

Jacksonville Transportation Authority

Financial Report
September 30, 2014

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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, 2014, 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, 2014, 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.

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 April 29, 2015 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.

The image shows a handwritten signature in cursive script that reads "McGladrey LLP". The signature is written in black ink and is positioned to the left of the date and location information.

Jacksonville, Florida
April 29, 2015

Jacksonville Transportation Authority

Management's Discussion and Analysis (Unaudited)

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, 2014 as compared to September 30, 2013.

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:

- ***Net Position***

The term "net position" refers to the difference between assets and liabilities. At the close of Fiscal Year 2014, the Authority's total net position was \$310.9 million, an increase of 1.2%, or \$3.7 million from the prior year. The overall governmental activities' net position increased slightly at \$1.4 million in 2014 compared to 2013, or 1.3%. The entity wide year end net position balance consisted of net investment in capital assets of \$183.1 million and unrestricted net position of \$127.8 million.

- ***Grant expenditures***

The Authority expended \$26.7 million in federal and state assistance, which was down 20.6% from \$35.6 million in 2013. The decrease is attributable to a decrease in bus/van purchases in Fiscal Year 2014 as compared to Fiscal Year 2013. The distribution of expenditures was \$22.3 million for federal awards, primarily from formula grants, including ARRA (American Recovery and Reinvestment Act) and \$6.0 million for state assistance primarily from Block Grant.

- ***Capital Expenditures and Engineering projects.***

Total capital assets net of depreciation increased in 2014, from \$179.8 million to \$183.1 million, an increase of 1.8%. The increase in capital assets was primarily due to bus purchases in Fiscal Year 2014.

In Fiscal Year 2014, \$25.6 million in custodial assets were contributed either to the State of Florida or the City of Jacksonville. In the Governmental funds, \$0.74 million was spent for the planning, development and construction of road and bridge projects. For the prior year, \$3.3 million had been spent, a decrease of \$2.6 million or 78%. The continuing reduction is due to the winding down of the Better Jacksonville Plan, enacted in calendar year 2000.

Jacksonville Transportation Authority

Management's Discussion and Analysis (Unaudited)

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 liabilities. 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 total liabilities 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)

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	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 109,307,537	\$ 107,464,632	\$ 24,776,816	\$ 23,574,020	\$ 134,084,353	\$ 131,038,652
Noncurrent assets	97,146,571	122,229,834	10,699,061	9,450,321	107,845,632	131,680,155
Capital assets	13,563,424	13,586,851	169,554,830	166,222,072	183,118,254	179,808,923
Total assets	220,017,532	243,281,317	205,030,707	199,246,413	425,048,239	442,527,730
Current liabilities	1,854,199	1,562,397	9,878,962	7,753,234	11,733,161	9,315,631
Long-term liabilities	97,723,980	122,773,729	4,652,681	3,269,880	102,376,661	126,043,609
Total liabilities	99,578,179	124,336,126	14,531,643	11,023,114	114,109,822	135,359,240
Net position:						
Net investment in capital asset:	13,563,424	13,586,851	169,554,830	166,222,072	183,118,254	179,808,923
Unrestricted	106,875,929	105,358,340	20,944,234	22,001,227	127,820,163	127,359,567
Total net position	\$ 120,439,353	\$ 118,945,191	\$ 190,499,064	\$ 188,223,299	\$ 310,938,417	\$ 307,168,490

Statement of Net Position 2014 vs. 2013

Custodial assets represent the sum total of planning, design and construction of assets that are built for others. As mentioned previously, \$25.6 million in custodial assets were transferred either to the State of Florida or the City of Jacksonville in Fiscal year 2014. The Authority's governmental activities show a decrease of \$23.3 million or 9.6% in total assets from 2013. The primary contributor to the decrease was a net \$24 million reduction in the custodial assets line item.

Total liabilities for governmental activities decreased as well, by \$25 million or 19.9%. The decrease is attributable to the aforementioned custodial assets. On the obligation side, this 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 funds' change in net position was a net increase of \$1.4 million from the prior year.

Total assets for the Authority's business type activities' increased \$5.7 million or 2.9% compared to 2013.

Total liabilities for business type activities increased \$3.5 million. This increased balance was generated through the normal course of business and was centered in the current liabilities section (those items requiring payment within the next twelve months).

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	
	2014	2013	2014	2013	2014	2013
Revenue:						
Program revenue:						
Charges for services	\$ -	\$ -	\$ 23,875,510	\$ 24,195,651	\$ 23,875,510	\$ 24,195,651
Operating grants and contributions	-	-	10,484,928	10,939,403	10,484,928	10,939,403
Capital grants and contributions	-	-	15,835,193	22,328,745	15,835,193	22,328,745
General revenue:						
Sales taxes	74,431,599	70,819,679	-	-	74,431,599	70,819,679
Intergovernmental	-	-	63,448,862	60,990,826	63,448,862	60,990,826
Investment earnings	74,232	65,847	115,770	20,362	190,002	86,209
Other general revenues	112,281	105,840	-	-	112,281	105,840
Total revenue	74,618,112	70,991,366	113,760,263	118,474,987	188,378,375	189,466,353
Expenses:						
General government	1,156,516	1,746,406	-	-	1,156,516	1,746,406
Highway planning	-	41,243	-	-	-	41,243
Intergovernmental						
City of Jacksonville	71,967,434	68,067,938	-	-	71,967,434	68,067,938
State of Florida	-	-	-	-	-	-
Bus	-	-	86,442,358	82,392,653	86,442,358	82,392,653
Automated skyway express	-	-	10,115,164	10,256,390	10,115,164	10,256,390
Community transportation	-	-	14,926,976	15,140,620	14,926,976	15,140,620
Total expenses	73,123,950	69,855,587	111,484,498	107,789,663	184,608,448	177,645,250
Increases in net position before transfers	1,494,162	1,135,779	2,275,765	10,685,324	3,769,927	11,821,103
Transfers	-	-	-	-	-	-
Change in net position	1,494,162	1,135,779	2,275,765	10,685,324	3,769,927	11,821,103
Net position, beginning	118,945,191	117,809,412	188,223,299	177,537,975	307,168,490	295,347,387
Net position, ending	\$ 120,439,353	\$ 118,945,191	\$ 190,499,064	\$ 188,223,299	\$ 310,938,417	\$ 307,168,490

Statement of Activities 2014 vs. 2013

For the Governmental activities, revenues increased \$3.6 million or 5.1% from the prior year. The general sales tax revenues (the first half cent sales tax, dedicated to transportation in Duval County) continued to climb from prior year levels to increase \$3.6 million over last year's receipts.

