

**INTERNATIONAL DRIVE MASTER  
TRANSIT AND IMPROVEMENT DISTRICT  
(A COMPONENT UNIT OF ORANGE  
COUNTY, FLORIDA)**

**FINANCIAL STATEMENTS**

*As of and for the Year Ended September 30, 2016*

*And Report of Independent Auditor*

# **INTERNATIONAL DRIVE MASTER TRANSIT**

## **AND IMPROVEMENT DISTRICT**

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## **Report of Independent Auditor**

To the Advisory and Governing Board of  
International Drive Master Transit and Improvement District:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the General Fund of International Drive Master Transit and Improvement District (the "District"), a component unit of Orange County, Florida, as of and for the year ended September 30, 2016, and the related notes to the 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 financial position of the governmental activities and the General Fund of the District as of September 30, 2016, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and General Fund budgetary comparison information, 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 Information**

Our audit was conducted for the purpose of forming opinions on the financial statements of the governmental activities and the General Fund. The Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Municipal Service Taxing Units is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Municipal Service Taxing Units is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2017, on our consideration of the District'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 District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cheryl Behnert CFE".

Orlando, Florida  
January 13, 2017

# **INTERNATIONAL DRIVE MASTER TRANSIT AND IMPROVEMENT DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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As management of the International Drive Master Transit and Improvement District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the District's financial activities for the fiscal year ended September 30, 2016.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Also, capital assets are capitalized and depreciated on the statement of net position whereas related purchases are expensed on government fund financial statements.

**General Fund.** The General Fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the General Fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the General Fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the General Fund with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the General Fund balance sheet and the General Fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between General Fund and governmental activities.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are an integral part of the basic financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information.

**INTERNATIONAL DRIVE MASTER TRANSIT  
AND IMPROVEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$2,250,577 at the close of the most recent fiscal year. This compares with \$1,638,331 at the close of the previous fiscal year, an increase of \$612,246. This increase was comprised of an increase in restricted net position of \$107,359, a decrease of \$34,154 in net investment in capital assets and a \$539,041 increase in unrestricted net position.

Cash and cash equivalents of \$2,220,808 makes up the majority of current and other assets, increasing \$623,109 during fiscal year 2016. The public safety program resulted in a \$111,573 increase in cash, and general operating results contributed to a \$511,536 increase in cash.

Restricted net position is related to the Master Transit Improvement District Taxing Units public safety program and the North International Drive Improvement Municipal Service Taxing Unit.

	<b>Net Position</b>	
	<b>2016</b>	<b>2015</b>
Current and other assets	\$ 2,386,237	\$ 1,795,756
Capital assets	253,364	294,666
<b>Total assets</b>	<b>2,639,601</b>	<b>2,090,422</b>
Current liabilities	369,611	425,216
Noncurrent liabilities	19,413	26,875
<b>Total liabilities</b>	<b>389,024</b>	<b>452,091</b>
Net position		
Net investment in capital assets	226,490	260,644
Restricted	1,145,044	1,037,685
Unrestricted	879,043	340,002
<b>Total net position</b>	<b>\$ 2,250,577</b>	<b>\$ 1,638,331</b>

**INTERNATIONAL DRIVE MASTER TRANSIT  
AND IMPROVEMENT DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**Governmental Activities**

Governmental activities increased the District's net position by \$612,246 in fiscal year 2016, compared to an increase of \$75,627 seen in the prior fiscal year. Total revenues increased by \$581,405 from last year, primarily as a result of an increase in taxing unit revenues, while expenses increased by \$44,786 as a result of a \$82,320 increase in public safety expenses and a \$49,362 increase in planning and development costs, offset by a reduction of \$85,723 in transportation services and minor reductions in other functional expenses.

