	1,306,990	48,095	1,609,617	-	2,964,702
Intergovernmental, on-behalf payments:					
City of Jacksonville	76,224,174	-	-	-	76,224,174
Debt Service:					
Interest and fiscal charges	-	-	636,294	2,400,833	3,037,127
<b>Total expenditures</b>	<b>79,210,461</b>	<b>48,095</b>	<b>2,245,911</b>	<b>2,400,833</b>	<b>83,905,300</b>
<b>Net change in fund balances</b>	<b>1,870,760</b>	<b>887,010</b>	<b>736,301</b>	<b>(2,360,264)</b>	<b>1,133,807</b>
Other financing sources (uses):					
Proceeds from issuance of debt	-	-	117,728,766	-	117,728,766
Transfers in	-	-	-	16,541,199	16,541,199
Transfers out	(1,234,135)	-	(16,541,199)	-	(17,775,334)
<b>Total other financing sources (uses)</b>	<b>(1,234,135)</b>	<b>-</b>	<b>101,187,567</b>	<b>16,541,199</b>	<b>116,494,631</b>
<b>Net change in fund balances</b>	<b>636,625</b>	<b>887,010</b>	<b>101,923,868</b>	<b>14,180,935</b>	<b>117,628,438</b>
Fund balances, beginning of year	107,558,433	6,046,582	-	-	113,605,015
Fund balances, end of year	<b>\$ 108,195,058</b>	<b>\$ 6,933,592</b>	<b>\$ 101,923,868</b>	<b>\$ 14,180,935</b>	<b>\$ 231,233,453</b>

See notes to financial statements.

**Jacksonville Transportation Authority**

**Reconciliation of the Statement of Revenue,  
Expenditures and Changes in Fund Balances of Governmental  
Funds to the Statement of Activities  
Fiscal Year Ended September 30, 2015**

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Net change in fund balances, total governmental funds	\$ 117,628,438
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Current year capital outlay	1,651,470
Current year depreciation expense.	(26,644)
Revenues earned but not available for use in current operations are not recognized as revenue and are deferred in the fund financial statements.	94,153
Unfunded other post employment benefits (OPEB) are recorded as an increase in expenses and an increase in the net OPEB liability on the statement of net position and are not recorded in the fund financial statements.	(4,000)
Costs associated with transportation and infrastructure projects constructed pursuant to agreements with the State of Florida and the City of Jacksonville are held as custodial assets until such time as the projects are completed, accepted and turned over to the State or City.	46,820
Revenue recognized in the current year to fund custodial projects being constructed pursuant to agreements with the State of Florida and the City of Jacksonville are reported as custodial projects due to other governments until such time as a project is completed, accepted and turned over to the State or the City.	(935,105)
Proceeds from the issuance of debt instruments are recorded as other financing sources in the government funds, however, in the government-wide statements they are recorded as additions to long-term liabilities. Proceeds from debt instruments were as follows:	
Proceeds from issuance of revenue bonds	(97,485,000)
Premium on revenue bonds	(20,243,766)
Changes in the net pension liability are not reported in the governmental funds because it does not require the use of current financial resources. These balances are reported in the government wide financial statements with the associated deferred inflows and outflows:	
Net effect of pension contribution expense.	(1,645,638)
Some expenses reported in the statement of activities did not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Accrued interest	(791,483)
Amortization of premium on revenue bonds	1,201,256
Compensated absences.	(44,423)
<b>Change in net position of governmental activities</b>	<b><u>\$ (553,922)</u></b>

See notes to financial statements.

**Jacksonville Transportation Authority**

**Proprietary Funds  
Statement of Net Position  
September 30, 2015**

	Bus	ASE	CTC	Totals
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 7,161,530	\$ 319,123	\$ 278,231	\$ 7,758,884
Accounts receivable, net	504,071	5,507	273,347	782,925
Due from other funds	558,915	997,495	23,077	1,579,487
Due from other governments	18,487,748	2,242,086	3,650,721	24,380,555
Inventories	2,161,549	1,368,127	-	3,529,676
Prepaid expenses	172,899	110,003	4,029	286,931
<b>Total current assets</b>	<b>29,046,712</b>	<b>5,042,341</b>	<b>4,229,405</b>	<b>38,318,458</b>
Noncurrent assets:				
Net pension asset	2,318,449	-	-	2,318,449
Capital assets, net of accumulated depreciation	100,013,785	74,160,506	5,968,794	180,143,085
<b>Total noncurrent assets</b>	<b>102,332,234</b>	<b>74,160,506</b>	<b>5,968,794</b>	<b>182,461,534</b>
<b>Total assets</b>	<b>131,378,946</b>	<b>79,202,847</b>	<b>10,198,199</b>	<b>220,779,992</b>
<b>Deferred outflows of resources</b>				
Pension	8,218,960	-	-	8,218,960
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	4,371,670	1,330,187	840,753	6,542,610
Accrued expenses	2,036,619	44,499	102,410	2,183,528
Due to other funds	9,811,923	816,154	-	10,628,077
Claims payable	427,623	2,517	-	430,140
Accrued compensated absences	114,832	15,969	9,358	140,159
<b>Total current liabilities</b>	<b>16,762,667</b>	<b>2,209,326</b>	<b>952,521</b>	<b>19,924,514</b>
Noncurrent liabilities:				
Net pension obligation	1,739,920	-	-	1,739,920
Claims payable	3,963,942	22,655	-	3,986,597
Accrued compensated absences	459,326	63,876	37,430	560,632
<b>Total noncurrent liabilities</b>	<b>6,163,188</b>	<b>86,531</b>	<b>37,430</b>	<b>6,287,149</b>
<b>Total liabilities</b>	<b>22,925,855</b>	<b>2,295,857</b>	<b>989,951</b>	<b>26,211,663</b>
<b>Deferred inflows of resources</b>	<b>103,250</b>	<b>-</b>	<b>-</b>	<b>103,250</b>
<b>Net Position</b>				
Net investment in capital assets	100,013,785	74,160,506	5,968,794	180,143,085
Unrestricted (deficit)	16,555,016	2,746,484	3,239,454	22,540,954
<b>Total net position</b>	<b>\$ 116,568,801</b>	<b>\$ 76,906,990</b>	<b>\$ 9,208,248</b>	<b>\$ 202,684,039</b>

See notes to financial statements.

**Jacksonville Transportation Authority**

**Proprietary Funds**

**Statement of Revenue, Expenses and Changes in Fund Net Position**

**Fiscal Year Ended September 30, 2015**

	Bus	ASE	CTC	Totals
<b>Operating revenues:</b>				
Passenger	\$ 11,602,798	\$ -	\$ 1,004,655	\$ 12,607,453
Agency	-	-	9,964,855	9,964,855
Charter	35,900	-	-	35,900
Auxiliary transportation	814,519	-	-	814,519
Non-transportation	432,598	195,721	-	628,319
<b>Total operating revenue</b>	<b>12,885,815</b>	<b>195,721</b>	<b>10,969,510</b>	<b>24,051,046</b>
<b>Operating expenses:</b>				
Labor	29,160,657	2,180,628	2,718,386	34,059,671
Fringe benefits	16,304,884	1,115,940	1,226,540	18,647,364
Materials and supplies	11,011,575	806,667	2,445,666	14,263,908
Services	19,357,593	1,021,465	7,465,211	27,844,269
Casualty and insurance	1,360,924	296,115	19,207	1,676,246
Taxes and licenses	119,420	-	-	119,420
Other	2,682,842	766,761	348,211	3,797,814
Depreciation expense	12,211,701	3,517,754	1,970,239	17,699,694
<b>Total operating expenses</b>	<b>92,209,596</b>	<b>9,705,330</b>	<b>16,193,460</b>	<b>118,108,386</b>
<b>Operating loss</b>	<b>(79,323,781)</b>	<b>(9,509,609)</b>	<b>(5,223,950)</b>	<b>(94,057,340)</b>
<b>Nonoperating revenues:</b>				
Public funding				
United States government	3,824,962	1,100,004	857,992	5,782,958
State of Florida	4,639,053	-	-	4,639,053
City of Jacksonville	68,060,412	-	1,196,917	69,257,329
Investment earnings	52,828	89	48	52,965
<b>Total nonoperating revenues</b>	<b>76,577,255</b>	<b>1,100,093</b>	<b>2,054,957</b>	<b>79,732,305</b>
<b>Loss before capital contributions and transfers</b>	<b>(2,746,526)</b>	<b>(8,409,516)</b>	<b>(3,168,993)</b>	<b>(14,325,035)</b>
Capital contributions	22,358,542	1,418,615	2,833,303	26,610,460
Transfers in	-	4,654,384	8,459,753	13,114,137
Transfers out	(11,880,002)	-	-	(11,880,002)
<b>Change in net position</b>	<b>7,732,014</b>	<b>(2,336,517)</b>	<b>8,124,063</b>	<b>13,519,560</b>
Net position, beginning of year (restated)	108,836,787	79,243,507	1,084,185	189,164,479
Net position, end of year	\$ 116,568,801	\$ 76,906,990	\$ 9,208,248	\$ 202,684,039

See notes to financial statements.