Primarily due to increased debt service, expenditures for Governmental activities in total increased by \$3.2 million or 4.7% compared to previous year, from \$69.8 million in 2013 to \$73.1 million in 2014. Total revenues for Business-type activities decreased by \$4.7 million, or 4%. The decreased revenue is attributable to an overall reduction of capital grants received in 2014.

Jacksonville Transportation Authority

Management's Discussion and Analysis (Unaudited)

Financial Analysis of the Authority's Funds

General Fund Budgetary Highlights

2014

Total Intergovernmental Revenues for the General fund (the sales tax before any debt service payments are made) were budgeted at \$71.46 million; actual revenues were \$74.4 million. This increase reflects higher sales tax receipts attributable to continued economic recovery evidenced by additional consumer and business purchases.

General Government Expenditures for the General fund were budgeted at \$1.4 million; the actual amount of expenditures was \$1.1 million. This was primarily the result of decreased labor costs due to wage recovery associated with capital projects. The Intergovernmental expenditures were budgeted at \$71.46 million. The actual amount was \$72 million. This was a function of more dollars of sales tax received equating to more dollars of sales tax transferred out for debt service.

Capital Asset and Debt Administration

Capital Assets

At the end of Fiscal Year 2014, the Authority showed \$183.1 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		Business-Type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Land	\$ 13,512,437	\$ 13,512,437	\$ 23,240,178	\$ 23,240,178	\$ 36,752,615	\$ 36,752,615
Land improvements	4,092	-	6,071,286	7,021,450	6,075,378	7,021,450
Building and improvements	29,046	37,841	62,904,989	64,668,494	62,934,035	64,706,335
Vehicles	17,849	34,522	41,599,155	47,131,868	41,617,004	47,166,390
Furniture and office equipment	-	2,051	1,205,527	1,177,766	1,205,527	1,179,817
Other equipment	-	-	7,959,584	10,013,751	7,959,584	10,013,751
Construction in progress	-	-	26,574,111	12,968,565	26,574,111	12,968,565
Total	\$ 13,563,424	\$ 13,586,851	\$ 169,554,830	\$ 166,222,072	\$ 183,118,254	\$ 179,808,923

Next Year's Budget

The Authority's Board of Directors approved the Fiscal Year 2015 Budget in May 2014. The budget was subsequently approved by the City of Jacksonville in September 2014.

The Fiscal Year 2015 operating and capital budget is balanced and supports a fiscally responsible strategic business plan. The Authority's Fiscal Year 2015 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.

Jacksonville Transportation Authority

Management's Discussion and Analysis (Unaudited)

Forward thinking, the Fiscal Year 2015 also focuses on Blueprint 2020, a five-year strategic plan to implement several major initiatives such as: Real-Time Passenger Information, Compressed Natural Gas (CNG), JTA MobilityWorks, 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, 2014**

Assets	Governmental Activities	Business-Type Activities	Total
Current Assets			
Cash and cash equivalents	\$ 47,860,188	\$ 8,545,770	\$ 56,405,958
Investments	30,225,244	-	30,225,244
Internal balances	10,084,202	(10,084,202)	-
Due from other governments	21,135,116	20,875,378	42,010,494
Accounts receivable, net	2,787	676,186	678,973
Inventory	-	3,950,119	3,950,119
Prepays	-	813,565	813,565
Noncurrent Assets			
Restricted cash and cash equivalents	8,525,658	-	8,525,658
Restricted due from other governments	11,139,758	-	11,139,758
Custodial assets – construction projects	77,481,155	-	77,481,155
Net pension asset	-	10,699,061	10,699,061
Capital assets (net of accumulated depreciation):			
Land	13,512,437	23,240,178	36,752,615
Construction in progress	-	26,574,111	26,574,111
Land improvements	-	6,071,286	6,071,286
Buildings and improvements	33,138	62,904,989	62,938,127
Vehicles	17,849	41,599,155	41,617,004
Furniture and office equipment	-	1,205,527	1,205,527
Other equipment	-	7,959,584	7,959,584
Total assets	220,017,532	205,030,707	425,048,239
Liabilities			
Current Liabilities			
Accounts payable	811,072	6,951,924	7,762,996
Accrued expenses	347,149	1,846,694	2,193,843
Unearned Revenue	551,978	-	551,978
Claims payable	-	940,460	940,460
Accrued compensated absences	144,000	139,884	283,884
Noncurrent Liabilities			
Claims payable	-	3,309,134	3,309,134
Accrued compensated absences	178,409	559,535	737,944
Net pension obligation	-	784,012	784,012
OPEB obligation	399,000	-	399,000
Custodial projects – due to other governments	97,146,571	-	97,146,571
Total liabilities	99,578,179	14,531,643	114,109,822
Net Position			
Net Investment in Capital Assets	13,563,424	169,554,830	183,118,254
Unrestricted	106,875,929	20,944,234	127,820,163
Total net position	\$ 120,439,353	\$ 190,499,064	\$ 310,938,417

See Notes to Financial Statements.

Jacksonville Transportation Activity

Statement of Activities

Fiscal Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Transportation Authority				
Governmental activities:				
General government	\$ 1,156,516	\$ -	\$ -	\$ -
City of Jacksonville	71,967,434	-	-	-
Total governmental activities	73,123,950	-	-	-
Business-type activities:				
Bus system	86,442,358	12,781,890	8,756,159	11,289,073
Automated skyway express	10,115,164	195,511	1,000,004	1,947,368
Community transportation coordinator	14,926,976	10,898,109	728,765	2,598,752
Total business-type activities	111,484,498	23,875,510	10,484,928	15,835,193
Total transportation authority	\$ 184,608,448	\$ 23,875,510	\$ 10,484,928	\$ 15,835,193

General revenues:

Sales taxes

Intergovernmental revenues

Investment earnings

Other

Total general revenues

Change in net position

Net position, beginning of year

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
\$ (1,156,516)	\$ -	\$ (1,156,516)
(71,967,434)	-	(71,967,434)
(73,123,950)	-	(73,123,950)
-	(53,615,236)	(53,615,236)
-	(6,972,281)	(6,972,281)
-	(701,350)	(701,350)
-	(61,288,867)	(61,288,867)
(73,123,950)	(61,288,867)	(134,412,817)
74,431,599	-	74,431,599
-	63,448,862	63,448,862
74,232	115,770	190,002
112,281	-	112,281
74,618,112	63,564,632	138,182,744
1,494,162	2,275,765	3,769,927
118,945,191	188,223,299	307,168,490
\$ 120,439,353	\$ 190,499,064	\$ 310,938,417

