

**NORTHEAST FLORIDA
REGIONAL TRANSPORTATION
COMMISSION**

FINANCIAL STATEMENTS

For the Year Ended September 30, 2016



NORTHEAST FLORIDA REGIONAL TRANSPORTATION COMMISSION

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165 Wells Road, Suite 405
Orange Park, FL 32073
Phone: (904) 773-0180
Fax: (904) 773-0185
www.magerscpa.com

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Northeast Florida Regional Transportation Commission
Jacksonville, Florida

We have audited the accompanying financial statements of the governmental activities of Northeast Florida Regional Transportation Commission (the "Commission") as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Commission, as of September 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and budgetary comparison information on pages 3-5 and 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2017 on our consideration of the Commission’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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Commission’s internal control over financial reporting and compliance.

Magers & Associates, LLC

Magers & Associates, LLC
Orange Park, FL
March 8, 2017

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

Northeast Florida Regional Transportation Commission
Management's Discussion and Analysis
September 30, 2016

Management's Discussion and Analysis of the Northeast Florida Regional Transportation Commission's (the "Commission") financial performance provides an analysis of the Commission's financial activities. The analysis provides summary financial information for the Commission and should be read in conjunction with the Commission's financial statements.

Overview of the Financial Statements

The Commission is engaged in a single governmental program and administers only one fund, the General Fund.

The basic financial statements of the Commission include combined governmental fund and government-wide statements as well as notes to the financial statements, which provide readers with an overview of the Commission's financial activities for the year.

These statements include: a Governmental Fund Balance Sheet/Statement of Net Position which presents information on all of the Commission's assets and liabilities and shows the total fund balance/net position and a Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities which presents information showing how the Commission's fund balance/net position changed during the fiscal year.

All of the Commission's programs are considered to be governmental activities and are all related to improving the mobility and expanding multimodal transportation options for persons and freight throughout the six-county Northeast Florida region. The Commission's sole source of funds for these activities is a per capita assessment fee imposed on the covered counties in the region notated as special assessments-charges for public services. The Commission does not have any business-type activities that are intended to recover any or all of these costs through user fees and charges.

The combined governmental fund and government-wide financial statements provide an overall picture of the Commission's financial standing. These statements are comparable to private sector companies and give a good understanding of the Commission's overall financial health. All assets of the Commission are reported on the Governmental Fund Balance Sheet/Statement of Net Position. The Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities includes revenues and expenditures and the change in net assets for the fiscal year.

Notes to the financial statement provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements.

Northeast Florida Regional Transportation Commission
Management's Discussion and Analysis
September 30, 2016

Financial Highlight

The following are various financial highlights for fiscal year ended September 30, 2016:

- The Commission received funds from all six counties in the region totaling \$215,003.
- The Commission's overall net position decreased by \$14,825.
- Total ending unrestricted net position is \$220,245.
- The Commission had total expenses for the year of \$229,828 compared to revenues of \$215,003.

Financial Analysis of the Commission

The following analysis provides a summary of the assets, liabilities, and net position of the Commission. At the end of the fiscal year 2016, the Commission is able to report positive balances in all categories of net position.

**Government-wide Financial Statements - Analysis
Statement of Net Position**

	Governmental Activities	
	2015	2016
Current assets	\$ 238,070	\$ 264,188
Property and Equipment, Net	-	1,134
Total assets	\$ 238,070	\$ 265,322
Current liabilities	\$ 3,000	\$ 45,077
Total liabilities	3,000	45,077
Invested in capital assets	-	1,134
Unrestricted net position	235,070	219,111
Total net position	\$ 235,070	\$ 220,245

Northeast Florida Regional Transportation Commission
Management's Discussion and Analysis
September 30, 2016

Government-wide Financial Statements - Analysis
Statement of Activities

	Governmental Activities	
	2015	2016
Government Revenues		
Operating Revenues	\$ 215,003	\$ 215,003
Total revenues	\$ 215,003	\$ 215,003
Expenses		
Operating Expenses	133,209	229,828
Total expenses	133,209	229,828
Change in net position	81,794	(14,825)
Net assets - beginning	153,276	235,070
Net assets - ending	\$ 235,070	\$ 220,245

While the statements of net position show the change in financial position, the statements of activities provide answers as to the nature and source of these changes.

Budgetary Highlights

- There were no changes between the original and final budgets for the General Fund.
- Revenues received in the general fund were the same as budgeted amounts.
- General Fund expenditures were lower than budgeted amounts.

Economic Factors

There are no current conditions that are expected to have a significant effect on the Commission's financial position or results of operations.

Contacting the Commission's Financial Management

The financial report is designed to present users with a general overview of the Commission's finances and to demonstrate the Commission's accountability. If you have questions concerning any of the information provided in this report or need additional information, contact the Commission's Executive Director at 904-306-7517.