**Jacksonville Transportation Authority**

**Proprietary Funds  
Statement of Cash Flows  
Fiscal Year Ended September 30, 2015**

	Bus	ASE	CTC	Totals
Cash flows from operating activities:				
Receipts from customers	\$ 12,849,205	\$ 202,608	\$ 9,769,942	\$ 22,821,755
Payments to suppliers	(34,637,149)	(2,163,564)	(11,152,317)	(47,953,030)
Payments to employees	(45,272,522)	(3,295,510)	(3,914,572)	(52,482,604)
<b>Net cash (used in) operating activities</b>	<b>(67,060,466)</b>	<b>(5,256,466)</b>	<b>(5,296,947)</b>	<b>(77,613,879)</b>
Cash flows from noncapital financing activities:				
Operating grants received	73,362,937	276,533	2,870,847	76,510,317
Receipts (payments) of interfund balances	3,274,030	72,127	2,901,896	6,248,053
Transfers from other funds	-	4,654,384	1,176,088	5,830,472
Transfers (to) other funds	(11,880,002)	-	-	(11,880,002)
<b>Net cash provided by noncapital financing activities</b>	<b>64,756,965</b>	<b>5,003,044</b>	<b>6,948,831</b>	<b>76,708,840</b>
Cash flows from capital and related:				
Financing activities				
Capital contributions	24,690,242	1,818,997	887,619	27,396,858
Acquisition and construction of capital assets	(23,578,512)	(1,358,866)	(2,394,292)	(27,331,670)
<b>Net cash (used in) capital and related financing activities</b>	<b>1,111,730</b>	<b>460,131</b>	<b>(1,506,673)</b>	<b>65,188</b>
Cash flows from investing activities:				
Interest on investments	52,828	89	48	52,965
<b>Net cash provided by investing activities</b>	<b>52,828</b>	<b>89</b>	<b>48</b>	<b>52,965</b>
<b>Net change in cash and cash equivalents</b>	<b>(1,138,943)</b>	<b>206,798</b>	<b>145,259</b>	<b>(786,886)</b>
Cash and cash equivalents, beginning of year	8,300,473	112,325	132,972	8,545,770
Cash and cash equivalents, end of year	\$ 7,161,530	\$ 319,123	\$ 278,231	\$ 7,758,884

(Continued)

**Jacksonville Transportation Authority**

**Proprietary Funds  
Statement of Cash Flows (Continued)  
Fiscal Year Ended September 30, 2015**

	Bus	ASE	CTC	Totals
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	\$ (79,323,781)	\$ (9,509,609)	\$ (5,223,950)	\$ (94,057,340)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation	12,211,701	3,517,754	1,970,239	17,699,694
Loss on disposal of capital assets	28,080	-	-	28,080
(Increase) decrease in assets and deferred outflows:				
Accounts receivable	(36,610)	6,887	(1,199,568)	(1,229,291)
Inventory	300,377	111,484	8,582	420,443
Prepaid expenses	457,662	38,694	30,278	526,634
Net pension asset	5,632,411	-	-	5,632,411
Deferred outflows	(6,399,625)	-	-	(6,399,625)
Increase (decrease) in liabilities and deferred inflows:				
Accounts payable	(1,192,453)	711,662	(912,882)	(1,393,673)
Accrued expenses	296,037	6,898	33,899	336,834
Accrued compensated absences	10,757	(5,840)	(3,545)	1,372
Net pension obligation	550,189	-	-	550,189
Claims payable	301,539	(134,396)	-	167,143
Deferred inflows	103,250	-	-	103,250
<b>Net cash used in operating activities</b>	<b>\$ (67,060,466)</b>	<b>\$ (5,256,466)</b>	<b>\$ (5,296,947)</b>	<b>\$ (77,613,879)</b>
Noncash capital and financing activities:				
Accounts payable for capital acquisitions	\$ 2,831,558	\$ 65,041	\$ 45,243	\$ 2,941,842

See notes to financial statements.

**Jacksonville Transportation Authority**

**Statement of Fiduciary Net Position  
Pension Trust Fund  
September 30, 2015**

	JTM Salaried Employees
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	\$ 320,765
Investments:	
Mutual funds	53,858
Government securities	150,708
Other debt securities	79,802
Equity securities	421,874
<b>Total assets</b>	<hr/> 1,027,007
<b>Liabilities</b>	<hr/> -
Net Position	
Restricted for pensions	<hr/> <u>\$ 1,027,007</u>

See notes to financial statements.

**Jacksonville Transportation Authority**

**Fiduciary Funds**

**Statement of Changes in Net Position**

**Fiscal Year Ended September 30, 2015**

	JTM Salaried Employees
<hr/>	
Additions:	
Employer contribution	\$ 322,276
<b>Total contributions</b>	<u>322,276</u>
Investment income	15,840
Net depreciation in fair value of investments	(90)
<b>Net investment income</b>	<u>15,750</u>
<b>Total</b>	<u>338,026</u>
Deductions:	
Benefit payments	74,893
Administrative expenses	225
<b>Total</b>	<u>75,118</u>
<b>Net change in plan net position</b>	262,908
Net position restricted for pensions, beginning of year	<u>764,099</u>
Net position restricted for pensions, end of year	<u>\$ 1,027,007</u>

See notes to financial statements.



**JACKSONVILLE  
TRANSPORTATION  
AUTHORITY**

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## Jacksonville Transportation Authority

### Notes to Financial Statements

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#### Note 1. Reporting Entity

Established by the Florida Legislature in 1955, the Jacksonville Transportation Authority (the Authority) is a public body and corporate agency of the State of Florida under Chapter 349, as amended, Florida Statutes. The Authority is empowered to acquire, construct, operate and lease a mass transit system; it may plan, coordinate and recommend methods and facilities for the parking of vehicles and the movement of pedestrians and vehicular traffic; and it may issue evidences of indebtedness and secure payment thereof by pledge of its revenues.

It is also empowered to construct, improve, operate and lease the Jacksonville Expressway System and improvements thereto, to fix and collect rates, rentals and other charges for the services and facilities of such system; and to secure bonds by a pledge of such revenues and all or part of Duval Authority gasoline tax and sales tax funds pursuant to a Lease-Purchase Agreement between the Authority and the State of Florida Department of Transportation (FDOT). The FDOT maintains responsibility for the operation of the Expressway System with the exception of certain contract maintenance functions.

In fiscal year 2000, the Authority entered into an Interlocal Agreement (ILA) with the City of Jacksonville (the City) for the purpose of constructing the roadway and infrastructure projects of the Better Jacksonville Plan (the Plan), as defined in the ILA. Pursuant to this agreement, the Authority pledged its Sales Tax and the City pledged its Constitutional Gas Tax to the payment of bonds issued by the City to implement the Program (the Bonds). The Bonds are an obligation of the City and there is no guarantee by the Authority or any other Authority revenues or assets pledged for such bonds except the sales tax. The ILA commenced on October 1, 2000 and continues in effect until all of the Bonds have been duly paid in full or defeased in accordance with their terms. The terms of the ILA also require that the City make available its Local Option Gas Tax to the Authority for the Authority's operation of its mass transit division. Any excess funds calculated pursuant to the terms of the ILA (as amended) will be allocated entirely to the Authority. The Authority may use these funds for any lawful purpose.

The Authority is fiscally dependent on the City under Section 14 of the City Charter through approval of its budget and there is a financial benefit/burden relationship between the two entities. Accordingly, the Authority has been determined to be a component unit of the City under Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, and Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity: Omnibus*. The Authority's governing body has seven members. Three members are appointed by the Governor and confirmed by the Senate; three members are appointed by the City's Mayor and confirmed by the City Council; and the seventh member is the District Two Secretary of the Florida Department of Transportation.

As required by generally accepted accounting principles, these financial statements present the Authority and its component units, entities for which the Authority is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the Authority's operation and so data from these units are combined with data of the primary government.

**Blended component unit:** Jacksonville Transit Management, Inc. (JTM) is a for profit, corporate entity responsible for the management of payroll and related benefits for drivers, mechanics and certain other employees who support the enterprise activities of the Authority. The Authority owns all of the stock of JTM, members of JTM's board of directors are appointed by the Authority, services are exclusively provided to JTA, and management of the Authority has operational responsibility for the component unit. The transactions of JTM are blended with the primary government (the Authority) and are included in the expenses of the Authority's enterprise funds.

## Jacksonville Transportation Authority

### Notes to Financial Statements

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#### **Note 2. Summary of Significant Accounting Policies**

The basic financial statements include both government-wide and fund level statements. The government-wide statements report on all of the non-fiduciary activities of the Authority. Both the government-wide and fund level statements classify primary activities of the Authority as either governmental activities, which are primarily supported by taxes and intergovernmental revenues, or business-type activities, which are partially supported by user fees and charges.

The government-wide statement of net position reports all assets and liabilities of the Authority, including both long-term assets and long-term debt and other obligations. Net position, the difference between assets and liabilities, are subdivided into three categories: net investment in capital assets, restricted net position; and unrestricted net position. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation.

The statement of activities reports the degree to which direct expenses of Authority functions are offset by program revenues. Program revenues consist of charges for services, operating grants and contributions and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Direct expenses are those that are clearly identifiable with a specific function or program. The net cost of these programs is funded from general revenues such as taxes, unrestricted intergovernmental revenue and investment earnings.

The fund level statements report on governmental, proprietary and fiduciary activities, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund level financial statements. Since the fund level statements for governmental activities are presented using a different measurement focus and basis of accounting than the government-wide statements' governmental column (as discussed under Basis of Accounting in this summary of significant accounting policies), a reconciliation is presented on the page following each fund level statement which briefly explains the adjustments necessary to convert the fund level statements into the government-wide governmental column presentations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this is the Bus Fund's payments to the Community Transportation Coordinator (CTC) Fund in the amount of \$8,303,768 for services provided to the transportation disadvantaged. Elimination of these charges would distort the direct costs and program revenues reported for these funds.

The Authority's policy is to use restricted resources first, then unrestricted resources, when both are available for use to fund an activity.

## Jacksonville Transportation Authority

### Notes to Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

**Fund structure:** The Authority's accounts are maintained in accordance with the principles of fund accounting to enable compliance with limitations and restrictions placed on the use of resources available to it. Under fund accounting, individual funds are established for the purpose of carrying on activities or attaining objectives in accordance with specific regulations, restrictions or limitations. Each individual fund is a self-balancing set of accounts recording assets, liabilities, revenues and expenditures/expenses and fund equity. For financial statement presentation, funds with similar characteristics are grouped into generic classifications as required by accounting principles generally accepted in the United States of America. A brief description of these classifications follows:

**Governmental funds:** These funds report transactions related to resources received and used for those services traditionally provided by governmental agencies. The following are major governmental funds used by the Authority:

**General fund:** The General Fund is the general operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special revenue fund:** The Special Revenue Fund receives money from other governmental agencies, primarily the State of Florida (the State) and the City of Jacksonville (the City), to fund major capital improvement projects for those respective governments. Upon completion, ownership of the assets constructed (the accumulated costs of such assets) is transferred to the State or City.

**Capital projects fund:** accounts for and reports resources to be used for the construction of various transportation projects that are not accounted for in the proprietary funds.

**Proprietary funds:** These funds are used to account for the financing of services to the public on a continuing basis with costs recovered partially through user charges. Major proprietary funds include:

**Bus:** Bus Fund is used to account for the operation of the Authority's bus services. Operating revenue is provided through passenger fares.

**ASE:** Automated Skyway Express Fund is used to account for the Authority's local train service. Operating revenue is provided through passenger fares. During fiscal 2012, the Authority temporarily suspended the passenger fares to study the effect on ridership and the cost to operate the system. This suspension was in effect for all of fiscal 2015. Presently the Authority has not made a determination as to whether the user fees will be reinstated or if the suspension will become permanent. Because a determination has not yet been made, the Authority will continue to present the ASE fund a propriety fund in 2015.