Jacksonville Transportation Authority

Governmental Funds

Balance Sheet

September 30, 2014

Assets	General Fund	Special Revenue Fund	Total Governmental Funds
Cash and Cash Equivalents	\$ 47,860,188	\$ -	\$ 47,860,188
Investments	30,225,244	-	30,225,244
Due From Other Funds	14,899,139	97,734	14,996,873
Due From Other Governments	18,486,638	2,648,478	21,135,116
Accounts Receivable	2,787	-	2,787
Restricted Assets			
Cash and cash equivalents	-	8,525,658	8,525,658
Due from other governments	-	11,139,758	11,139,758
Total assets	\$ 111,473,996	\$ 22,411,628	\$ 133,885,624
Liabilities, Deferred Inflow of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 764,055	\$ 47,017	\$ 811,072
Accrued expenses	347,149	-	347,149
Due to other funds	2,804,359	2,108,312	4,912,671
Unearned Revenue	-	551,978	551,978
Total liabilities	3,915,563	2,707,307	6,622,870
Deferred Inflow or Resources			
Unavailable revenue	-	13,657,739	13,657,739
Fund Balances			
Spendable:			
Restricted	-	6,046,582	6,046,582
Assigned	84,100,000	-	84,100,000
Unassigned	23,458,433	-	23,458,433
Total fund balances	107,558,433	6,046,582	113,605,015
Total liabilities, deferred inflow of resources and fund balance	\$ 111,473,996	\$ 22,411,628	\$ 133,885,624

See Notes to Financial Statements.

Jacksonville Transportation Authority

**Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
September 30, 2014**

Fund Balances – Total Governmental Funds	\$ 113,605,015
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.	13,563,424
Custodial assets held on behalf of other governments are reported as expenditures in the funds and noncurrent assets in the government-wide.	77,481,155
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.	(399,000)
Unavailable revenues are financial resources not available for use in current operations and therefore, are not reported in the funds.	13,657,739
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.	(97,146,571)
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(322,409)</u>
Net position of governmental activities	<u><u>\$ 120,439,353</u></u>

See Notes to Financial Statements.

Jacksonville Transportation Authority

Governmental Funds

Statement of Revenue, Expenditures and Changes in Fund Balances

Fiscal Year Ended September 30, 2014

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenue			
Intergovernmental:			
Sales taxes	\$ 74,431,599	\$ -	\$ 74,431,599
Federal and state grants	-	415,605	415,605
City of Jacksonville	-	68,868	68,868
Investment earnings	67,753	6,479	74,232
Miscellaneous	112,281	43,127	155,408
Total revenue	74,611,633	534,079	75,145,712
Expenditures			
Current:			
General government	1,112,117	-	1,112,117
Transportation and infrastructure projects	-	741,682	741,682
Intergovernmental, on-behalf payments:			
City of Jacksonville	71,967,434	-	71,967,434
Total expenditures	73,079,551	741,682	73,821,233
Net change in fund balances	1,532,082	(207,603)	1,324,479
Fund Balances, Beginning of Year	106,026,351	6,254,185	112,280,536
Fund Balances, End of Year	\$ 107,558,433	\$ 6,046,582	\$ 113,605,015

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, 2014**

Net Change in Fund Balances, Total Governmental Funds	\$ 1,324,479
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 depreciation expense	(23,427)
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.	
	(49,000)
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.	
	741,682
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.	
	(527,600)
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.	
Compensated absences.	28,028
	<hr/>
Change in net position of governmental activities	\$ 1,494,162
	<hr/> <hr/>

See Notes to Financial Statements.

Jacksonville Transportation Authority

**Proprietary Funds
Statement of Net Position
September 30, 2014**

Assets	Bus	ASE	CTC	Totals
Current Assets				
Cash and cash equivalents	\$ 8,300,473	\$ 112,325	\$ 132,972	\$ 8,545,770
Accounts receivable, net	467,461	12,394	196,331	676,186
Due from other funds	7,490,804	4,049,927	1,166,350	12,707,081
Due from other governments	17,657,958	1,818,997	1,398,423	20,875,378
Inventories	2,461,926	1,479,611	8,582	3,950,119
Prepaid expenses	630,561	148,697	34,307	813,565
Total current assets	37,009,183	7,621,951	2,936,965	47,568,099
Noncurrent Assets				
Net pension asset	10,699,061	-	-	10,699,061
Capital assets, net of accumulated depreciation	87,622,215	76,399,468	5,533,147	169,554,830
Total noncurrent assets	98,321,276	76,399,468	5,533,147	180,253,891
Total assets	135,330,459	84,021,419	8,470,112	227,821,990
Liabilities				
Current Liabilities				
Accounts payable	4,511,284	698,599	1,742,041	6,951,924
Accrued expenses	1,740,582	37,601	68,511	1,846,694
Due to other funds	13,469,782	3,796,459	5,525,042	22,791,283
Claims payable	924,503	15,957	-	940,460
Accrued compensated absences	112,680	17,137	10,067	139,884
Total current liabilities	20,758,831	4,565,753	7,345,661	32,670,245
Noncurrent Liabilities				
Net pension obligation	784,012	-	-	784,012
Claims payable	3,165,523	143,611	-	3,309,134
Accrued compensated absences	450,721	68,548	40,266	559,535
Total noncurrent liabilities	4,400,256	212,159	40,266	4,652,681
Total liabilities	25,159,087	4,777,912	7,385,927	37,322,926
Net Position				
Net investment in capital assets	87,622,215	76,399,468	5,533,147	169,554,830
Unrestricted (deficit)	22,549,157	2,844,039	(4,448,962)	20,944,234
Total net position	\$ 110,171,372	\$ 79,243,507	\$ 1,084,185	\$ 190,499,064