	<b>Changes in Net Position</b>	
	<b>2016</b>	<b>2015</b>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 2,154,192	\$ 2,292,287
Total program revenues	<u>2,154,192</u>	<u>2,292,287</u>
<b>General revenues:</b>		
Master service taxing units	5,963,240	5,243,794
Interest	283	229
Total general revenues	<u>5,963,523</u>	<u>5,244,023</u>
Total revenues	<u>8,117,715</u>	<u>7,536,310</u>
<b>Expenses</b>		
Program expenses:		
Transportation services	4,672,388	4,758,111
General government	1,025,538	1,026,711
Public safety	1,181,192	1,098,872
Planning and development	<u>626,351</u>	<u>576,989</u>
Total program expenses	<u>7,505,469</u>	<u>7,460,683</u>
Changes in net position	612,246	75,627
Net position beginning	<u>1,638,331</u>	<u>1,562,704</u>
Net position ending	<u>\$ 2,250,577</u>	<u>\$ 1,638,331</u>

# **INTERNATIONAL DRIVE MASTER TRANSIT AND IMPROVEMENT DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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### **Financial Analysis of the General Fund**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The purpose of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The District's General Fund activities resulted in a \$646,400 increase in fund balance during fiscal 2016, as compared to a \$86,150 increase in fund balance during fiscal 2015. Revenues increased from \$7,507,138 to \$8,117,715, primarily due to general revenues from taxing units. Expenditures increased from \$7,459,039 to \$7,471,315, with transportation expenditures decreasing \$113,173 and public safety and other functional expenditures increasing \$125,449.

### **General Fund Budgetary Highlights**

The original budget was not amended during the current fiscal year. A positive budget variance of \$1,295,815 was experienced for the General Fund as a whole, with the following highlights:

- \$879,404 positive variance in transportation expenditures
- \$118,767 positive variance in charges for general government expenditures
- \$118,491 positive variance in capital outlay expenditures
- \$104,286 positive variance in planning and development expenditures
- \$101,672 positive variance in public safety

### **Capital Asset Administration**

The District's capital assets as of September 30, 2016 amount to \$253,364, a decrease of \$41,302 since the prior year. The decrease was comprised solely of depreciation of \$41,302. There were no acquisitions or disposals of capital assets during the year.

	<b>Capital Assets</b>	
	<b>(net of accumulated depreciation)</b>	
	<b>2016</b>	<b>2015</b>
Trolley replacement inventory	\$ 26,491	\$ 26,491
Trolley shelters	166,251	188,690
Trolley markers	27,452	31,762
Office furniture & equipment	33,170	47,723
Total	<u><u>\$ 253,364</u></u>	<u><u>\$ 294,666</u></u>

# **INTERNATIONAL DRIVE MASTER TRANSIT AND IMPROVEMENT DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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### **Economic Factors and Conditions**

Municipal Service Taxing Units (MSTUs) 1 & 2 had an increase in tax revenue due to an increase in property appraised values throughout the districts, which resulted from a change in valuation methodology. MSTU 3 had tax revenues about equal to fiscal year 2015 levels.

### **Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in such. Questions concerning any of the information should be addressed to the Executive Director, 7081 Grand National Drive, Suite 105, Orlando, FL 32819.

## **BASIC FINANCIAL STATEMENTS**

**INTERNATIONAL DRIVE MASTER TRANSIT  
AND IMPROVEMENT DISTRICT**  
**STATEMENT OF NET POSITION**

*SEPTEMBER 30, 2016*

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**ASSETS**

Cash and cash equivalents	\$ 2,220,808
Accounts receivable (no allowance for doubtful accounts)	152,252
Prepaid items and other assets	13,177
Capital assets:	
Trolley replacement inventory	26,491
Trolley shelter and marker infrastructure	900,897
Office furniture and equipment	114,544
Accumulated depreciation	(788,568)
<b>Total assets</b>	<b>2,639,601</b>

**LIABILITIES**

**Current Liabilities**

Accounts payable	339,547
Accrued liabilities	15,916
Loans payable, current	7,461
Unearned revenue	6,687
<b>Total current liabilities</b>	<b>369,611</b>

**Noncurrent Liabilities**

Loans payable, long term	19,413
<b>Total noncurrent liabilities</b>	<b>19,413</b>
<b>Total liabilities</b>	<b>389,024</b>