**CTC:** Community Transportation Coordinator Fund is used to account for paratransit service for disabled and transportation for disadvantaged riders. Operating revenue is provided through governmental grants and other sources.

Proprietary funds distinguish operating revenue and expenses from nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the funds' principal ongoing operation.

## Jacksonville Transportation Authority

### Notes to Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

The principal operating revenues for the Authority's enterprise funds are charges to customers for sales and services. Since the rate structure of these funds is not sufficient to generate revenues to fully fund operating expenses or to fund acquisition, replacement and future expansion of property and equipment, the Authority is compelled to seek contributions-in-aid from local, state and federal sources, which are reported as nonoperating revenues. Operating expenses include direct expenses of providing the goods or services, administrative expenses and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

The following is a summary of the significant accounting policies applicable to the Authority:

**Basis of accounting:** The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Intergovernmental revenues, grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider are met. Taxes such as sales and gas taxes are recognized based on the date of the underlying sales transactions.

Governmental fund financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Generally, the Authority considers a 90 day availability period for revenue recognition.

Major revenues that are determined to be susceptible to accrual include taxes, intergovernmental revenue when eligibility requirements are met, charges for services and investment income. Taxes such as sales and gas taxes are recognized based on the date of the underlying sales transactions and if received within the Authority's period of availability for governmental funds.

Expenditures of governmental funds are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Expenditures related to pensions and other post-employment benefits (OPEB) are recognized when the Authority has made a decision to fund those obligations with current available resources.

**Cash and cash equivalents:** For purposes of the statement of cash flows, cash and cash equivalents includes bank demand accounts, money market funds and investments with an original maturity of three months or less when purchased.

**Investments:** Investments with a maturity date greater than one year from the purchase date are reported at fair value as determined by quoted market prices, and investments with a maturity date less than one year from the purchase date are reported at amortized cost, which approximates fair value. Investments held by the Florida Treasury Investment Pool are recorded at amortized cost.

## Jacksonville Transportation Authority

### Notes to Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

**Accounts receivable:** Customer accounts receivable consist of amounts owed from private individuals, organizations or agencies of the government for services. The allowance method is used to account for bad debt expense. All accounts receivable balances are shown net of the allowance for uncollectibles. The allowance is based on management's estimates using historical experience and current economic conditions. The allowance for doubtful accounts was approximately \$431,181 for the Bus fund at September 30, 2015.

**Inventory and prepaid items:** Inventory consists of materials and supplies and is reported using the average cost method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and proprietary fund financial statements.

**Custodial assets/custodial liabilities:** Custodial assets consist of cash and cash equivalents, certain amounts due from the City of Jacksonville, and costs of infrastructure assets currently under construction for the benefit of the State of Florida and the City of Jacksonville. After completion, the City or State, as appropriate, is responsible for maintaining the assets. Therefore, the Authority transfers such assets upon completion of the related construction project.

These assets are reported as custodial assets on the government-wide statement of net position because title of such assets does not transfer until such time as the project is completed and accepted by the State or the City, as appropriate.

As these assets are being held in an agency-like capacity by the Authority, the revenues associated with the funding of these projects are reported as amounts due to other governments (liabilities) on the government-wide statement of net position, reflecting the Authority's obligation to the State or City.

**Capital assets:** Capital assets are stated at historical cost and are defined as assets with an initial individual cost of more than \$3,000 and an estimated useful life exceeding one year.

The cost of improvements and replacements, which extend the useful lives of assets, are capitalized. Repairs and maintenance costs, which do not improve or extend the useful life of the respective assets, are charged to expense. Depreciation commences when the assets are placed in service. Property and equipment is depreciated by the straight-line method over the estimated useful lives of the assets as follows:

	<u>Years</u>
Land improvements	15
Buildings and improvements	15-40
Vehicles	4-25
Furniture and office equipment	3-10
Other equipment	3-10

As of September 30, 2015, there were no infrastructure assets.

## Jacksonville Transportation Authority

### Notes to Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

**Compensated absences:** Employees accrue personal leave, or compensated absences, by prescribed formula based on length of service. All compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements as accrued liabilities. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The value of accumulated benefits earned by employees, that may be used in subsequent years or paid upon termination or retirement, is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends.

**Unearned/unavailable revenues:** Payments which have been received but which have not met revenue recognition requirements (not earned) are recorded as unearned revenue in the government-wide and fund financial statements. In addition, amounts related to governmental fund receivables that are measurable, but not received within the Authority's period of availability, are recorded as a deferred inflow of resources entitled unavailable revenue in the governmental fund financial statements.

**Claims liability:** Provision for injury and damage losses are charged to operations based on the estimated ultimate cost of settling incurred claims and incurred but not reported claims using past experience adjusted for current trends.

**Restricted assets:** Certain assets of the Authority's governmental and proprietary funds are classified as restricted assets on the financial statements because their use is limited to the construction of capital assets or custodial assets through loan covenants and other legal restrictions.

**Deferred outflows/inflows of resources:** Deferred outflows of resources represent a consumption of net position that applies to a future period, and as such will not be recognized as an outflow of resources (expense) until that time. These items are reported as a category below the assets on the Statement of Net Position.

Deferred inflows of resources represent an acquisition of net position that applies to a future period, and as such will not be recognized as an inflow of resources (revenue) until that time. These items are reported as a category below the liabilities on the Statement of Net Position.

The Authority reports deferred outflows and deferred inflows of resources that result from the activity in its defined benefit pension plans. This pension activity includes differences between expected and actual experience, and changes in actuarial assumptions, or other inputs. The Authority also records a deferred inflow in its governmental funds for resources that are not available.

**Net position and fund equity:** In the government-wide financial statements and in the proprietary fund statements, net position is classified in the following categories:

**Net investment in capital assets:** This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that is attributable to the acquisition, construction or improvement of these assets, if any, reduce this category.

**Restricted net position:** This category represents the net position of the Authority, which is restricted by creditors, grantors or laws and regulations or legally enforceable enabling legislation which a party external to the Authority (such as citizens, public interest groups, or the judiciary) can compel the Authority to honor.

**Unrestricted net position:** This category represents the net position of the Authority, which is not restricted for any project or other purpose.

## Jacksonville Transportation Authority

### Notes to Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

The Authority follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

The fund balance classifications specified in GASB Statement No. 54 are as follows:

***Nonspendable fund balance:*** Nonspendable fund balances are amounts that cannot be spent because they are either: (a) not in spendable form or (b) legally or contractually required to be maintained intact.

***Restricted fund balance:*** This category represents the fund balance of the Authority, which is restricted by creditors, grantors or laws and regulations or legally enforceable enabling legislation which a party external to the Authority (such as citizens, public interest groups, or the judiciary) can compel the Authority to honor.

***Committed fund balance:*** Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Board of Directors through passage of a resolution. Committed amounts cannot be used for any other purpose unless the Authority removes those constraints by taking the same type of action.

***Assigned fund balance:*** Assigned fund balances are amounts that are constrained by the Authority's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by: (a) the Board of Directors or (b) the Chief Executive Authority.

***Unassigned fund balance:*** Unassigned fund balance is the residual classification for the General Fund. Unassigned fund balance also includes any residual deficit fund balance of other governmental funds.

The Authority's policy is to expend resources in the following order: restricted, committed, assigned and unassigned.

**Use of estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions, such as the provisions for uninsured losses and pension costs, that affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

## Jacksonville Transportation Authority

### Notes to Financial Statements

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#### Note 3. Deposits and Investments

Cash and cash equivalents

**Custodial credit risk – deposits:** In the case of deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's policy to address custodial credit risk requires the Authority to maintain all deposits in qualified public depositories as defined in Chapter 280.02, Florida Statutes. Deposits whose value exceeds the limits of federal depository insurance are entirely insured or collateralized pursuant to *Florida Statutes*, Chapter 280, *Florida Security for Public Deposits Act* (the Act). Under this Act, financial institutions which are qualified as public depositories place with the State Board of Administration, securities which have a market value equal to 50% of the average daily balance for each month of all public deposits in excess of applicable deposit insurance. The Public Deposit Security Trust Funds have a procedure to allocate and recover losses in the event of default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. At September 30, 2015, the Authority's demand deposits with banks were \$37,988,452 (including \$320,765 for the pension trust fund) and its reported balances were \$37,433,733 (including \$320,765 for the pension trust fund).

#### Investments

The Authority's Board approved its written investment policy on August 28, 2014. The policy complies with Florida Statute 218. The investment policy authorizes the following investments: Money market mutual funds, Florida Local Government Surplus Funds Trust Funds, United States Government Securities, United States Government Agencies, interest-bearing time deposits or savings accounts, repurchase agreements, commercial paper of a high rating A-1 P-1 as provided by one of the nationally recognized rating agencies, Standard & Poor's corporation (S & P) or Moody's, fixed income mutual funds, and intergovernmental investment pools that are authorized pursuant to the Florida Interlocal Cooperative Act. The policy also provides limits on individual issuers and rating requirement standards. Outside portfolio managers must review the portfolios they manage to ensure compliance with the Authority's diversification guidelines on an ongoing basis.

Investments are recorded at fair value (quoted market price or the best available estimate thereof), with the exception of the investments held by the Florida Treasury Investment Pool. The investments held by the Florida Treasury Investment Pool are recorded at amortized cost, which is consistent with the treatment of "2a-7 like" pool securities.