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, 2014**

	Bus	ASE	CTC	Totals
Operating Revenues				
Passenger	\$ 11,785,204	\$ -	\$ 905,347	\$ 12,690,551
Agency	-	-	9,992,762	9,992,762
Charter	34,769	-	-	34,769
Auxiliary transportation	596,379	-	-	596,379
Non-transportation	365,538	195,511	-	561,049
Total operating revenue	12,781,890	195,511	10,898,109	23,875,510
Operating Expenses				
Labor	27,380,220	2,016,425	2,743,732	32,140,377
Fringe benefits	14,710,274	989,236	1,089,000	16,788,510
Materials and supplies	11,148,612	1,039,490	2,555,257	14,743,359
Services	17,494,798	854,618	7,079,679	25,429,095
Casualty and insurance	1,900,160	395,719	71,679	2,367,558
Taxes and licenses	116,729	-	-	116,729
Other	2,603,159	914,249	401,691	3,919,099
Depreciation expense	11,088,406	3,905,427	985,938	15,979,771
Total operating expenses	86,442,358	10,115,164	14,926,976	111,484,498
Operating loss	(73,660,468)	(9,919,653)	(4,028,867)	(87,608,988)
Nonoperating Revenues				
Public Funding				
United States Government	4,634,415	1,000,004	728,765	6,363,184
State of Florida	4,121,744	-	-	4,121,744
City of Jacksonville	62,266,970	-	1,181,892	63,448,862
Investment Earnings	114,794	383	593	115,770
Total nonoperating revenues	71,137,923	1,000,387	1,911,250	74,049,560
Loss before capital contributions and transfers	(2,522,545)	(8,919,266)	(2,117,617)	(13,559,428)
Capital Contributions				
Transfers in	-	3,539,250	623,689	4,162,939
Transfers out	(4,162,939)	-	-	(4,162,939)
Change in net position	4,603,589	(3,432,648)	1,104,824	2,275,765
Net Position (Deficit), Beginning of Year	105,567,783	82,676,155	(20,639)	188,223,299
Net Position, End of Year	\$ 110,171,372	\$ 79,243,507	\$ 1,084,185	\$ 190,499,064

See Notes to Financial Statements.

Jacksonville Transportation Authority

Proprietary Funds

Statement of Cash Flows

Fiscal Year Ended September 30, 2014

	Bus	ASE	CTC	Totals
Cash Flows From Operating Activities				
Receipts from customers	\$ 13,101,185	\$ 211,140	\$ 11,091,059	\$ 24,403,384
Payments to suppliers	(31,525,635)	(2,843,186)	(9,062,128)	(43,430,949)
Payments to employees	(42,848,492)	(2,972,651)	(3,820,951)	(49,642,094)
Net cash (used in) operating activities	(61,272,942)	(5,604,697)	(1,792,020)	(68,669,659)
Cash Flows From Noncapital Financing Activities				
Operating grants received	68,966,384	1,000,004	1,269,814	71,236,202
Receipts (payments) of interfund balances	2,633,536	1,012,939	914,017	4,560,492
Transfers from other funds	-	3,539,250	623,689	4,162,939
Transfers (to) other funds	(4,162,939)	-	-	(4,162,939)
Net cash provided by noncapital financing activities	67,436,981	5,552,193	2,807,520	75,796,694
Cash Flows From Capital and Related Financing Activities				
Capital contributions	11,396,442	1,609,143	2,598,752	15,604,337
Acquisition and construction of capital assets	(14,270,039)	(1,799,783)	(3,712,740)	(19,782,562)
Net cash (used in) capital and related financing activities	(2,873,597)	(190,640)	(1,113,988)	(4,178,225)
Cash Flows From Investing Activities				
Interest on investments	114,794	383	593	115,770
Net cash provided by investing activities	114,794	383	593	115,770
Net change in cash and cash equivalents	3,405,236	(242,761)	(97,895)	3,064,580
Cash and Cash Equivalents, Beginning of Year	4,895,237	355,086	230,867	5,481,190
Cash and Cash Equivalents, End of Year	\$ 8,300,473	\$ 112,325	\$ 132,972	\$ 8,545,770

(Continued)

Jacksonville Transportation Authority

Proprietary Funds

Statement of Cash Flows (Continued)

Fiscal Year Ended September 30, 2014

	Bus	ASE	CTC	Totals
Reconciliation of Operating Loss to Net Cash				
Used in Operating Activities				
Operating loss	\$ (73,660,468)	\$ (9,919,653)	\$ (4,028,867)	\$ (87,608,988)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation	11,088,406	3,905,427	985,938	15,979,771
Loss on disposal of capital assets	24,111	-	-	24,111
(Increase) decrease in assets:				
Accounts receivable	319,295	15,629	192,950	527,874
Inventory	(40,580)	(125,956)	269,506	102,970
Prepaid expenses	(316,122)	(66,619)	(18,368)	(401,109)
Net pension asset	(1,248,740)	-	-	(1,248,740)
Increase (decrease) in liabilities:				
Accounts payable	1,442,458	553,485	989,661	2,985,604
Accrued expenses	340,468	30,367	20,010	390,845
Accrued compensated absences	26,195	2,643	(8,229)	20,609
Net pension obligation	124,079	-	-	124,079
Claims payable	627,956	(20)	(194,621)	433,315
Net cash used in operating activities	\$ (61,272,942)	\$ (5,604,697)	\$ (1,792,020)	\$ (68,669,659)
Noncash Capital and Financing Activities:				
Accounts Payable for Capital Acquisitions	\$ 1,778,719	\$ 145,115	\$ 33,649	\$ 1,957,483

See Notes to Financial Statements.

Jacksonville Transportation Authority

**Statement of Fiduciary Net Position
Pension Trust Fund
September 30, 2014**

Assets	JTM Salaried Employees
Cash and Cash Equivalents	\$ 61,213
Investments	
Mutual Funds	44,011
Government securities	122,453
Other debt securities	65,373
Equity securities	471,049
Total assets	764,099
Liabilities	-
Net Position	
Restricted for pensions	\$ 764,099

See Notes to Financial Statements.

Jacksonville Transportation Authority

Fiduciary Funds

Statement of Changes in Net Position

Fiscal Year Ended September 30, 2014

	JTM Salaried Employees
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Additions	
Employer contribution	\$ 293,733
Total contributions	<u>293,733</u>
Investment income	22,069
Net appreciation in fair value of investments	<u>130,576</u>
Net investment income	<u>152,645</u>
Total	<u>446,378</u>
Deductions	
Benefit payments	739,167
Administrative expenses	<u>4,008</u>
Total	<u>743,175</u>
Net change in plan net assets	(296,797)
Net Position Restricted for Pensions, Beginning of Year	<u>1,060,896</u>
Net Position Restricted for Pensions, End of Year	<u>\$ 764,099</u>

See Notes to Financial Statements.



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Jacksonville Transportation Authority

Notes to Financial Statements

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. As the Authority receives economic resources almost entirely for the direct benefit of the constituents of the City, the Authority is deemed 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

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 \$8,738,259 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

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.

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 2014. 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 2014.

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

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. Taxes, intergovernmental revenues, grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider are met.

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.