**NET POSITION**

Net investment in capital assets	226,490
Restricted for:	
Public safety	1,128,168
North International Drive Improvement Municipal Service Taxing Unit	16,876
Unrestricted	879,043
<b>Total net position</b>	<b>\$ 2,250,577</b>

**INTERNATIONAL DRIVE MASTER TRANSIT  
AND IMPROVEMENT DISTRICT  
STATEMENT OF ACTIVITIES**

*YEAR ENDED SEPTEMBER 30, 2016*

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**Program expenses**

Transportation services	\$ 4,672,388
General government	1,025,538
Public safety	1,181,192
Planning and development	626,351
<b>Total program expenses</b>	<b>7,505,469</b>

**Program revenues**

Charges for services	<u>2,154,192</u>
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<b>Net program expenses</b>	<b><u>(5,351,277)</u></b>
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**General revenues**

Master service taxing units	5,963,240
Interest income	283
<b>Total general revenues</b>	<b><u>5,963,523</u></b>

<b>Change in net position</b>	<b>612,246</b>
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<b>Net position - beginning of the year</b>	<b><u>1,638,331</u></b>
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<b>Net position - end of the year</b>	<b><u>\$ 2,250,577</u></b>
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**INTERNATIONAL DRIVE MASTER TRANSIT  
AND IMPROVEMENT DISTRICT  
BALANCE SHEET – GENERAL FUND**

*SEPTEMBER 30, 2016*

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**ASSETS**

Cash and cash equivalents	\$ 2,220,808
Accounts receivable (no allowance for doubtful accounts)	152,252
Prepaid items and other assets	13,177
<b>Total assets</b>	<b>2,386,237</b>

**LIABILITIES**

Accounts payable	339,547
Accrued liabilities	15,916
Unearned revenues	6,687
<b>Total liabilities</b>	<b>362,150</b>

**DEFERRED INFLOWS OF RESOURCES**

Unavailable revenue	<u>29,172</u>
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**FUND BALANCE**

Nonspendable	
Prepaid items and other assets	13,177
Spendable	
Restricted for:	
Public safety	1,128,168
North International Drive Improvement Municipal Service Taxing Unit	16,876
Unassigned	836,694
<b>Total fund balance</b>	<b>1,994,915</b>
<b>Total liabilities, deferred inflows and fund balance</b>	<b>\$ 2,386,237</b>

Amounts reported in the statement of net position differ from amounts reported above as follows:

<b>Fund balance - General Fund</b>	\$ 1,994,915
Amounts to be collected under receivables that are not available to pay for the current period's expenditures and are reported as a deferred inflow of resources in the General Fund.	29,172
Capital assets used in governmental activities are not financial resources and therefore are not reported above.	253,364
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(26,874)
<b>Net position of governmental activities</b>	<b>\$ 2,250,577</b>

# **INTERNATIONAL DRIVE MASTER TRANSIT**

## **AND IMPROVEMENT DISTRICT**

### **STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GENERAL FUND**

**YEAR ENDED SEPTEMBER 30, 2016**

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#### **Revenues**

Master service taxing units	\$ 5,963,240
Charges for services	2,154,192
Interest income	283
	<hr/>
<b>Total revenues</b>	<b>8,117,715</b>

#### **Expenditures**

Current:	
Transportation services	4,613,684
General government	998,105
Public safety	1,181,192
Planning and development	632,351
Capital outlay	37,509
Debt service:	
Principal	7,148
Interest	1,326
	<hr/>
<b>Total expenditures</b>	<b>7,471,315</b>

<b>Change in fund balance</b>	646,400
<b>Fund balance, beginning of year</b>	<hr/> 1,348,515
<b>Fund balance, end of year</b>	<hr/> <b>\$ 1,994,915</b>

Amounts reported for governmental activities in the statement of activities

are different because:

<b>Net change in fund balance-General Fund</b>	\$ 646,400
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Repayment of loan principal is an expenditure in the governmental funds,  
but the repayment reduces long-term liabilities in the statement of net  
position. This is the amount of loan repayment during the current period.