## Jacksonville Transportation Authority

### Notes to Financial Statements

#### Note 3. Deposits and Investments (Continued)

As of September 30, 2015, the Authority had the following investments:

Investment Type	Government- Wide	Pension Trust Fund
Money market mutual fund	\$ 4,616,118	\$ 320,765
Federal agency bonds/notes	68,648,903	-
Collateralized mortgage obligations	2,397,413	-
Suprenational agency	760,245	-
Corporate bonds	11,801,115	79,802
Asset backed securities	2,984,586	-
Bond mutual fund	-	53,858
U.S. Treasury bills/notes	51,043,480	150,708
Commercial paper	32,076,911	-
Equity securities	-	421,874
Total investments	\$ 174,328,771	\$ 1,027,007

**Interest rate risk:** Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority's investment policy limits the investing of current operating funds to investments with maturities of not more than 12 months. Investment maturities for bond reserves, construction funds, and other non-operating funds are limited to 5 years with the weighted average maturity not to exceed 3 years. This policy limits investment maturities as a means of managing the Authority's exposure to fair value losses arising from increasing interest rates. As of September 30, 2015, the Authority had the following debt-type investments and maturities:

Investment Type	Remaining Maturity (in Years)				Fair Value
	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years	
Money market mutual fund	\$ 4,616,118	\$ -	\$ -	\$ -	\$ 4,616,118
Federal agency bonds/notes	10,383,727	58,265,176	-	-	68,648,903
Collateralized Mortgage Obligations	-	2,397,413	-	-	2,397,413
U.S. Treasury bills/notes	10,953,196	40,090,284	-	-	51,043,480
Suprenational Agency	-	760,245	-	-	760,245
Corporate bonds	-	11,801,115	-	-	11,801,115
Asset Backed Securities	-	2,984,586	-	-	2,984,586
Commercial Paper	32,076,911	-	-	-	32,076,911
	\$ 58,029,952	\$ 116,298,819	\$ -	\$ -	\$ 174,328,771

## Jacksonville Transportation Authority

### Notes to Financial Statements

#### Note 3. Deposits and Investments (Continued)

**Credit risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As a means of limiting its exposure to credit risk, the Authority's policy is to strictly limit its investments in permitted investment vehicles authorized by the policy, which are generally recognized as elements of a conservative investment portfolio that carries minimal credit risk exposure. U.S. Government securities are backed by the full faith and credit of the U.S. Government, therefore a credit rating is not assigned. The Authority's investments are rated as follows:

Investment Type	Moody's Rating	Fair Value
Money market mutual fund	AAA	\$ 4,616,118
Federal agency bonds/notes	AA+	68,648,903
Corporate bonds	AAA - A	11,801,115
Collateralized mortgage obligations	AA+	2,397,413
Supernational agency	AAA	760,245
Asset backed securities	AAA	2,984,586
Commercial paper	A-1+	32,076,911
U.S. Treasury bills/notes	TSY	51,043,480
		<u>\$ 174,328,771</u>

**Custodial credit risk:** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investment policy requires securities be held by a third party custodian and be properly designated as an asset of the Authority and held in the Authority's name. As of September 30, 2015, the Authority's investments were held with a third-party custodian as required by the Authority's investment policy.

**Concentration of credit risk:** The investment policy authorizes the following maximum permissible concentrations based on book values: United States Government Securities (100%), United States Government Agencies (80%), interest bearing time deposits or savings accounts (25%), repurchase agreements (25%), commercial paper (25%) of a high rating A-1 P-1 as provided by one of the nationally recognized rating agencies, Standard & Poor's corporation (S & P) or Moody's, fixed income mutual funds (25%), and intergovernmental investment pools (25%) that are authorized pursuant to the Florida Interlocal Cooperative Act. The policy further allows that 100% of the portfolio can be comprised of any of the following instruments: money markets mutual funds, Florida Local Government Surplus Funds Trust Funds, United States Government Securities and Federal Instrumentalities. Investment securities that represent more than 5% of the Authority's investments are listed below:

Issuer	Reported Amount	% of Portfolio
U.S. treasury bills/notes	\$ 51,043,480	29.28%
Federal Home Loan Bank	27,372,677	15.70%
Federal National Mortgage Assoc.	27,546,044	15.80%
Federal Home Loan Mortgage Corp.	16,082,690	9.23%
	<u>\$ 122,044,891</u>	<u>70.01%</u>

**Jacksonville Transportation Authority**

**Notes to Financial Statements**

**Note 4. Capital Assets**

Capital asset activity for the year ended September 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 13,512,437	\$ -	\$ -	\$ 13,512,437
Construction in progress	-	1,651,470	-	1,651,470
Total capital assets, not being depreciated	13,512,437	1,651,470	-	15,163,907
Capital assets, being depreciated:				
Land improvements	24,120	-	-	24,120
Buildings and improvements	369,656	-	-	369,656
Vehicles	174,643	-	11,545	163,098
Furniture and office equipment	280,185	-	-	280,185
Total capital assets, being depreciated	848,604	-	11,545	837,059
Less accumulated depreciation for:				
Land improvements	20,028	4,092	-	24,120
Buildings and improvements	340,610	4,703	-	345,313
Vehicles	156,794	17,849	11,545	163,098
Furniture and office equipment	280,185	-	-	280,185
Total accumulated depreciation	797,617	26,644	11,545	812,716
Total capital assets, being depreciated, net	50,987	(26,644)	-	24,343
Governmental activities capital assets, net	\$ 13,563,424	\$ 1,624,826	\$ -	\$ 15,188,250

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	<u>\$ 26,644</u>

## Jacksonville Transportation Authority

### Notes to Financial Statements

#### Note 4 Capital Assets (Continued)

The following is a schedule of changes in capital assets of the enterprise funds for the year ended September 30, 2015:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 23,240,178	\$ 645,273	\$ -	\$ 23,885,451
Construction in progress	26,574,111	28,316,029	16,297,685	38,592,455
<b>Total capital assets, not being depreciated</b>	<b>49,814,289</b>	<b>28,961,302</b>	<b>16,297,685</b>	<b>62,477,906</b>
Capital assets, being depreciated				
Land improvements	20,593,217	2,988,781	-	23,581,998
Buildings and improvements	130,111,056	28,451	-	130,139,507
Vehicles	93,766,821	7,183,039	88,141	100,861,719
Furniture and office equipment	3,102,115	177,524	46,959	3,232,680
Other equipment	82,571,366	5,274,617	42,636	87,803,347
Total capital assets, being depreciated	330,144,575	15,652,412	177,736	345,619,251
Less accumulated depreciation for				
Land improvements	14,521,931	2,437,787	-	16,959,718
Buildings and improvements	67,206,067	3,076,098	-	70,282,165
Vehicles	52,167,666	8,077,878	88,141	60,157,403
Furniture and office equipment	1,896,588	462,099	46,959	2,311,728
Other equipment	74,611,782	3,645,832	14,556	78,243,058
Total accumulated depreciation	210,404,034	17,699,694	149,656	227,954,072
Total capital assets, being depreciated, net	119,740,541	(2,047,282)	28,080	117,665,179
Business-type activities capital assets, net	<b>\$ 169,554,830</b>	<b>\$ 26,914,020</b>	<b>\$ 16,325,765</b>	<b>\$ 180,143,085</b>

Depreciation expense for the year ended September 30, 2015 amounted to:

Bus services	\$ 12,211,701
Automated Skyway Express	3,517,754
Transportation disadvantaged	1,970,239
<b>Total depreciation expense</b>	<b>\$ 17,699,694</b>

**Jacksonville Transportation Authority**

**Notes to Financial Statements**

**Note 5. Custodial Projects**

Custodial projects are reported in the governmental activities on the statement of net position. The following is a schedule of changes in custodial construction projects until completion, acceptance and transfer of title for the year ended September 30, 2015:

	Beginning Balance	Current Year Project Costs/ Increases	Completed Projects/ Decreases	Ending Balance
Restricted cash and cash equivalents	\$ 8,525,658	\$ 710,853	\$ -	\$ 9,236,511
Restricted due from other governments	11,139,758	177,432	-	11,317,190
Custodial assets – construction projects	77,481,155	46,820	77,527,975	-
	<u>\$ 97,146,571</u>	<u>\$ 935,105</u>	<u>\$ 77,527,975</u>	<u>\$ 20,553,701</u>

A schedule of the obligation to other governments associated with the funding of these projects until completion, acceptance and transfer of title for the year ended September 30, 2015, follows:

	Beginning Balance	Current Year Funding	Completed Projects	Ending Balance
Custodial projects – due to other governments	<u>\$ 97,146,571</u>	<u>\$ 935,105</u>	<u>\$ 77,527,975</u>	<u>\$ 20,553,701</u>

**Note 6. Interfund Balances and Transfers**

During the normal course of operations, numerous transactions occur between funds. The following is a schedule of interfund balances at September 30, 2015:

	Receivable Fund:				
	General Fund	Bus Fund	ASE Fund	CTC Fund	Total
Payable Fund:					
Special Revenue Fund	\$ 1,596,023	\$ 201,239	\$ -	\$ -	\$ 1,797,262
Capital Projects Fund	95,183	357,676	-	-	452,859
Enterprise Fund – Bus	8,814,428	-	997,495	-	9,811,923
Enterprise Fund – ASE	793,077	-	-	23,077	816,154
	<u>\$ 11,298,711</u>	<u>\$ 558,915</u>	<u>\$ 997,495</u>	<u>\$ 23,077</u>	<u>\$ 12,878,198</u>

The outstanding balances between funds result mainly from the time lag between the dates that reimbursable expenses occur, transactions are recorded in the accounting system, and payments between funds are made. These balances also include the amount of working capital loans made that are expected to be collected in the subsequent year.

## Jacksonville Transportation Authority

### Notes to Financial Statements

#### Note 6. Interfund Balances and Transfers (Continued)

Transfers of net resources from a fund receiving revenue to a fund in which the resources are to be expended are recorded as operating transfers.

	Transfers To			
	Other Governmental Fund	ASE Fund	CTC Fund	Total
	Transfer From			
General Fund	\$ -	\$ -	\$ 1,234,135	\$ 1,234,135
Capital Projects Fund	16,541,199	-	-	16,541,199
Enterprise Fund – Bus	-	4,654,384	7,225,618	11,880,002
	<u>\$ 16,541,199</u>	<u>\$ 4,654,384</u>	<u>\$ 8,459,753</u>	<u>\$ 29,655,336</u>

Interfund transfers were made from the Bus fund to support the operating activities of the ASE and CTC funds. The transfer from the Capital Projects Fund to the Other Governmental Fund was to establish the required debt service reserves of the local option gas tax revenue bonds.

#### Note 7. Long Term Liabilities

Long term debt activity for the year ended September 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 322,409	\$ 326,665	\$ 282,242	\$ 366,832	\$ 144,000
Revenue bonds	-	97,485,000	-	97,485,000	-
Unamortized original issue premium	-	20,243,766	1,201,256	19,042,510	-
	<u>\$ 322,409</u>	<u>\$ 118,055,431</u>	<u>\$ 1,483,498</u>	<u>\$ 116,894,342</u>	<u>\$ 144,000</u>
Business-type activities:					
Compensated absences	\$ 699,419	\$ 260,367	\$ 258,995	\$ 700,791	\$ 112,034

In January 2015, the Authority issued \$97,485,000 in local option gas tax revenue bonds, Series 2015. The bonds will be used to: (i) finance expenditures relating to the cost of transportation projects identified in the Authority's mobility program, and (ii) fund a debt service reserve. The Series 2015 issue has a final maturity of 2036. The outstanding balance as of September 30, 2015 was \$97,485,000. Interest rates range from 3% to 5%. The revenues of the local option gas tax have been pledged as collateral and the payments of the bonds are insured with a municipal bond issue insurance policy. The approximate amount of the pledge is equal to the remaining principal and interest of \$160,076,817. During 2015, \$29,075,943 of local option gas tax was recognized and \$2,400,833 was paid for debt service.