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

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 \$433,000 for the Bus fund at September 30, 2014.

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 valued 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	5 – 25
Furniture and office equipment	3 – 10
Other equipment	3 – 10

As of September 30, 2014, there were no infrastructure assets.

Jacksonville Transportation Authority

Notes to Financial Statements

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: Resources that do not meet 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 available, are recorded as 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, grants and other legal restrictions.

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.

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.

Jacksonville Transportation Authority

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Restricted fund balance: Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

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 issuance 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 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 liabilities 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.

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, 2014, the Authority's demand deposits with banks were \$66,607,320 (including \$61,213 for the pension trust fund) and its reported balances were \$64,992,829 (including \$61,213 for the pension trust fund).

Jacksonville Transportation Authority

Notes to Financial Statements

Note 3. Deposits and Investments (Continued)

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, Federal Instrumentalities 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.

As of September 30, 2014, the Authority had the following investments:

<u>Investment Type</u>	<u>Government- Wide</u>	<u>Pension Trust Fund</u>
Money market mutual fund	\$ 5,246,919	\$ -
Federal agency bonds/notes	5,527,942	-
Corporate bonds	-	65,373
Bond mutual fund	-	44,011
U.S. Treasury bills/notes	19,450,383	122,453
Equity securities	-	471,049
Total investments	\$ 30,225,244	\$ 702,886

Jacksonville Transportation Authority

Notes to Financial Statements

Note 3. Deposits and Investments (Continued)

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, 2014, 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	\$ 5,246,919	\$ -	\$ -	\$ -	\$ 5,246,919
Federal agency bonds/notes	5,527,942	-	-	-	5,527,942
U.S. Treasury bills/notes	1,544,515	17,996,569	16,408	15,344	19,572,836
Corporate bonds	-	13,635	28,870	22,868	65,373
Bond Mutual funds	-	-	-	44,011	44,011
	<u>\$ 12,319,376</u>	<u>\$ 18,010,204</u>	<u>\$ 45,278</u>	<u>\$ 82,223</u>	<u>\$ 30,457,081</u>

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	Rating		Fair Value
	S&P	Moody's	
Money market mutual fund	--	AAA	\$ 5,246,919
Federal Agency bonds/notes	--	AAA	5,527,942
Corporate conds	--	AAA - A	65,373
Bond mutual fund	BBB	--	44,011
U.S. Treasury bills/notes	--	TSY	19,572,836
			<u>\$ 30,457,081</u>

Jacksonville Transportation Authority

Notes to Financial Statements

Note 3. Deposits and Investments (Continued)

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, 2014, 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	\$ 19,572,836	64.76%
Federal Home Loan Mortgage Corp.	2,511,605	8.31%
Federal National Mortgage Assoc.	3,004,155	9.94%
	<u>\$ 25,088,596</u>	<u>83.01%</u>

Jacksonville Transportation Authority

Notes to Financial Statements

Note 4. Capital Assets

Capital asset activity for the year ended September 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 13,512,437	\$ -	\$ -	\$ 13,512,437
Total capital assets, not being depreciated	13,512,437	-	-	13,512,437
Capital assets, being depreciated				
Land improvements	24,120	-	-	24,120
Buildings and improvements	373,748	-	4,092	369,656
Vehicles	192,036	-	17,393	174,643
Furniture and office equipment	580,616	-	300,431	280,185
Total capital assets, being depreciated	1,170,520	-	321,916	848,604
Less accumulated depreciation for				
Land improvements	24,120	-	4,092	20,028
Buildings and improvements	335,907	4,703	-	340,610
Vehicles	157,514	16,673	17,393	156,794
Furniture and office equipment	578,565	2,051	300,431	280,185
Total accumulated depreciation	1,096,106	23,427	321,916	797,617
Total capital assets, being depreciated, net	74,414	(23,427)	-	50,987
Governmental activities capital assets, net	\$ 13,586,851	\$ (23,427)	\$ -	\$ 13,563,424

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

Governmental activities	
General government	<u>\$ 23,427</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, 2014:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 23,240,178	\$ -	\$ -	\$ 23,240,178
Construction in progress	12,968,565	18,047,222	4,441,676	26,574,111
Total capital assets, not being depreciated	36,208,743	18,047,222	4,441,676	49,814,289
Capital assets, being depreciated				
Land improvements	20,753,481	917,799	1,078,063	20,593,217
Buildings and improvements	131,307,152	1,023,296	2,219,392	130,111,056
Vehicles	101,905,609	1,657,764	9,796,552	93,766,821
Furniture and office equipment	3,928,424	121,670	947,979	3,102,115
Other equipment	83,601,040	2,010,565	3,040,239	82,571,366
Total capital assets, being depreciated	341,495,706	5,731,094	17,082,225	330,144,575
Less accumulated depreciation for				
Land improvements	13,732,031	1,648,657	858,757	14,521,931
Buildings and improvements	66,638,658	3,006,106	2,438,697	67,206,067
Vehicles	54,773,741	7,166,366	9,772,441	52,167,666
Furniture and office equipment	2,750,658	317,151	1,171,221	1,896,588
Other equipment	73,587,289	3,841,491	2,816,998	74,611,782
Total accumulated depreciation	211,482,377	15,979,771	17,058,114	210,404,034
Total capital assets, being depreciated, net	130,013,329	(10,248,677)	24,111	119,740,541
Business-type activities capital assets, net	\$ 166,222,072	\$ 7,798,545	\$ 4,465,787	\$ 169,554,830

Depreciation expense for the year ended September 30, 2014 amounted to:

Bus services	\$ 11,088,406
Automated Skyway Express	3,905,427
Transportation disadvantaged	985,938
Total depreciation expense	\$ 15,979,771

Jacksonville Transportation Authority

Notes to Financial Statements

Note 5. Custodial Projects

The following is a schedule of changes in custodial construction projects until completion, acceptance and transfer of title for the year ended September 30, 2014:

	Beginning Balance	Current Year Project Costs/ Increases	Completed Projects/ Decreases	Ending Balance
Restricted cash and cash equivalents	\$ 8,488,600	\$ 37,058	\$ -	\$ 8,525,658
Restricted due from other governments	11,316,536	-	176,778	11,139,758
Custodial assets – construction projects	102,424,698	741,682	25,685,225	77,481,155
	<u>\$ 122,229,834</u>	<u>\$ 778,740</u>	<u>\$ 25,862,003</u>	<u>\$ 97,146,571</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, 2014 follows:

	Beginning Balance	Current Year Funding	Completed Projects	Ending Balance
Custodial projects – due to other governments	\$ 122,229,834	\$ 601,962	\$ 25,685,225	\$ 97,146,571

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, 2014:

Due From	Due To					Total
	General Fund	Bus Fund	ASE Fund	Special Revenue Fund	CTC Fund	
General Fund	\$ -	\$ -	\$ 2,706,625	\$ 97,734	\$ -	\$ 2,804,359
Special Revenue Fund	2,108,312	-	-	-	-	2,108,312
Enterprise Fund – Bus	4,635,676	7,490,804	1,343,302	-	-	13,469,782
Enterprise Fund – ASE	2,630,109	-	-	-	1,166,350	3,796,459
Enterprise Fund – CTC	5,525,042	-	-	-	-	5,525,042
	<u>\$ 14,899,139</u>	<u>\$ 7,490,804</u>	<u>\$ 4,049,927</u>	<u>\$ 97,734</u>	<u>\$ 1,166,350</u>	<u>\$ 27,703,954</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.