7,148

Governmental funds report all capital outlays as expenditures. However,  
in the statement of activities, the cost of capitalized assets is allocated  
over asset estimated useful life and reported as depreciation expense.  
This is the amount by which depreciation exceeded capitalized capital  
outlays.

(41,302)

<b>Change in net position of governmental activities</b>	\$ 612,246
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# **INTERNATIONAL DRIVE MASTER TRANSIT AND IMPROVEMENT DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

*SEPTEMBER 30, 2016*

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### **Note 1 - Summary of significant accounting policies**

International Drive Master Transit and Improvement District (the “District”) is an independent special district created pursuant to Article VII of the Florida constitution and Section 125.01(5) of the Florida Statutes through ordinances passed by Orange County, Florida and the City of Orlando, Florida. It was created by Orange County ordinance 92-37 dated November 10, 1992. Its primary activity is the administration of transportation and capital planning projects along certain segments of International Drive.

The District is funded primarily by ad valorem tax revenues collected and remitted by the Orange County, Florida Tax Collector. The ad valorem taxes are assessed through three Municipal Service Taxing Units, described below, created in the International Drive area through ordinances by Orange County, Florida and the City of Orlando, Florida:

Master Transit Improvement District Taxing Unit, which may levy up to 0.3 mill per year; of this levy, 0.1 mill is used generally for the purposes of general administration and operations of the District and 0.2 mill is used for funding public safety programs.

International Drive Bus Service Taxing Unit, which may levy up to 1.0 mill per year, generally for the purpose of providing public transit services in the International Drive area.

North International Drive Improvement Municipal Service Taxing Unit, which may levy up to 0.2 mill per year, generally for the purpose of improving and beautifying portions of the International Drive area.

Each Municipal Service Taxing Unit described above may use funding for the purpose of funding other facilities and services for the benefit of its stakeholders and taxpayers.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to independent special districts. The following is a summary of the more significant policies:

**Reporting Entity** – The District is a legally separate entity with no component units. However, two of its three governing board members are members from Orange County Board of County Commissioners and one member is from the City of Orlando; three of the five members of the District’s Advisory Board are appointed by Orange County Board of County Commissioners and two are appointed by the City of Orlando. A major portion of the District’s funding is derived from Orange County Municipal Service Taxing Units. Therefore, the District, for financial reporting purposes, is considered a component unit of Orange County, Florida. The financial statements of the District are included in Orange County, Florida’s comprehensive annual financial report under a discrete presentation format.

**Basis of Accounting** – Government fund financial statements are organized for reporting purposes on the basis of a General Fund, the District’s major fund, which accounts for all activities of the District and is accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if collected within 60 days after year-end. Expenditures are recognized when the related fund liability is incurred.

**INTERNATIONAL DRIVE MASTER TRANSIT  
AND IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

*SEPTEMBER 30, 2016*

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**Note 1 - Summary of significant accounting policies (continued)**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**Restricted Net Position** – Assets restricted by an agreement with Orange County for specific purposes, net of related liabilities, are identified as restricted fund balance on the balance sheet and restricted net position on the statement of net position. When both restricted and unrestricted resources are available for use, the District's policy is to use restricted resources first, then unrestricted resources as they are needed.

**Capital Assets** – The District defines capital assets as assets with an initial, individual cost of \$750 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost in the government-wide financial statements. The District does not have donated fixed assets.

Infrastructure capital assets (such as bus stop markers and shelters and other assets that are immovable and of value only to the District) have been capitalized and depreciated in the same manner as other capital assets.

Capital assets are depreciated using the straight-line method over estimated lives ranging from 3 to 15 years. Accumulated depreciation has been recorded based on estimated depreciation since the date each capital asset was available for service.

**Budget** – On or before September 30 of each year, the District's Advisory and Governing Board adopts an annual budget sufficient to support the anticipated work program for the year. The budget includes revenues from all sources, including contracts, fees, and other fund sources legitimately available to the District. The District's Advisory and Governing Board can legally amend the budget to the extent deemed necessary, provided the budget remains in balance at the fund level. District management other than the Advisory and Governing Board cannot amend or transfer appropriations.