FINANCIAL STATEMENTS

**Northeast Florida Regional Transportation Commission
Governmental Fund Balance Sheet/Statement of Net Position
September 30, 2016**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash	\$ 264,188	\$ -	\$ 264,188
Property and Equipment, net	<u>-</u>	<u>1,134</u>	<u>1,134</u>
Total Assets	<u>\$ 264,188</u>	<u>\$ 1,134</u>	<u>\$ 265,322</u>
LIABILITIES			
Accounts Payable	<u>\$ 45,077</u>	<u>\$ -</u>	<u>\$ 45,077</u>
FUND BALANCE			
Unassigned	<u>219,111</u>	<u>(219,111)</u>	<u>-</u>
Total Fund Balance	<u>219,111</u>	<u>(219,111)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 264,188</u>		
NET POSITION:			
Invested in capital assets		1,134	1,134
Unrestricted		<u>219,111</u>	<u>219,111</u>
Total Net Position		<u>\$ 220,245</u>	<u>\$ 220,245</u>

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

**Northeast Florida Regional Transportation Commission
Statement of Governmental Fund Revenues, Expenditures, and
Changes in Fund Balance/Statement of Activities
For the year ended September 30, 2016**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
REVENUES:			
Special Assessment Revenue	\$ 215,003	\$ -	\$ 215,003
TOTAL REVENUES	<u>215,003</u>	<u>-</u>	<u>215,003</u>
EXPENDITURES:			
Current Operating Expenses:			
Professional Services	209,829	-	209,829
Accounting and Auditing	8,500	-	8,500
Books, Publications, Subscriptions	175	-	175
Communications Services	753	-	753
Depreciation Expense	-	478	478
Other Services	4,000	-	4,000
Promotional Activities	594	-	594
Travel Expense	1,154	-	1,154
Other Expense	5,957	(1,612)	4,345
TOTAL EXPENDITURES	<u>230,962</u>	<u>(1,134)</u>	<u>229,828</u>
EXCESS OF EXPENDITURES OVER REVENUE	(15,959)	1,134	(14,825)
FUND BALANCE/NET POSITION			
Beginning of Year	<u>235,070</u>	-	<u>235,070</u>
End of Year	<u>\$ 219,111</u>	<u>\$ 1,134</u>	<u>\$ 220,245</u>

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

Northeast Florida Regional Transportation Commission

Notes to the Financials

September 30, 2016

NOTE 1 Summary of Significant Accounting Policies

The accounting policies of Northeast Florida Regional Transportation Commission (the “Commission”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies of the Commission.

Reporting Entity

The Commission is a special district organized under the authority of Chapter 343.1001 of the Florida Statutes. Its primary duties include the responsibility for improving mobility and expanding multimodal transportation options for persons and freight throughout the six-county North Florida region. In doing so, its duties are to develop a regional transportation elements plan, define the characteristics of transportation projects of regional significance, and plan for implementation of a regional transportation plan. Members of the Commission are appointed by the County Commissioners of Baker, Clay, Nassau, Putnam, and St. Johns, except for members from the City of Jacksonville, two of which are appointed by the mayor of the City of Jacksonville and two of which are appointed by the Jacksonville City Council.

Membership is comprised of members from Baker County (1), Clay County (1), Nassau County (1), Putnam County (1), St. Johns County (1) and the City of Jacksonville (4).

The accompanying financial statements include all funds, agencies and boards that are controlled by, or are dependent on, the Commission.

Governmental Accounting Standards Board (GASB) Statement Number 14, “Financial Reporting Entity,” as amended, requires the financial statements of the Commission (the primary government) to include its component units, if any. A component unit is a legally separate organization for which the officials of the primary government are financially accountable. Based on the criteria established in GASB Statement Number 14, there are no component units required to be included in the Commission’s financial statements. The Commission also did not participate in any joint ventures during the 2015-2016 fiscal year.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the Commission are prepared in accordance with generally accepted accounting principles (GAAP). The Commission’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The Commission’s governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures are recorded when the related fund liability is incurred.

Northeast Florida Regional Transportation Commission

Notes to the Financials

September 30, 2016

NOTE 1 Summary of Significant Accounting Policies (cont.)

Basic Financial Statements

The Commission is engaged in a single governmental program and administers only one fund, the General Fund. It has taken the option of presenting combined fund financial statements and government-wide statements using a columnar format that reconciles fund financial data to government-wide data in a separate column.

The Statements of Net Position and Governmental Fund Balance Sheet reports the Commission's financial position as of the end of the fiscal year for both the General Fund and the governmental activities.

The Statement of Activities and Governmental Fund Revenues, Expenditures and Change in Fund Balances reports changes in financial position of the General Fund and the governmental activities, and the degree to which functional expenses are offset by program revenues for the governmental activities.