	Transfer To		
	ASE Fund	CTC Fund	Total
Transfer From Enterprise Fund – Bus	\$ 3,539,250	\$ 623,689	\$ 4,162,939

The interfund transfers were made from the Bus fund to support the operating activities of the ASE and CTC funds.

Note 7. Noncurrent Liabilities

Accrued compensated absences at September 30, 2014 consisted of the following:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	\$ 350,437	\$ 89,461	\$ 117,489	\$ 322,409	\$ 144,000
Business-type activities					
Compensated absences	\$ 678,810	\$ 346,943	\$ 326,334	\$ 699,419	\$ 139,884

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 excess commercial insurance beyond the self-insured retention. 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 2014, individual claims in excess of \$200,000 and \$300,000 per occurrence were subject to the Florida Sovereign Immunity Law.

Jacksonville Transportation Authority

Notes to Financial Statements

Note 8. Risk Management (Continued)

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
2013	\$ 3,794,747	\$ 1,328,000	\$ 1,306,468	\$ 3,816,279
2014	\$ 3,816,279	\$ 1,422,454	\$ 989,139	\$ 4,249,594

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 \$177 thousand at September 30, 2014.

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 785 employees. 67% or 528 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 383 employees, expires October 25, 2014.

Additionally, 145 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 is effective November 7, 2011 through November 6, 2014.

Jacksonville Transportation Authority

Notes to Financial Statements

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.

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

Membership Category	Benefit	Vesting	July 1, 2014 Employer Contribution Rate	July 1, 2013 Employer Contribution Rate
Regular	1.6% times years of service times average compensation (5 highest years) if age 62 or 30 years of services at any age.	Choice Pension – after 6 years of creditable service, or Investment – after 1 year of creditable service.	7.37%	6.95%
Senior Management	2.0% times years of service times average compensation (5 highest years) if age 62 or 30 years of services at any age.	Choice Pension – after 6 years of creditable service, or Investment – after 1 year of creditable service.	21.14%	18.31%
Deferred Retirement Option Program ("DROP")	Accumulated FRS benefits earn 6.50% 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.	12.28%	12.84%

All of the above employer contribution rates include 1.2% for a post-retirement health insurance subsidy. 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.

The payments made to the FRS in the year ended September 30, 2014, 2013, and 2012 were \$1,351,555, \$965,414, and \$506,687, respectively, which were equal to the required contributions for each year.

Jacksonville Transportation Authority

Notes to Financial Statements

Note 10. Employee Benefits (Continued)

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.

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. The plan documents for the IAM National Pension Fund establish the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions.

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

Membership Category	Retirement Benefit	Vesting	January 1, 2014	January 1, 2013
			Employer Contribution Rate	Employer Contribution Rate
Regular	\$48 per month multiplied by the number of years of creditable service	After 5 years of creditable service	\$3.90 per hour	\$3.75 per hour

Participating employer contributions are based upon the collective bargaining agreement in effect, 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 year ended September 30, 2014, 2013, and 2012 were \$1,084,162, \$1,030,699, and \$1,000,141, 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.

Jacksonville Transportation Authority

Notes to Financial Statements

Note 10. Employee Benefits (Continued)

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.

As of January 1, 2013, employee membership data related to these plans was as follows:

	Salaried Employees	Drivers Plan
Active employees		
Nonvested	3	75
Partially vested	6	-
Fully vested	7	259
Retirees and beneficiaries currently receiving benefits	-	164
Terminated plan members entitled to but not yet receiving benefits	14	151
Total	30	649

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	\$3.95 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	January 1, 2014	January 1, 2013
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	8% per annum
Projected salary increases	Assumed 4% per year	None
Mortality rates	2013 Funding Target Combined - IRC 430(h)(3)(A)	2013 Static Mortality Table for Males and Females
Postretirement benefit increases (maximum)	None	None
Inflation	None	None

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. Unfunded actuarial accrued liability is amortized over 7 years.

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, 2014:

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

GASB 27 Disclosures

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

Annual required contribution	\$ 391,415
Interest on net pension obligation	26,397
Annual pension cost	<u>417,812</u>
Contributions made	<u>(293,733)</u>
Change in net pension obligation	124,079
Net pension obligation, beginning of year	<u>659,933</u>
Net pension obligation, end of year	<u><u>\$ 784,012</u></u>

Annual pension cost and contribution information for the last three fiscal years follows:

Fiscal Year Ending	Annual Pension Cost	Actuarially Determined Contribution	Percentage of APC Contributed	Net Pension Obligation
9/30/14	\$ 417,812	\$ 391,415	70%	\$ 784,012
9/30/13	387,911	372,658	17%	659,933
9/30/12	407,797	473,095	36%	381,316

Funding progress as of September 30, 2014 is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
12/31/2013	\$ 662,100	\$ 1,953,830	\$ 1,291,730	33.9%	\$ 1,135,162	113.8%

Jacksonville Transportation Authority

Notes to Financial Statements

Note 10. Employee Benefits (Continued)

Contributions for the year ending September 30, 2014, totaling \$293,733 were made. Annual reporting for the Salaried Plan is presented only in the Authority's financial report.

GASB 67 Disclosures

Net Pension Liability

The components of the net pension liability of the Authority at September 30, 2014, were as follows:

Year Ending September 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll*	Net Pension Liability as a % of Covered Payroll
2014	\$ 1,953,830	\$ 764,099	\$ 1,189,731	39.1%	\$ 1,135,662	104.8%

* Estimated payroll as of September 30, 2014

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, 2013 to changes in the discount rate:

	1% Decrease 3%	Current Rate 4%	1% Increase 5%
Net Pension Liability	\$ 1,671,822	\$ 1,291,730	\$ 994,200

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. Unfunded actuarial accrued liability is amortized over 10 years.