**Use of Estimates** – The preparation of the financial statements requires management to make use of estimates that affect reported amounts. Actual results could differ from those estimates.

**Note 2 – Cash and cash equivalents and investments**

The District's cash and cash equivalents consist of a \$2,174,765 repurchase agreement, invested through a "sweep" account, and demand deposits at September 30, 2016. The investment in the repurchase agreement is reported at fair value.

The District's investment policy allows for investments in Local Governmental Surplus Funds Investment Pool, Securities and Exchange Commission registered money market funds, savings accounts, certificates of deposit, repurchase agreements, and direct obligations of the United States government or its agencies and instrumentalities. The District's investment policy also limits the maturity of all purchased securities to no more than one year.

**INTERNATIONAL DRIVE MASTER TRANSIT  
AND IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

*SEPTEMBER 30, 2016*

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**Note 3 – Changes in capital assets**

The following is a summary of changes in capital assets during the year ended September 30, 2016:

<b>Governmental Activities</b>	<b>Balance October 1, 2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance September 30, 2016</b>
Capital assets not depreciated:				
Trolley replacement inventory	\$ 26,491	\$ -	\$ -	\$ 26,491
Total capital assets not being depreciated	<u>26,491</u>	<u>-</u>	<u>-</u>	<u>26,491</u>
Capital assets being depreciated:				
Office furniture and equipment	114,543	-	-	114,543
Trolley shelters	632,101	-	-	632,101
Trolley markers	268,796	-	-	268,796
Total capital assets being depreciated	<u>1,015,440</u>	<u>-</u>	<u>-</u>	<u>1,015,440</u>
Less accumulated depreciation for:				
Office furniture and equipment	66,820	14,553	-	81,373
Trolley shelters	443,411	22,439	-	465,850
Trolley markers	237,034	4,310	-	241,344
Total accumulated depreciation	<u>747,265</u>	<u>41,302</u>	<u>-</u>	<u>788,567</u>
<b>Governmental activities capital assets</b>	<b><u>\$ 294,666</u></b>	<b><u>\$ (41,302)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 253,364</u></b>

Depreciation expense amounted to \$41,302 during fiscal 2016. Of this amount, \$26,749 is included in transportation services expense and \$14,553 is included in general government expense on the statement of activities.

**INTERNATIONAL DRIVE MASTER TRANSIT  
AND IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

*SEPTEMBER 30, 2016*

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**Note 4 – Loans Payable**

On January 28, 2015, the District entered into two loans with Ford Credit for the purchase of two new vehicles, which serve as collateral for the respective loans. The term of each loan is for 60 months at an interest rate of 4.24%. Monthly payments are \$411 and \$295, respectively. Loans payable activity during the fiscal year ending September 30, 2016 was as follows:

**Loans Payable**  
**September 30, 2016**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Amounts due within one year</u>
Ford F-150 Loan	\$ 19,787	\$ -	\$ (4,157)	\$ 15,630	\$ 4,339
Ford Escape Loan	14,235	-	(2,991)	11,244	3,122
	<u>\$ 34,022</u>	<u>\$ -</u>	<u>\$ (7,148)</u>	<u>\$ 26,874</u>	<u>\$ 7,461</u>

This is the schedule of loan payable activity in future years based on existing loans:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 7,461	\$ 1,012	\$ 8,473
2018	7,789	684	8,473
2019	8,132	342	8,474
2020	3,492	38	3,530
	<u>\$ 26,874</u>	<u>\$ 2,076</u>	<u>\$ 28,950</u>

**Note 5 – Risk Management**

The District is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District purchases commercial insurance.

The District did not reduce insurance coverages during the year ended September 30, 2016. No settlements have exceeded coverage levels in place during 2014, 2015 or 2016.

All health insurance claims are covered by Orange County, Florida's Self-Insurance Fund, a risk management pool to which risk is transferred in exchange for annual premium payments.