Net Position

Net position represents the difference between assets and liabilities reported for the governmental activities. Net position is reported as restricted when there are externally imposed restrictions or restrictions imposed by enabling legislation. Unrestricted net position is net position that does not meet the definition of the classification previously described. At September 30, 2016, the Commission had no restricted net position.

Fund Types and Major Funds

Governmental Funds

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

Budgets and Budgetary Accounting

The Commission prepares a budget for its General Fund - Statement of Revenues and Expenditures on a consistent basis, which does not differ materially from generally accepted accounting principles. The budget and amendments are approved by the Commission.

Use of Estimates

Management used estimates and assumptions in preparing financials statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

Northeast Florida Regional Transportation Commission

Notes to the Financials

September 30, 2016

NOTE 2 Cash

All cash resources of the Commission are entirely covered by Federal Depository Insurance or by collateral pursuant to the Florida Security for Public Deposits Act (Florida Statutes Chapter 280).

NOTE 3 Related Party Transactions

The Commission reimburses North Florida Transportation Planning Organization (a local government) for the cost of providing the Commission with rent, accounting, and other services. Amounts charged for fiscal year ended September 30, 2016 was \$12,000.

NOTE 4 Subsequent Events

Subsequent events have been evaluated through March 8, 2017, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Northeast Florida Regional Transportation Commission
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES:				
Special Assessment Revenue	\$ 215,003	\$ 215,003	215,003	\$ -
TOTAL REVENUES	<u>215,003</u>	<u>215,003</u>	<u>215,003</u>	<u>-</u>
EXPENDITURES:				
Current Operating Expenses:				
Professional Services	329,100	250,000	209,829	40,171
Accounting and Auditing	5,000	6,700	8,500	(1,800)
Communications Services	2,500	2,500	753	1,747
Dues and Publications	2,500	5,000	175	4,825
Insurance Expense	1,000	1,000	-	1,000
Office Equipment and Supplies	3,000	8,500	-	8,500
Other Services	20,000	20,000	4,000	16,000
Promotional Activities	20,000	10,000	594	9,406
Training and Education Expense	1,500	3,000	-	3,000
Travel Expense	3,000	6,000	1,154	4,846
Other Expense	<u>17,463</u>	<u>11,252</u>	<u>5,957</u>	<u>5,295</u>
TOTAL EXPENDITURES	<u>405,063</u>	<u>323,952</u>	<u>230,962</u>	<u>92,990</u>
EXCESS OF EXPENDITURES OVER REVENUE AND NET CHANGE IN FUND BALANCE	(190,060)	(108,949)	(15,959)	92,990
FUND BALANCE - Beginning of Year	<u>235,070</u>	<u>235,070</u>	<u>235,070</u>	<u>-</u>
FUND BALANCE - End of Year	<u>\$ 45,010</u>	<u>\$ 126,121</u>	<u>219,111</u>	<u>\$ 92,990</u>

AUDITOR GENERAL REQUIREMENTS



165 Wells Road, Suite 405
Orange Park, FL 32073
Phone: (904) 773-0180
Fax: (904) 773-0185
www.magerscpa.com

INDEPENDENT AUDITORS' MANAGEMENT LETTER

The Board of Directors
Northeast Florida Regional Transportation Commission
Jacksonville , Florida

Report on Financial Statements

We have audited the financial statements of Northeast Florida Regional Transportation Commission (the "Commission"), as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated March 8, 2017.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, if any, which is dated March 8, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Commission is a special district organized under the authority of Chapter 343.1001 of the Florida Statutes. Its primary duties include the responsibility for improving mobility and expanding multimodal transportation options for persons and freight throughout the six-county North Florida region consisting of Baker County, Clay County, Nassau County, Putnam County, St Johns County, and Duval County. It is composed of nine members, one appointed by each county commissioner (besides Duval County) and two appointed by the mayor of the City of Jacksonville City Council, respectively.

Financial Condition

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

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Commission's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we report the results of our determination as to whether the annual financial report for the Commission for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

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

The Board of Directors
Northeast Florida Regional Transportation Commission
Page 3 of 3

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

Purpose of this Letter

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

Magery & Associates, LLC

Magery & Associates, LLC

Orange Park, FL

March 8, 2017

**ADDITIONAL ELEMENTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**



165 Wells Road, Suite 405
Orange Park, FL 32073
Phone: (904) 773-0180
Fax: (904) 773-0185
www.magerscpa.com

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

The Board of Directors
Northeast Florida Regional Transportation Commission
Jacksonville , Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Northeast Florida Regional Transportation Commission (the "Commission"); as of and for the year ended September 30, 2016, and the related notes to the financial statements and have issued our report thereon dated March 8, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Magers & Associates, LLC

Magers & Associates, LLC

Orange Park, FL

March 8, 2017