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, 2014:

Asset Class	Target Allocation
Interest bearing cash	7%
U.S. government securities	20%
Corporate debt	9%
Corporate stock	57%
Mutual funds	7%
Total	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, 2014 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%

GASB 27 Disclosures

Annual pension cost and net pension liability: The following table shows the components of the Authority's annual pension cost, amount actually contributed and changes in the net pension obligation for the year. The following table shows the components of the Authority's annual pension cost for the year, the amount contributed to the plan, and changes in the Authority's net pension asset:

Annual required contribution	\$ 210,659
Interest on net pension asset	(756,026)
Adjustment to annual required contribution	1,408,377
Annual pension cost	<u>863,010</u>
Contributions made	<u>(2,111,750)</u>
Change in net pension asset	<u>(1,248,740)</u>
Net pension asset, beginning of year	<u>(9,450,321)</u>
Net pension asset, end of year	<u><u>\$ (10,699,061)</u></u>

Annual pension cost and contribution information for the last three fiscal years follows:

Fiscal Year Ending	Actuarially Determined Contribution	Percentage of APC Contributed	Net Pension (Asset) Obligation
9/30/14	\$ 863,010	245%	\$ (10,699,061)
9/30/13	964,189	205%	(9,450,321)
9/30/12	643,082	304%	(8,441,020)

Jacksonville Transportation Authority

Notes to Financial Statements

Note 10. Employee Benefits (Continued)

Funding progress as of September 30, 2014 is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
1/1/2013	\$ 29,099,514	\$ 26,665,875	\$ (2,433,639)	109.1%	N/A*	N/A*

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

The schedule of funding progress presenting multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits is presented as required supplementary information following the notes to the financial statements.

Contributions for the year ending September 30, 2014, totaling \$2,111,750 were made in accordance with the terms of the labor agreement between the Amalgamated Transit Union and the Authority and are not based on covered payroll (*). The Drivers Plan issues a separate, stand-alone audit report which can be obtained from the Authority's Human Resources department.

GASB 67 Disclosures

Net Pension Asset

The components of the net pension asset of the Authority at September 30, 2014, were as follows:

Year Ending September 30,	Total Pension Liability	Plan Net Position	Net Pension (Asset)	Plan Net Position as a % of Total Pension Liability	Covered Payroll*	Net Pension Liability as a % of Covered Payroll
2014	\$ 26,665,875	\$ 29,099,514	\$ (2,433,639)	109.1%	N/A	N/A

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

Discount rate

The discount rate used to measure the total pension liability was 8.00% as of December 31, 2013. This rate was based on the expected rate of return on pension plan investments of 8%. 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.

Jacksonville Transportation Authority

Notes to Financial Statements

Note 10. Employee Benefits (Continued)

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, 2013 to changes in the discount rate:

	1% Decrease 7%	Current Rate 8%	1% Increase 9%
Net Pension (Asset) Liability	\$ 529,642	\$ (2,433,639)	\$ (4,955,031)

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 hidden 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.

The Plan does not issue a separate financial statement or required supplementary information.

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, 2014, employee membership data related to the Plan was as follows:

Current retirees	
Under age 65	2
Over age 65	2
Dependents	-
Total current retirees	<u>4</u>
Active employees	
Active employees fully eligible for benefits	12
Active employees not yet fully eligible for benefits	147
Total active employees	<u>159</u>
Total number of participants	<u><u>163</u></u>

Jacksonville Transportation Authority

Notes to Financial Statements

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, 2013. The actuarial valuation estimated the Unfunded Actuarial Accrued Liability (UAAL) of \$447,000 and an Annual Required Contribution (ARC) of \$68,000.

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, 2011
Actuarial cost method	Projected unit credit
Amortization method for UAAL	Level dollar payment, closed
Amortization period	26 years
Actuarial assumptions	
Assumed rate of return on investments	4.0% per annum
Payroll increase	3.0% per annum
Healthcare cost trend rate(s)	7.0% for 2013/14 graded to 5.4% 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	\$ 73,000
Interest on net OPEB obligation	14,000
Adjustment to annual required contribution	(16,000)
Annual OPEB cost	<u>71,000</u>
Contributions made	<u>(22,000)</u>
Change in net OPEB obligation (asset)	49,000
Net OPEB obligation (asset), beginning of year	350,000
Net OPEB obligation (asset), end of year	<u><u>\$ 399,000</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, 2014	\$ 22,000	\$ 71,000	31.0%	\$ 399,000
September 30, 2013	22,000	66,000	33.3%	350,000
September 30, 2012	22,000	64,000	34.4%	306,000

Funded Status: The following is the funded status of the plan as of September 30, 2014:

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, 2013	\$ -	\$ 491,000	\$491,000	0.0%	\$ 923,246	53.2%

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
Spendable		
Restricted for State and City Construction Projects	\$ -	\$ 6,046,582
Assigned to		
Transit operations	30,000,000	-
Operating reserves	3,000,000	-
Legal costs	9,050,000	-
Right of way acquisition	6,000,000	-
Construction projects	20,000,000	-
Authority initiatives	16,050,000	-
Unassigned	23,458,433	-
	<u>\$ 107,558,433</u>	<u>\$ 6,046,582</u>

Note 13. Accounting Standards Adopted

In fiscal year 2014, the Authority adopted the following statements of financial accounting standards issued by the GASB:

- Statement No. 65, Items Previously Reported as Assets and Liabilities
- Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25

Statement No. 65, establishes financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Statement No. 67, establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans.

Note 14. Expenditures in Excess of Appropriations

The general fund reported an excess of expenditures over budgeted appropriations in the amount of \$191,153. This was compensated for by sales tax revenues which were received in amounts that exceeded budgeted projections.

Note 15. Subsequent Events

In January 2015, JTA issued \$100.5 million of Senior Lien Local Option Gas Tax Revenue, Series 2015 Bonds. The proceeds will be used to finance Roadway and Mobility Corridor Projects. The bonds will mature in years 2017-2036.