**Jacksonville Transportation Authority**

**Notes to Financial Statements**

**Note 7. Long Term Liabilities (Continued)**

Debt Maturities

Years ending September 30:	Principal	Interest	Total
2016	\$ -	\$ 4,748,900	\$ 4,748,900
2017	3,055,000	4,733,625	7,788,625
2018	3,150,000	4,636,250	7,786,250
2019	3,275,000	4,509,417	7,784,417
2020	3,405,000	4,371,875	7,776,875
2021-2025	19,760,000	19,105,583	38,865,583
2026-2030	25,220,000	13,601,083	38,821,083
2031-2035	32,185,000	6,575,292	38,760,292
2036	7,435,000	309,792	7,744,792
	<u>\$ 97,485,000</u>	<u>\$ 62,591,817</u>	<u>\$ 160,076,817</u>

**Note 8. Risk Management**

The Authority is exposed to various risks of loss related to injury and damage claims arising from operations. The Authority is self-insured for general liability and automobile liability and purchases stop loss insurance which caps the Authority's liability at \$300,000 per claim. Stop loss insurance is limited to \$2 million for product liability (automobile) and \$1 million for personal injury. The Authority purchases commercial insurance for group health insurance, workers compensation and destruction of property.

Claim liabilities include an amount for known claims and claims that have been incurred but not reported (IBNRs) for which a loss is probable. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The liability is reported in the Enterprise Funds. During fiscal year 2015, individual injury and damage claims in excess of \$200,000 and \$300,000 per occurrence were subject to the Florida Sovereign Immunity Law.

Changes in the estimated liability for the self-insurance program consisted of the following:

Fiscal Year Ended September 30,	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Paid	Ending Balance
2014	<u>\$ 3,816,279</u>	<u>\$ 1,422,454</u>	<u>\$ 989,139</u>	<u>\$ 4,249,594</u>
2015	<u>\$ 4,249,594</u>	<u>\$ 864,049</u>	<u>\$ 696,906</u>	<u>\$ 4,416,737</u>

## Jacksonville Transportation Authority

### Notes to Financial Statements

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#### Note 9. Commitments and Contingencies

**Construction commitments:** The Authority as a whole had construction and construction-related commitments related to the Custodial Assets discussed at Note 5 amounting to approximately \$3,713,199 thousand at September 30, 2015.

**Better Jacksonville Plan:** As of October 1, 2000, the Authority and the City of Jacksonville entered into an Interlocal Agreement (ILA) for the purpose of constructing roadway projects as defined in the Better Jacksonville Plan. As of the effective date of the ILA, the Authority pledged its Duval Authority sales tax revenues to pay the debt service on transportation revenue bonds issued by the City of Jacksonville to fund such roadway projects under the Better Jacksonville Plan. All such bonds are revenue obligations, secured solely by the Transportation Discretionary Sales Surtax and Constitutional Gas Taxes collected in Duval Authority, and there is no guarantee by the Authority or any other Authority revenues or assets pledged for such bonds.

**Grant funding:** Federal and State grant awards are audited in accordance with the requirements of OMB Circular A-133 and the Single Audit Act of 1984, Single Audit Act Amendments of 1996, and the Florida Single Audit Act. These grant awards are subject to audit by the respective grantor agencies. It is management's opinion that no material liabilities will result from any such grantor audits.

**Union contracts:** At September 30, 2014, the Authority employed a total of 792 employees. 65% or 515 of the Authority's employees are covered under union contracts. The Amalgamated Transit Local Union No. 1197 covers bus operators. Its three-year contract, representing 368 employees, expires October 31, 2017.

Additionally, 147 mechanics and utility employees operate under a contract with the International Association of Machinists and Aerospace Workers Local Union No. 759. This three-year contract expires November 5, 2017.

**Purchase commitment:** On November 25, 2014 the Authority entered into a 15-year purchase agreement with a third party vendor for compressed natural gas. The agreement requires the purchase of compressed natural gas at a rate of \$2.115 per diesel gas equivalent (DGE). There is a minimum annual volume that must be purchased starting at 140,625 DGE's and increasing to a total of 937,500 DGE. The Authority has estimated the 15 year cost of this agreement based on a minimum of 75 buses will be approximately \$21.2 million including infrastructure costs to make the change as compared to a cost of \$30.4 if diesel fuel continued to be used.

#### Note 10. Employee Benefits

**Pension plan of the primary government:** The administrative employees of the Authority participate in the Florida Retirement System (the FRS) defined benefit pension plan, a cost-sharing multiple-employer public employee retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the Authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions.

## Jacksonville Transportation Authority

### Notes to Financial Statements

#### Note 10. Employee Benefits (Continued)

Benefits are determined by category and length of service and the applicable contribution rates are as follows:

Membership Category	Benefit	Vesting	July 1, 2015 Employer Contribution Rate	July 1, 2014 Employer Contribution Rate
Regular	1.6% times years of service times average compensation (8 highest years) if age 65 or 33 years of services at any age.	Choice Pension – after 6 years of creditable service, or Investment – after 1 year of creditable service.	7.26%	7.37%
Senior Management	2.0% times years of service times average compensation (8 highest years) if age 65 or 33 years of services at any age.	Choice Pension – after 6 years of creditable service, or Investment – after 1 year of creditable service.	21.43%	21.14%
Deferred Retirement Option Program (DROP)	Accumulated FRS benefits earn 1.3% effective annual interest compounded monthly for a period up to 60 months after becoming vested, having reached normal retirement date, and remaining employed.	Subject to normal system vesting provision for membership category.	12.88%	12.28%

All of the above employer contribution rates include 1.2% for a post-retirement health insurance subsidy as part of the Health Insurance Subsidy (HIS) Plan. The Regular and Senior Management rates also include .03% for an administrative and educational fee.

Participating employer contributions are based upon actuarially determined state-wide rates established by the State of Florida, that expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. Employee contribution rates are 3% for regular employees and senior management. There is no employee contribution for employees enrolled in DROP.

Contributions to the FRS were \$1,257,792 for the year ended September 31, 2015, which was equal to the required contributions for each year.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the Division of Retirement, 2639 North Monroe Street, Building C, Tallahassee, Florida 32399-1560.

#### Governmental Accounting Standards Board Statement No. 68

As a participating employer, the Authority implemented 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 and related pension amounts of the defined benefit pension plans. The beginning net position of the Authority was decreased by \$5,140,119, as of October 1, 2014, due to the adoption of this Statement. See Note 15 – Prior Period Restatement. Note G – Pension Plan.

## Jacksonville Transportation Authority

### Notes to Financial Statements

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#### Note 10. Employee Benefits (Continued)

##### The Florida Retirement System Pension Plan (Pension Plan)

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

At September 30, 2015, the Authority reported a liability of \$4,178,293 for its proportionate share of the plan's net pension liability. The net pension liability was 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 July 1, 2014. The Authority's proportionate share of the net pension liability was based on the Authority's 2014-15 fiscal year contributions relative to the 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the Authority's proportionate share was .0323% of the net pension liability which was .0023% increase from its proportionate share measured as of June 30, 2014. The Authority reported pension expense of \$3,111,944.

For the fiscal year ended September 30, 2015, the Authority recognized the Plan pension expense of \$2,669,415. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 441,104	\$ 99,096
Change of assumptions	277,327	-
Net difference between projected and actual earnings on FRS pension plan investments	1,471,711	2,469,418
Change in proportion and differences between Authority FRS contributions and proportional share of contributions	931,939	-
Authority FRS contributions subsequent to the measurement date	211,107	-
	<u>\$ 3,333,188</u>	<u>\$ 2,568,514</u>

## Jacksonville Transportation Authority

### Notes to Financial Statements

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#### Note 10. Employee Benefits (Continued)

The deferred outflows of resources related to pensions, totaling \$211,107 resulting from Authority contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years ending September 30:</u>	<u>Deferred Outflows / (Inflows), net</u>
2016	\$ 6,644
2017	6,644
2018	6,644
2019	6,644
2020	6,644
Thereafter	520,347

Actuarial Assumptions. The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25%, average, including inflation
Investment rate of return	7.65%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB with adjustments for mortality improvements based on Scale AA.

## Jacksonville Transportation Authority

### Notes to Financial Statements

#### Note 10. Employee Benefits (Continued)

The long-term expected rate of return on pension plan investments was based on assumptions developed by Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, 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 forward-looking capital market economic model.

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Target Allocation (1)
Cash	1%	3.20%	3.10%	1.70%
Fixed income	18%	4.80%	4.70%	4.70%
Global equity	53%	8.50%	7.20%	17.70%
Real estate (property)	10%	6.80%	6.20%	12.00%
Private equity	6%	11.90%	8.20%	30.00%
Strategic investments	12%	6.70%	6.10%	11.40%
Total	100%			
Assumed inflation – mean		2.60%		1.90%

Note: (1) As outlined in the Plan's investment policy

**Discount Rate.** The discount rate used to measure the total pension liability was 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.

**Sensitivity of the Authority's Proportionate Share of the Net Position Liability to Changes in the Discount Rate.** The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65%) or 1 percentage-point higher (8.65%) than the current rate:

	1% Decrease 6.65%	Current Rate 7.65%	1% Increase 8.65%
Net Pension (Asset) Liability	\$ 10,825,957	\$ 4,178,293	\$ (1,354,603)

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

## Jacksonville Transportation Authority

### Notes to Financial Statements

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#### Note 10. Employee Benefits (Continued)

##### The Retiree Health Insurance Subsidy Program (HIS)

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

*Benefits Provided.* For the fiscal year ended June 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive HIS Plan benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

*Contributions.* The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2015, the contribution rate was 1.26% of payroll pursuant to section 112.363, Florida Statutes. The Authority contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Authority's contributions to the HIS Plan were \$208,514 for the year ended September 30, 2015 which was equal to the required contributions.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At September 30, 2015, the Authority reported a net pension liability of \$4,110,889 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was 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 July 1, 2014 which was rolled forward to July 1, 2015. The Authority's proportionate share of the net pension liability was based on the Authority's 2014-15 fiscal year contributions relative to the total 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the Authority's proportionate share was .0403%, which was an increase of .0024 from its proportionate share measured as of June 30, 2014.