**INTERNATIONAL DRIVE MASTER TRANSIT  
AND IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

*SEPTEMBER 30, 2016*

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**Note 6 – Commitments**

**Operating Leases** – The District is currently committed to various operating leases with terms in excess of one year. For the year ended September 30, 2016, the total lease expenditures were \$76,748. The following is the schedule of future minimum lease payments based on existing leases:

<b>Fiscal year ending September 30:</b>	<b>Amount</b>
2017	\$ 54,517
2018	4,365
2019	1,628
Total future minimum lease payments	<u>\$ 60,510</u>

**Trolley Transportation Service** - The District has an agreement to pay the Mears Transportation Group through November 6, 2017 for trolley transportation service within the bus service area of International Drive. The agreement provides for hourly rates that increase or decrease by 85% of the annual percentage change in the Consumer Price Index on November 6<sup>th</sup> of each year through 2017. In addition, the hourly rates are subject to periodic fuel price adjustments not to exceed 4.75%.

**Law Enforcement Services** - The District has an agreement to pay the Orange County Sheriff's Office through September 30, 2017 for the Tourist Oriented Policing Special Squads Program (TOPS). This program provides law enforcement services in the portion of the District that lies within the unincorporated area of Orange County. The agreement is amended and extended on an annual basis. For fiscal year 2017 the annual fee is \$967,725.

**Note 7 – Postemployment Benefits**

The District administers a single-employer defined benefit plan (the "Plan") for postemployment health care benefits. As part of its participation in Orange County, Florida's Self-Insurance Fund, the District provides payment of Medicare Part B premiums and a health insurance subsidy for retirees who participated in the District's medical plan in the amount of \$3 per month for each year of service up to a maximum of 30 years. Separate stand-alone financial statements of the Plan are not prepared.

There are no required employee contributions to the Plan and employer contributions are funded on a pay as you go basis. There were no employer contributions to the Plan during the year ended September 30, 2016, and there were no assets in the Plan at September 30, 2016. Due to insignificance, a corresponding obligation has not been presented on the District's financial statements.

**Note 8 – Governmental Fund Balances**

Fund balance for the District is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts of the fund can be spent. Fund balances are classified either as nonspendable or as spendable. Spendable fund balances are further classified in a hierarchy based on the extent to which there are external and internal constraints on the spending of these fund balances. These classifications are described as follows:

**INTERNATIONAL DRIVE MASTER TRANSIT  
AND IMPROVEMENT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

*SEPTEMBER 30, 2016*

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**Note 8 – Governmental Fund Balances (continued)**

*Nonspendable* fund balances include amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. As of September 30, 2016, the District had a nonspendable fund balance of \$13,177 related to prepaid items and other assets which are not expected to be converted to cash.

*Spendable* fund balances are classified based on a hierarchy of the District's ability to control the spending of these fund balances.

*Restricted* fund balances are fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations or imposed by law through constitutional provisions or enabling legislation. As of September 30, 2016, the District had restricted fund balances as summarized below:

Public Safety	\$ 1,128,168
North International Drive Improvement	
Municipal Service Taxing Unit	16,876
Total restricted fund balances	<u>\$ 1,145,044</u>

*Committed* fund balances are fund balances constrained for specific purposes imposed by formal action of the District's highest level of decision making authority. Committed fund balances are reported pursuant to resolutions approved by the Governing Board and can only be modified or rescinded through resolutions approved by the Governing Board. As of September 30, 2016, the District had no committed fund balances.

*Assigned* fund balances are fund balances intended to be used for specific purposes, but which are neither restricted nor committed. As of September 30, 2016, the District had no assigned fund balances.

*Unassigned* fund balances represent the residual positive fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, or assigned. As of September 30, 2016, the District's unassigned fund balance was \$836,694.

For purposes of fund balance classification, the District considers restricted funds to have been spent first when both restricted and unrestricted fund balance is available, followed in order by committed, assigned and unassigned amounts, as applicable.