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, 2014**

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues				
Intergovernmental				
Sales taxes	\$ 72,630,210	\$ 72,630,210	\$ 74,431,599	\$ 1,801,389
Investment income	17,350	17,350	67,753	50,403
Other	240,838	240,838	112,281	(128,557)
Total revenues	72,888,398	72,888,398	74,611,633	1,723,235
Expenditures				
Current				
General government	1,427,533	1,427,533	1,112,117	315,416
Intergovernmental				
City of Jacksonville	71,460,865	71,460,865	71,967,434	(506,569)
Total expenditures	72,888,398	72,888,398	73,079,551	(191,153)
Net change in fund balances	-	-	1,532,082	1,532,082
Fund Balances, Beginning of Year	106,026,351	106,026,351	106,026,351	-
Fund Balances, End of Year	\$ 106,026,351	\$ 106,026,351	\$ 107,558,433	\$ 1,532,082

See Notes to Required Supplementary Information.

Jacksonville Transportation Authority

Other Post-Employment Benefits Plan (Unaudited)

Schedule of Funding Progress

September 30, 2014

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
10/01/13	\$ -	\$ 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%
10/01/08	-	541,000	541,000	0.0%	1,025,324	52.8%

Jacksonville Transportation Authority

Required Supplementary Information (Unaudited)

Schedules of Funding Progress

September 30, 2014

Drivers Plan							
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)--Entry Age (b)	Unfunded or (Assets in Excess of) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)*	Unfunded or (Assets in Excess of) AAL as a Percentage of Covered Payroll ((b-a)/c)	
1/1/2013	\$ 29,099,514	\$ 26,665,875	\$ (2,433,639)	109.13%	N/A	N/A	
1/1/2012	26,418,252	25,370,204	(1,048,048)	104.13%	N/A	N/A	
1/1/2011	25,866,485	23,405,567	(2,460,918)	110.51%	N/A	N/A	
1/1/2010	22,297,741	22,489,393	191,652	99.15%	14,579,457	1.31%	
1/1/2009	17,899,023	21,449,220	3,550,197	83.45%	13,007,963	27.29%	
1/1/2008	21,784,322	20,459,875	(1,324,447)	106.47%	16,193,425	-8.18%	

Salaried Employees							
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)--Entry Age (b)	Unfunded or (Assets in Excess of) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded or (Assets in Excess of) AAL as a Percentage of Covered Payroll ((b-a)/c)	
12/31/2012	\$ 1,012,197	\$ 2,236,636	1,224,439	45.26%	\$ 1,032,484	118.59%	
12/31/2011	1,399,154	2,660,932	1,261,778	52.58%	1,099,777	114.73%	
12/31/2010	1,707,792	2,123,564	415,772	80.42%	1,101,632	37.74%	
12/31/2009	1,707,792	2,123,564	415,772	80.42%	1,101,632	37.74%	
12/31/2008	1,454,816	1,052,952	(401,864)	138.17%	1,066,592	-37.68%	

Information prior to 1/1/2009 is not available for the Salaried Plan.

Jacksonville Transportation Authority

Notes to Required Supplementary Information Year Ended September 30, 2014

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. 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 Position
Liabilities and Related Ratios (as required by GASB 67)
Fiscal Year Ended September 30, 2014
(Unaudited)**

	Salaried Employees Pension Plan	Drivers Pension Plan
Total Pension Liability		
Service cost	\$ 232,156	\$ 497,870
Interest	89,465	2,018,062
Difference between expected and actual experience	115,410	36,686
Changes of assumptions	-	52,852
Benefit payments, including refunds of member contributions	(719,837)	(1,309,799)
Net change in total pension liability	(282,806)	1,295,671
Total pension liability-beginning	2,236,636	25,370,204
Total pension liability-ending (a)	<u>\$ 1,953,830</u>	<u>\$ 26,665,875</u>
Plan fiduciary net position		
Contributions-authority	\$ 293,733	\$ 1,973,490
Net investment income	152,645	2,322,699
Benefit payments, including refunds of member contributions	(739,167)	(1,309,799)
Administrative expenses	(4,008)	(305,128)
Net change in plan fiduciary net position	(296,797)	2,681,262
Plan fiduciary net position-beginning	1,060,896	26,418,252
Plan fiduciary net position-ending (b)	<u>\$ 764,099</u>	<u>\$ 29,099,514</u>
 Net pension liability-ending (a)-(b)	 <u>\$ 1,189,731</u>	 <u>\$ (2,433,639)</u>
 Plan fiduciary net position as a percentage of the total pension liability	 39.11%	 109.13%
Covered employee payroll	\$ 1,135,662	N/A*
Net pension liability as a percentage of covered employee payroll	104.76%	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 67.
Currently only data for fiscal year ending September 30, 2014 is available.

Jacksonville Transportation Authority

**Required Supplementary Information
Schedule of Contributions (as required by GASB 67)
Fiscal Year Ended September 30, 2014
(Unaudited)**

Salaried Employees Pension Plan

	2014
Actuarially determined contribution	\$ 391,415
Contribution made in relation to the actuarially determined contribution	293,733
Contribution deficiency	<u>\$ 97,682</u>
Covered employees payroll	<u>\$ 1,135,162</u>
Contributions as a percentage of covered employees payroll	25.9%

Drivers Pension Plan

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

* 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 67.
Currently only data for fiscal year ending September 30, 2014 is available.

Jacksonville Transportation Authority

**Required Supplementary Information
Notes to Schedule of Contributions (as required by GASB 67)
Fiscal Year Ended September 30, 2014
(Unaudited)**

	Salaried Employees Pension Plan 2014	Drivers Pension Plan 2014
Notes to Schedule:		
Valuation Date: January 1, 2013	January 1, 2013	January 1, 2013
Measurement Date: December 31, 2013	December 31, 2014	January 1, 2013
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	8% per annum
Assumed annual salary increases	Assumed 4% per year	N/A
Inflation	None	N/A
Cost of living adjustments	None	N/A
Mortality rates	2013 Funding Target Combined - IRC 430(h)(3)(A)	2013 Static Mortality Table for Males and Females

This schedule is presented to illustrate the requirements of GASB 67.
Currently only data for fiscal year ended September 30, 2014 is available.

Jacksonville Transportation Authority

**Required Supplementary Information
Schedule of Investment Returns (as required by GASB 67)
Fiscal Year Ended September 30, 2014
(Unaudited)**

Salaried Employees Pension Plan

	<u>2014</u>
Annual money-weighted rate of return Net of investment expenses	8.7%

The annualized compounded rate of return is 8.7%

Drivers Pension Plan

	<u>2014</u>
Annual money-weighted rate of return Net of investment expenses	16.7%

The annualized compounded rate of return is 16.7%

Notes to Schedule:

This schedule is presented to illustrate the requirements of GASB 67.
Currently only data for fiscal year ending September 30, 2014 is available.