**Jacksonville Transportation Authority**

**Notes to Financial Statements**

**Note 10. Employee Benefits (Continued)**

For the fiscal year ended June 30, 2015, the Authority recognized the HIS Plan pension expense of \$129,294. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following resources:

Description	Deferred Outflow of Resources	Deferred Inflow of Resources
Change of assumptions	\$ 323,420	\$ -
Net difference between projected and actual earnings on FRS pension plan investments	2,225	-
Change in proportion and differences between Authority FRS contributions and proportional share of contributions	354,186	-
Authority FRS contributions subsequent to the measurement date	58,620	-
	\$ 738,451	\$ -

The deferred outflows of resources related to pensions, totaling \$58,620 for 2015 resulting from Authority contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending September 30:	Deferred Outflows / (Inflows), net
2016	\$ 109,650
2017	109,650
2018	109,650
2019	109,650
2020	109,650
Thereafter	131,581

*Actuarial Assumptions.* The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary increases	3.25%, average, including inflation
Municipal bond rate	3.80%

## Jacksonville Transportation Authority

### Notes to Financial Statements

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#### Note 10. Employee Benefits (Continued)

Mortality rates were based on the Generational RP-2000 with Projection Scale BB with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

Discount Rate: The discount rate used to measure the total pension liability relating to the HIS Plan was 3.80% for 2015. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Authority's Proportionate Share of the Net Position Liability to Changes in the Discount Rate. The following presents the Authority's proportionate share of the net pension liability, for the HIS Plan, calculated using the discount rate of 3.80%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.80%) or 1 percentage-point higher (4.80%) than the current rate:

	1% Decrease 2.80%	Current Rate 3.80%	1% Increase 4.80%
Net Pension Liability	\$ 4,684,164	\$ 4,110,889	\$ 3,632,866

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

**Pension plans of Jax Transit Management Corp. (JTM):** JTM (a component unit) maintains two single-employer defined benefit pension plans, which cover general (salaried) employees and bus operators for the Authority's enterprise activities. Contributions are also made to a multi-employer defined benefit pension plan for the JTM employees (mechanics) represented by the International Association of Machinists union.

#### International Association of Machinists (IAM) Pension Plan

Mechanics and other technicians whose job classification is within the bargaining unit represented by the International Association of Machinists (IAM) union participate in the IAM defined benefit pension plan, a cost-sharing multiple-employer retirement plan administered by the union to provide retirement and survivor benefits to participating employees. As of September 30, 2015, 147 of the Authority's employees were covered under this plan. The plan documents for the IAM National Pension Fund establish the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. The plan does not issue a publically available financial report.

**Jacksonville Transportation Authority**

**Notes to Financial Statements**

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**Note 10. Employee Benefits (Continued)**

Benefits are determined by category and length of service as follows:

Membership Category	Retirement Benefit	Vesting	January 1, 2015 Employer Contribution Rate	January 1, 2014 Employer Contribution Rate
Regular	Benefit calculated based upon the participants age of retirement, the participants amount of credited service, the contribution rates paid by contributing employer on the participants behalf, and the form of payment chosen by the participant at retirement.	After 5 years of creditable service	\$3.90 per hour	\$3.90 per hour

Participating employer contributions are based upon the collective bargaining agreement in effect through November 5, 2017, that expressed as an hourly rate, are adequate to accumulate sufficient assets to pay benefits when due. No employee contributions are required.

The payments made to the IAM plan in the years ended September 30, 2015, 2014, and 2013 were \$1,126,134, \$1,084,162 and \$1,030,699, respectively, which were equal to the required contributions for each year.

**Defined Benefit Pension Plans Sponsored by Jax Transit Management Corp.**

**Plan descriptions:** The Authority contributes to the Jax Transit Management Corp. (JTM) Retirement Plan for Salaried Employees, a single-employer defined benefit plan which covers all salaried employees on JTM's payroll whose job classifications are not represented by unions. The Salaried Employees plan was established by JTM on January 1, 1963. A committee comprised of three JTM employees and three employees of the Authority administer the Salaried Employees Plan.

The Authority also contributes to the Amalgamated Jax Transit Management, Corp. Pension-Disability Plan (Drivers), a single-employer defined benefit plan which covers all full and part-time bus operators on JTM's payroll whose job classification is within the bargaining unit represented by the Amalgamated Transit Union Local 1197. The Drivers Plan was established on May 1, 1964 by JTM. The plan is administered by a six-member Board of Control. The Authority has no fiduciary responsibility for the plan assets of the Drivers plan, thus the net position of this plan are not reported as a pension trust fund. The plan issues an available financial report which may be obtained by writing or calling the plan administrator, Reliance Trust at 1000 Abernathy Rd. NE, Suite 400, Atlanta GA 30328-5634 or (404) 965-7234.

**Jacksonville Transportation Authority**

**Notes to Financial Statements**

**Note 10. Employee Benefits (Continued)**

As of December 31, 2014, employee membership data related to these plans was as follows:

	Salaried Employees	Drivers Plan
Active employees:		
Nonvested	-	111
Partially vested	8	-
Fully vested	8	251
Retirees and beneficiaries currently receiving benefits	1	195
Terminated plan members entitled to but not yet receiving benefits	14	153
	31	710

The following is a summary of funding policies, contribution methods and benefit provisions:

	Salaried Employees	Drivers Plan
Determination of contribution requirements	Actuarially determined	Contracted pursuant to union negotiations
Employer	Paid quarterly	\$2.66 per hour
Funding of administrative costs	Paid by JTM	Paid by plan assets
Period required to vest	6 years	5 years
Postretirement benefit increases	Not applicable	Not applicable
Eligibility for distribution	Normal retirement date = Age 65 and 5 years participation; Early retirement date = Age 55 and 5 years of participation	Latter of attainment of age 65 and 5 years of participation or attainment of age 62 and 20 plan years of service or any age with 30 plan years of service
Benefit provisions	1.5% average monthly compensation multiplied by total years of service (up to 60 years)	\$48 per month multiplied by years of service limited to 30 years

**Jacksonville Transportation Authority**

**Notes to Financial Statements**

**Note 10. Employee Benefits (Continued)**

**Funding policies:** The following table provides information concerning funding policies:

	Salaried Employees	Drivers Plan
Valuation date	December 31, 2014	December 31, 2014
Actuarial cost method	Entry age normal	Entry age normal
Amortization period	10 years	10 years
Actuarial asset valuation method	Market value	Market value
Actuarial assumptions:		
Assumed rate of return on investments	4% per annum	7% per annum
Projected salary increases	Assumed 4% per year	2.5% per year
Mortality rates	IRC 430(h) combined table for 2014	SOA RP-2014 blue collar mortality projected on a generational basis
Postretirement benefit increases (maximum)	None	None
Inflation	4.0%	2.5%

**Salaried Plan**

The Salaried Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentage of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Level percentages of payroll contribution rates are determined using the modified unit credit method. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the pension benefit obligation described above.

Investments

A committee comprised of three JTM employees and three Authority employees administers the Salaried Employees Plan. The committee has the authority to establish and amend investment policy including decisions regarding asset allocation. It is the policy of the committee to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the committee's adopted asset allocation policy as of September 30, 2015:

Asset Class	Target Allocation
Interest bearing cash	7%
Corporate bonds	10%
Bond mutual funds	5%
U.S. Treasury bills/notes	15%
Equity securities	63%
	<u>100%</u>

## Jacksonville Transportation Authority

### Notes to Financial Statements

#### Note 10. Employee Benefits (Continued)

The expected return on investments is determined from a building block approach that includes components for inflation, real risk-free return, and risk premium. It is calculated by summing the weighted average of the total return for each asset class.

#### Net Pension Liability

The components of the net pension liability of the Authority at September 30, 2015, were as follows:

	(Increase) Decrease		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balance at September 30, 2014</b>	\$ 1,953,830	\$ 764,099	\$ 1,189,731
Changes for the year:			
Service cost	152,631	-	152,631
Interest	84,248	-	84,248
Differences between expected and actual experience	581,390	-	581,390
Assumption changes	-	-	-
Contributions-employer	-	291,591	(291,591)
Contributions-employee	-	30,685	(30,685)
Net investment income	-	15,750	(15,750)
Benefit payments	(5,172)	(74,893)	69,721
Administrative expense	-	(225)	225
Net changes	813,097	262,908	550,189
<b>Balance at September 30, 2015</b>	<b>\$ 2,766,927</b>	<b>\$ 1,027,007</b>	<b>\$ 1,739,920</b>

#### Discount rate

The discount used to measure the total pension liability was 4% as of December 31, 2014. The return was gleaned from the Citigroup pension liability index for the intermediate term duration (15.3 years). The average duration of the active group was 15.6 years.

#### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table illustrates the sensitivity of the net pension liability as of December 31, 2015 to changes in the discount rate:

	1% Decrease 3%	Current Rate 4%	1% Increase 5%
Net Pension Liability	\$ 2,502,102	\$ 1,739,920	\$ 1,424,388

**Jacksonville Transportation Authority**

**Notes to Financial Statements**

**Note 10. Employee Benefits (Continued)**

**Pension Expense and Deferred Outflows (Inflows) of Resources Related to Pensions**

Description	Deferred Outflow of Resources	Deferred Inflow of Resources
Net difference between projected and actual earnings on Salaried pension plan investments	\$ 2,592	\$ -
Experience (gains) losses	581,390	-
Authority contributions subsequent to the measurement date	172,145	-
	\$ 756,127	\$ -

The deferred outflows of resources related to pensions, totaling \$172,145 for 2015 resulting from Authority contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending September 30:	Deferred Outflows / (Inflows), net
2016	\$ 75,613
2017	75,613
2018	75,613
2019	75,613
2020	75,613
Thereafter	205,917

**Drivers Plan**

The Drivers Plan's funding policy provides for periodic employer contributions at contractually negotiated rates that, expressed as an hourly rate, are sufficient to accumulate sufficient assets to pay benefits when due. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the pension benefit obligation described above.