## **REQUIRED SUPPLEMENTARY INFORMATION**

# INTERNATIONAL DRIVE MASTER TRANSIT

## AND IMPROVEMENT DISTRICT

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - GENERAL FUND

*YEAR ENDED SEPTEMBER 30, 2016*

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	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Master service taxing units	\$ 6,011,142	\$ 6,011,142	\$ 5,963,240	\$ (47,902)
Charges for services	2,124,453	2,124,453	2,154,192	29,739
Interest income	451	451	283	(168)
<b>Total revenues</b>	<b>8,136,046</b>	<b>8,136,046</b>	<b>8,117,715</b>	<b>(18,331)</b>
 <b>Expenditures</b>				
Current				
Transportation services	5,493,088	5,493,088	4,613,684	879,404
General government	1,116,872	1,116,872	998,105	118,767
Public safety	1,282,864	1,282,864	1,181,192	101,672
Planning and development	736,637	736,637	632,351	104,286
Capital outlay	156,000	156,000	37,509	118,491
Debt service	-	-	8,474	(8,474)
<b>Total expenditures</b>	<b>8,785,461</b>	<b>8,785,461</b>	<b>7,471,315</b>	<b>1,314,146</b>
 <b>Change in fund balance</b>	<b>(649,415)</b>	<b>(649,415)</b>	<b>646,400</b>	<b>1,295,815</b>
 <b>Fund balance, beginning of year</b>	<b>1,348,515</b>	<b>1,348,515</b>	<b>1,348,515</b>	<b>-</b>
 <b>Fund balance, end of year</b>	<b>\$ 699,100</b>	<b>\$ 699,100</b>	<b>\$ 1,994,915</b>	<b>\$ 1,295,815</b>

## **OTHER SUPPLEMENTARY INFORMATION**

**INTERNATIONAL DRIVE MASTER TRANSIT  
AND IMPROVEMENT DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL – MUNICIPAL SERVICE TAXING UNITS**

**YEAR ENDED SEPTEMBER 30, 2016**

	Master Transit Improvement District			International Drive Bus Service		
	Taxing Unit			Taxing Unit		
	Budget	Actual	Variance- Positive (Negative)	Budget	Actual	Variance- Positive (Negative)
<b>Revenues</b>						
Master service taxing units	\$ 1,950,157	\$ 1,929,500	\$ (20,657)	\$ 3,943,528	\$ 3,915,000	\$ (28,528)
Charges for services	-	1,700	1,700	2,124,453	2,152,492	28,039
Interest income	216	46	(170)	100	207	107
<b>Total revenues</b>	<b>1,950,373</b>	<b>1,931,246</b>	<b>(19,127)</b>	<b>6,068,081</b>	<b>6,067,699</b>	<b>(382)</b>
<b>Expenditures</b>						
Current						
Transportation services	-	-	-	5,493,088	4,613,684	879,404
General government	746,372	680,238	66,134	248,500	200,883	47,617
Public safety	1,282,864	1,181,192	101,672	-	-	-
Planning and development	50,000	38,235	11,765	671,637	588,116	83,521
Capital outlay	11,000	5,554	5,446	145,000	31,955	113,045
Debt service	-	8,474	(8,474)	-	-	-
<b>Total expenditures</b>	<b>2,090,236</b>	<b>1,913,693</b>	<b>176,543</b>	<b>6,558,225</b>	<b>5,434,638</b>	<b>1,123,587</b>
<b>Changes in fund balances</b>	<b>(139,863)</b>	<b>17,553</b>	<b>157,416</b>	<b>(490,144)</b>	<b>633,061</b>	<b>1,123,205</b>
<b>Fund balance, beginning of year</b>	<b>475,327</b>	<b>475,327</b>	<b>-</b>	<b>852,098</b>	<b>852,098</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 335,464</b>	<b>\$ 492,880</b>	<b>\$ 157,416</b>	<b>\$ 361,954</b>	<b>\$ 1,485,159</b>	<b>\$ 1,123,205</b>

**INTERNATIONAL DRIVE MASTER TRANSIT  
AND IMPROVEMENT DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL – MUNICIPAL SERVICE TAXING UNITS**