Investments

The plan is administered by a six-member Board of Control. The Board has the authority to establish and amend investment policy including decisions regarding asset allocation. It is the policy of the Board to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy as of September 30, 2015:

Asset Class	Target Allocation
Interest bearing cash	7%
U.S. government securities	20%
Corporate debt	9%
Corporate stock	57%
Mutual funds	7%
	100%

## Jacksonville Transportation Authority

### Notes to Financial Statements

#### Note 10. Employee Benefits (Continued)

The long-term expected rate of return on plan investments is developed for each major asset class by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015, are summarized in the following table:

Asset Class	Long-term expected real rate of return
Interest bearing cash	2.5%
U.S. government securities	3.5%
Corporate debt	6.5%
Corporate stock	9.5%
Mutual funds	9.3%

#### Drivers Pension Plan

#### Changes in Net Pension Asset

	(Increase) Decrease		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a) - (b)
<b>Balance at September 30, 2014</b>	\$ 28,372,446	\$ 34,533,835	\$ (6,161,389)
Changes for the year:			
Service cost	649,593	-	649,593
Interest	2,252,854	-	2,252,854
Differences between expected and actual experience	(103,250)	-	(103,250)
Assumption changes	4,691,641	-	4,691,641
Contributions-employer	-	2,332,063	(2,332,063)
Contributions-employee	-	-	-
Net investment income	-	1,661,980	(1,661,980)
Benefit payments	(1,756,530)	(1,756,530)	-
Administrative expense	-	(346,145)	346,145
Net changes	5,734,308	1,891,368	3,842,940
<b>Balance at September 30, 2015</b>	\$ 34,106,754	\$ 36,425,203	\$ (2,318,449)

**Jacksonville Transportation Authority**

**Notes to Financial Statements**

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**Note 10. Employee Benefits (Continued)**

Discount rate

The discount rate used to measure the total pension liability was 7% as of December 31, 2014. This rate was based on the expected rate of return on pension plan investments of 7%. The projected cash flows used to determine the discount rate assumed the Authority's contributions will be made at the current contribution rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table illustrates the sensitivity of the net pension liability as of December 31, 2014, to changes in the discount rate:

	1% Decrease 6%	Current Rate 7%	1% Increase 8%
Net Pension (Asset) Liability	\$ (1,581,195)	\$ 2,318,449	\$ (5,554,215)

**Pension Expense and Deferred Outflows (Inflows) of Resources Related to Pensions**

<u>Description</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Change of assumptions	\$ 4,691,641	\$ -
Net difference between projected and actual earnings on Drivers pension plan investments	1,108,068	-
Experience (gains) losses	-	103,250
Authority contributions subsequent to the measurement date	1,663,124	-
	<u>\$ 7,462,833</u>	<u>\$ 103,250</u>

The plan reported a deferred outflow as a result of a change in assumptions. This change pertained to a reduction of the discount rate used to calculate the net pension liability. The discount rate used in the December 31, 2014 valuation was 7%. The previous valuation assumed a discount rate of 8%. Amounts reported as deferred outflows (inflows) of resources will be recognized in pension expense as follows:

## Jacksonville Transportation Authority

### Notes to Financial Statements

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#### Note 10. Employee Benefits (Continued)

The deferred outflows of resources related to pensions, totaling \$1,663,124 for 2015 resulting from Authority contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years ending September 30:</u>	<u>Deferred Outflows / (Inflows), net</u>
2016	\$ 1,029,429
2017	1,029,429
2018	1,029,429
2019	1,029,429
2020	1,029,429
Thereafter	549,314

#### Note 11. Other Post-Employment Benefits

Pursuant to Section 112.081, Florida Statutes, the Authority is required to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. This results in an implicit subsidy to retirees.

**Plan description:** The Authority's OPEB Plan (the Plan) is a single employer defined benefit healthcare (medical and dental) plan which offers health insurance for retired employees. The published insurance rates are based primarily on the healthcare usage of active employees. Retirees pay 100 percent of the published rates. Since retirees use healthcare at a rate much higher than active employees, using these blended rates creates a subsidy for the retiree group. Employees who terminate their employment prior to retirement eligibility are not eligible to participate in the plan. Dependents, including surviving spouses, are permitted access to the plan.

Benefits for employees of JTM subject to union negotiations do not currently include any health benefits after retirement and are not considered by this Plan.

As of September 30, 2015, employee membership data related to the Plan was as follows:

Current retirees	
Under age 65	1
Over age 65	1
Dependents	-
Total current retirees	<u>2</u>
Active employees	
Active employees fully eligible for benefits	15
Active employees not yet fully eligible for benefits	148
Total active employees	<u>163</u>
Total number of participants	<u>165</u>

## Jacksonville Transportation Authority

### Notes to Financial Statements

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#### Note 11. Other Post-Employment Benefits (Continued)

**Actuarial assumptions, methods and valuation:** Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Although the valuation results are based on values the actuarial consultant believes are reasonable assumptions, the valuation result is only an estimate of what future costs may actually be and reflect a long-term perspective. Deviations in any of several factors, such as future interest rate discounts, medical cost inflation, Medicare coverage risk and changes in marital status could result in actual costs being greater or less than estimated.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**Funding policy:** The Board is authorized to establish benefit levels, subject to the minimum requirements set forth by Florida Statutes, and to approve the actuarial assumptions used in the determination of contribution levels. The Board establishes the contribution requirements of plan members and the Authority. These contributions are neither mandated nor guaranteed. The retiree pays the full cost of the premium each month for themselves, spouses and other dependents who are also eligible for coverage. The Authority does not subsidize any member premiums. Benefits are funded on a pay-as-you-go basis.

**Annual required contribution (ARC):** In accordance with GASB Statement No. 45, an actuarial study was prepared calculating the postemployment healthcare costs as of September 30, 2015. The actuarial valuation estimated the Unfunded Actuarial Accrued Liability (UAAL) of \$155,000 and an Annual Required Contribution (ARC) of \$21,000.

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liability amounts over a period not to exceed 30 years.

The following table provides information concerning funding policies:

Valuation date	October 1, 2014
Actuarial cost method	Projected unit credit
Amortization method for UAAL	Level dollar payment, closed
Amortization period	24 years
Actuarial assumptions:	
Assumed rate of return on investments	4.0% per annum
Payroll increase	3.0% per annum
Healthcare cost trend rate(s)	4.5% for 2014/15 graded to 4.8% by 2050

## Jacksonville Transportation Authority

### Notes to Financial Statements

#### Note 11. Other Post-Employment Benefits (Continued)

**Annual OPEB Cost and Net OPEB Liability:** The following table shows the components of the Authority's annual OPEB cost, amount actually contributed and changes in net OPEB obligation for the year. The following table shows the components of the Authority's annual OPEB cost for the year, the amount contributed to the plan, and changes in the Authority's net OPEB obligation:

Annual required contribution	\$ 21,000
Interest on net OPEB obligation	16,000
Adjustment to annual required contribution	<u>(19,000)</u>
Annual OPEB cost	18,000
Contributions made	<u>(14,000)</u>
Change in net OPEB obligation (asset)	4,000
Net OPEB obligation (asset), beginning of year	399,000
Net OPEB obligation (asset), end of year	<u><u>\$ 403,000</u></u>

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three fiscal years were as follows:

Fiscal Year Ended	Actual Contributed	Annual OPEB Cost	%	Net OPEB Obligation
September 30, 2015	\$ 14,000	\$ 18,000	77.8%	\$ 403,000
September 30, 2014	22,000	71,000	31.0%	399,000
September 30, 2013	22,000	66,000	33.3%	350,000

**Funded Status:** The following is the funded status of the plan as of September 30, 2015:

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
October 1, 2014	\$ -	\$ 155,000	\$155,000	0.0%	\$ 939,195	16.5%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

## Jacksonville Transportation Authority

### Notes to Financial Statements

#### Note 12. Fund Balance

A schedule of Authority fund balances is provided below:

	General Fund	Special Revenue Fund	Capital Projects Fund	Other Revenue Fund
Nonspendable:				
Prepays	\$ 6,729,121	\$ -	\$ -	\$ -
Spendable:				
Restricted for State and City Construction Projects	-	6,933,592	-	-
Restricted for capital projects	-	-	101,923,868	-
Restricted for debt service	-	-	-	14,180,935
Assigned to:				
Transit operations	25,000,000	-	-	-
Operating reserves	3,000,000	-	-	-
Legal costs	6,000,000	-	-	-
Right of way acquisition	3,000,000	-	-	-
Construction projects	42,000,000	-	-	-
Unassigned	22,465,937	-	-	-
Total fund balance	<u>\$ 108,195,058</u>	<u>\$ 6,933,592</u>	<u>\$ 101,923,868</u>	<u>\$ 14,180,935</u>

#### Note 13. Accounting Standards Adopted

In fiscal year 2015, the Authority adopted the following statements of financial accounting standards issued by the GASB:

- Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.
- Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.
- Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.

Statement No. 68, establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Statement No. 71, amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

## Jacksonville Transportation Authority

### Notes to Financial Statements

#### Note 13 Accounting Standards Adopted (Continued)

Statement No. 78, establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that: (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This statement applies to the IAM pension plan

#### Note 14. Expenditures in Excess of Appropriations

The general fund reported an excess of expenditures over budgeted appropriations in the amount of \$1,572,218. This was due to sales tax revenues which were received in amounts that exceeded budget projections and were then transferred to the City of Jacksonville for existing BJP debt service payments. There was also an unbudgeted transfer in the amount of \$1,234,135 to the CTC fund. Overall the general fund reported a positive variance between revenue in excess of budget and the expenditures in excess of budget of approximately \$935,000.

#### Note 15. Prior Period Restatement

The Authority implemented the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, and Government Accounting Standards Board Statement No. 71, *Pension Transactions for Contributions Made Subsequent to Measurement Date – an Amendment of GASB Statement No. 68*, as of October 1, 2014. In accordance with the provisions of GASB Statements No. 68 and No. 71, net position was restated to reflect the balance of the net pension asset and liability and the deferred outflows as of October 1, 2014, as follows:

	Governmental Activities		
	Net Position	Pension Liability	Deferred Outflows
As of September 30, 2014:			
Balance as previously report	\$ 120,439,353	\$ -	\$ -
Adjustment – implementation of GASB 68	(5,140,119)	(5,341,183)	201,064
Balance, as restated	<u>\$ 115,299,234</u>	<u>\$ (5,341,183)</u>	<u>\$ 201,064</u>
	Business-Type Activities		
	Net Position	Pension Asset, net	Deferred Outflows
As of September 30, 2014:			
Balance as previously report	\$ 190,499,064	\$ 9,915,049	\$ -
Adjustment – implementation of GASB 68	(1,334,585)	(3,153,920)	1,819,335
Balance, as restated	<u>\$ 189,164,479</u>	<u>\$ 6,761,129</u>	<u>\$ 1,819,335</u>

## Jacksonville Transportation Authority

### Notes to Financial Statements

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	Bus Fund	
	Pension	Deferred
	Asset, net	Outflows
	Net Position	
As of September 30, 2014:		
Balance as previously report	\$ 110,171,372	\$ -
Adjustment – implementation of GASB 68	(1,334,585)	1,819,335
Balance, as restated	<u>\$ 108,836,787</u>	<u>\$ 1,819,335</u>

The impact on prior year changes in net position has not been determined.