**YEAR ENDED SEPTEMBER 30, 2016**

North International Drive Improvement						
	Municipal Service Taxing Unit			Totals		
	Budget	Actual	Variance- Positive (Negative)	Budget	Actual	Variance- Positive (Negative)
<b>Revenues</b>						
Master service taxing units	\$ 117,457	\$ 118,740	\$ 1,283	\$ 6,011,142	\$ 5,963,240	\$ (47,902)
Charges for services	-	-	-	2,124,453	2,154,192	29,739
Interest income	135	30	(105)	451	283	(168)
<b>Total revenues</b>	<b>117,592</b>	<b>118,770</b>	<b>1,178</b>	<b>8,136,046</b>	<b>8,117,715</b>	<b>(18,331)</b>
<b>Expenditures</b>						
Current						
Transportation services	-	-	-	5,493,088	4,613,684	879,404
General government	122,000	116,984	5,016	1,116,872	998,105	118,767
Public safety	-	-	-	1,282,864	1,181,192	101,672
Planning and development	15,000	6,000	9,000	736,637	632,351	104,286
Capital outlay	-	-	-	156,000	37,509	118,491
Debt service	-	-	-	-	8,474	(8,474)
<b>Total expenditures</b>	<b>137,000</b>	<b>122,984</b>	<b>14,016</b>	<b>8,785,461</b>	<b>7,471,315</b>	<b>1,314,146</b>
<b>Changes in fund balances</b>	<b>(19,408)</b>	<b>(4,214)</b>	<b>15,194</b>	<b>(649,415)</b>	<b>646,400</b>	<b>1,295,815</b>
<b>Fund balance, beginning of year</b>	<b>21,090</b>	<b>21,090</b>	<b>-</b>	<b>1,348,515</b>	<b>1,348,515</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 1,682</b>	<b>\$ 16,876</b>	<b>\$ 15,194</b>	<b>\$ 699,100</b>	<b>\$ 1,994,915</b>	<b>\$ 1,295,815</b>

**SUPPLEMENTARY REPORTS OF  
INDEPENDENT AUDITOR**

**Report of Independent Auditor on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Advisory and Governing Board of  
International Drive Master Transit and Improvement District  
Orlando, Florida

We have audited, 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, the financial statements of the governmental activities and the General Fund of International Drive Master Transit and Improvement District (the "District"), a component unit of Orange County, Florida, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 13, 2017.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

### **Purpose of this Report**

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

A handwritten signature in black ink that reads "Cheryl Behnert, CPA". The signature is fluid and cursive, with "Cheryl" and "Behnert" being the most prominent parts.

Orlando, Florida  
January 13, 2017

## Independent Auditor's Management Letter

To the Advisory and Governing Board of  
International Drive Master Transit and Improvement District  
Orlando, Florida

### **Report of the Financial Statements**

We have audited the financial statements of the International Drive Master Transit and Improvement District (the "District"), as of and for the year ended September 30, 2016, and have issued our report thereon dated January 13, 2017.

### **Auditor's Responsibility**

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

### **Other Reporting Required by *Government Auditing Standards***

We have issued our Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Report of Independent Accountant on Compliance with Local Government Investment Policies. Disclosures in those reports, which are dated January 13, 2017, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Such disclosure is included in the notes to the financial statements. There were no component units related to the entity.

### **Financial Condition**

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

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

### **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the District for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. Our comparison of these two reports resulted in no material differences.

### **Other Matters**

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

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

### **Purpose of this Letter**

The purpose of this management letter is to communicate certain matters prescribed by Chapter 10.550, Rules of the Auditor General. Accordingly, this management letter is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cheryl Behoert esq".

Orlando, Florida  
January 13, 2017

**Report of Independent Accountant on Compliance  
With Local Government Investment Policies**

To the Advisory and Governing Board of  
International Drive Master Transit and Improvement District  
Orlando, Florida

**Report on Compliance**

We have examined International Drive Master Transit and Improvement District's (the "District") compliance with the local government investment policy requirements of Section 218.415 requirements, Florida Statutes, during the year ended September 30, 2016. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

**Scope**

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

**Opinion**

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.



Orlando, Florida  
January 13, 2017