**Jacksonville Transportation Authority**

**Required Supplementary Information  
Schedule of Revenues, Expenditures and Changes  
in Fund Balances – Budget and Actual – General Fund  
Fiscal Year Ended September 30, 2015**

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental:				
Sales taxes	\$ 77,869,430	\$ 76,204,444	\$ 79,498,976	\$ 3,294,532
Federal and state grants	-	1,000,000	1,000,000	-
Investment earnings	20,000	375,064	375,097	33
Miscellaneous	111,000	172,986	207,148	34,162
<b>Total revenues</b>	<b>78,000,430</b>	<b>77,752,494</b>	<b>81,081,221</b>	<b>3,328,727</b>
<b>Expenditures:</b>				
Current:				
General government	1,796,190	2,100,539	1,679,297	421,242
Transportation and infrastructure projects	-	1,306,990	1,306,990	-
Intergovernmental:				
City of Jacksonville	76,204,240	74,651,956	76,224,174	(1,572,218)
<b>Total expenditures</b>	<b>78,000,430</b>	<b>78,059,485</b>	<b>79,210,461</b>	<b>(1,150,976)</b>
<b>Excess of revenues over expenditures</b>	<b>-</b>	<b>(306,991)</b>	<b>1,870,760</b>	<b>2,177,751</b>
<b>Other financing uses:</b>				
Transfers out	-	-	(1,234,135)	(1,234,135)
<b>Net change in fund balance</b>	<b>-</b>	<b>(306,991)</b>	<b>636,625</b>	<b>943,616</b>
Fund Balances, Beginning of Year	107,558,433	107,558,433	107,558,433	-
Fund Balances, End of Year	\$ 107,558,433	\$ 107,251,442	\$ 108,195,058	\$ 943,616

See notes to required supplementary information.

**Jacksonville Transportation Authority**

**Other Post-Employment Benefits Plan (Unaudited)**

**Schedule of Funding Progress**

**September 30, 2015**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) – Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
10/01/14	\$ -	\$ 155,000	\$ 155,000	0.0%	\$ 939,195	16.5%
10/01/13	-	491,000	491,000	0.0%	923,246	53.2%
10/01/12	-	447,000	447,000	0.0%	1,403,725	31.8%
10/01/11	-	407,000	407,000	0.0%	1,004,313	40.5%
10/01/10	-	666,000	666,000	0.0%	1,009,137	66.0%
10/01/09	-	607,000	607,000	0.0%	858,146	70.7%

## **Jacksonville Transportation Authority**

### **Notes to Budgetary Comparison Schedule Year Ended September 30, 2015**

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#### **Note 1. Budget and Budgetary Accounting**

The Authority prepares an annual budget for its General fund. The Custodial Project special revenue fund adopts project-length budgets rather than annual budgets. Accordingly, a budget and actual schedule is not presented for this fund. The Authority is authorized to transfer appropriated funds, from one of the purposes for which funds are appropriated, to another, if, in the discretion of the Authority, such transfer is necessary to carry out all of the purposes for which funds are appropriated, subject to applicable law. Thus, the legal level of budgetary control is at the fund level. All budgets are adopted in accordance with accounting principles generally accepted in the United States. Encumbrances outstanding at year-end for unfilled obligations are canceled and re-appropriated in the succeeding year's budget. Such amounts, if material, are disclosed in the notes to financial statements under "Commitments and Contingencies." In addition, the Authority is not legally required to establish a budget for proprietary funds.

**Jacksonville Transportation Authority**

**Required Supplementary Information  
Schedule of Changes in Net Pension  
Liabilities and Related Ratios  
September 30, 2015  
(Unaudited)**

	Salaried Employees Pension Plan	Drivers Pension Plan
<b>Total Pension Liability</b>		
Service cost	\$ 152,631	\$ 649,593
Interest	84,248	2,252,854
Difference between expected and actual experience	581,390	(103,250)
Changes of assumptions	-	4,691,641
Benefit payments, including refunds of member contributions	(5,172)	(1,756,530)
<b>Net change in total pension liability</b>	<b>813,097</b>	<b>5,734,308</b>
Total pension liability-beginning	1,953,830	28,372,446
Total pension liability-ending (a)	<u>\$ 2,766,927</u>	<u>\$ 34,106,754</u>
<b>Plan fiduciary net position</b>		
Contributions-authority	\$ 322,276	\$ 2,249,162
Net investment income	15,750	1,947,074
Benefit payments, including refunds of member contributions	(74,893)	(1,756,530)
Administrative expenses	(225)	(631,238)
<b>Net change in plan fiduciary net position</b>	<b>262,908</b>	<b>1,808,468</b>
Plan fiduciary net position-beginning	764,099	34,616,735
Plan fiduciary net position-ending (b)	<u>\$ 1,027,007</u>	<u>\$ 36,425,203</u>
Net pension liability(asset)-ending (a)-(b)	<u>\$ 1,739,920</u>	<u>\$ (2,318,449)</u>
Plan fiduciary net position as a percentage of the total pension liability	37.12%	106.80%
Covered-employee payroll	\$ 962,567	N/A*
Net pension liability as a percentage of covered-employee payroll	180.76%	N/A*

\* As contribution formula is not pay related, earnings information has not been collected

**Notes to Schedule:**

This schedule is presented to illustrate the requirements of GASB 68.  
Data for fiscal years prior to September 30, 2014 is not available.

**Jacksonville Transportation Authority**

**Required Supplementary Information  
Schedule of Contributions  
Fiscal Year Ended September 30, 2015  
(Unaudited)**

**Salaried Employees Pension Plan**

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 380,399	\$ 391,415
Contribution made in relation to the actuarially determined contribution	291,591	293,733
Contribution deficiency	<u>\$ 88,808</u>	<u>\$ 97,682</u>
Covered-employee payroll	<u>\$ 962,567</u>	<u>\$ 1,135,662</u>
Contributions as a percentage of covered-employees payroll	30.3%	25.9%

**Drivers Pension Plan**

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 2,289,802	\$ 210,659
Contribution made in relation to the actuarially determined contribution	2,332,063	2,111,750
Contribution (excess)	<u>\$ (42,261)</u>	<u>\$ (1,901,091)</u>
Covered-employee payroll	<u>N/A*</u>	<u>N/A*</u>
Contributions as a percentage of covered-employees payroll	<u>N/A*</u>	<u>N/A*</u>

\* As contribution formula is not pay related, earnings information has not been collected

**Jacksonville Transportation Authority**

**Required Supplementary Information  
Notes to Schedule of Contributions  
Fiscal Year Ended September 30, 2015  
(Unaudited)**

	Salaried Employees Pension Plan 2015	Drivers Pension Plan 2015
<b>Notes to Schedule:</b>		
Valuation Date:	December 31, 2014	December 31, 2014
Measurement Date:	December 31, 2014	December 31, 2014
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar	Level dollar
Remaining amortization period	10 years	10 years
Asset valuation method	Market value	Market value
Actuarial assumptions:		
Investment rate of return	4% per annum	7% per annum
Assumed annual salary increases	Assumed 4% per year	Assumed 2.5% per year
Inflation	4.0%	2.5%
Cost of living adjustments	None	None
Mortality rates	IRC 430(h) combined table for 2014	SOA RP-2014 Blue Collar Mortality with Scale SSA

This schedule is presented to illustrate the requirements of GASB 68.  
Data for fiscal years prior to September 30, 2014, is not available.

**Jacksonville Transportation Authority**

**Required Supplementary Information  
Schedule of Investment Returns  
Fiscal Year Ended September 30, 2015  
(Unaudited)**

**Salaried Employees Pension Plan**

	2015	2014
Annual money-weighted rate of return		
Net of investment expenses	5.5%	8.7%

The annualized compounded rate of return is 7.1%

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**Drivers Pension Plan**

	2015	2014
Annual money-weighted rate of return		
Net of investment expenses	1.8%	16.7%

The annualized compounded rate of return is 9.3%

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**Notes to Schedule:**

This schedule is presented to illustrate the requirements of GASB 68.

**Jacksonville Transportation Authority**

**Required Supplementary Information  
Schedule of Authority's Proportionate Share of the Net Pension Liability  
Florida Retirement System (FRS) Pension Plan  
Fiscal Year Ended September 30, 2015  
(Unaudited)**

	2015	2014
Authority's proportion of the FRS net pension liability	0.032%	0.030%
Authority's proportionate share of the FRS net pension liability	\$ 4,178,293	\$ 1,798,478
Authority's covered-employee payroll	\$ 13,375,131	\$ 11,555,666
Authority's proportionate share of the FRS net pension liability as a percentage of its covered-employee payroll	31.24%	15.56%
FRS Plan fiduciary net position as a percentage of the total pension liability	92.00%	96.09%

**Jacksonville Transportation Authority**

**Required Supplementary Information  
Schedule of Authority's Proportionate Share of the Net Pension Liability  
Health Insurance Subsidy Pension (HIS) Plan  
Fiscal Year Ended September 30, 2015  
(Unaudited)**

	2015	2014
Authority's proportion of the HIS net pension liability	0.0403%	0.038%
Authority's proportionate share of the HIS net pension liability	\$ 4,110,889	\$ 3,542,705
Authority's covered-employee payroll	\$ 13,375,131	\$ 11,555,666
Authority's proportionate share of the HIS net pension liability as a percentage of its covered-employee payroll	30.74%	30.66%
HIS Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.99%

**Jacksonville Transportation Authority**

**Required Supplementary Information  
Schedule of Authority Contributions  
Florida Retirement System Pension Plan  
Fiscal Year Ended September 30, 2015  
(Unaudited)**

	2015	2014
Contractually required pension contribution	\$ 1,257,792	\$ 1,159,359
Pension contributions in relation to the contractually required pension contribution	<u>1,257,792</u>	<u>1,159,359</u>
Pension contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 13,375,131	\$ 11,555,666
Pension contributions as a percentage of cover-employee payroll	9.40%	10.03%

**Jacksonville Transportation Authority**

**Required Supplementary Information  
Schedule of Authority Contributions  
Health Insurance Subsidy Pension Plan  
Fiscal Year Ended September 30, 2015  
(Unaudited)**

	2015	2014
Contractually required pension contribution	\$ 208,514	\$ 192,196
HIS contributions in relation to the contractually required pension contribution	<u>208,514</u>	<u>192,196</u>
Pension contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 13,375,131	\$ 11,555,666
Pension contributions as a percentage of cover-employee payroll	1.56%	1.66%