

**INTERNATIONAL DRIVE MASTER
TRANSIT AND IMPROVEMENT DISTRICT
d/b/a INTERNATIONAL DRIVE
BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF ORANGE
COUNTY, FLORIDA)**

FINANCIAL STATEMENTS

As of and for the Year Ended September 30, 2018

*And Report of Independent Auditor and Supplementary
Reports*

INTERNATIONAL DRIVE MASTER TRANSIT AND IMPROVEMENT DISTRICT
d/b/a INTERNATIONAL DRIVE BUSINESS IMPROVEMENT DISTRICT
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Report of Independent Auditor

To the Advisory and Governing Board of
International Drive Master Transit and Improvement District
d/b/a International Drive Business 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 d/b/a International Drive Business Improvement District (the "District"), a component unit of Orange County, Florida, as of and for the year ended September 30, 2018, 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, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 17, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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.



Orlando, Florida
January 17, 2019

INTERNATIONAL DRIVE MASTER TRANSIT AND IMPROVEMENT DISTRICT d/b/a INTERNATIONAL DRIVE BUSINESS IMPROVEMENT DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the International Drive Master Transit and Improvement District d/b/a International Drive Business 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, 2018.

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) general 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 balance 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
d/b/a INTERNATIONAL DRIVE BUSINESS IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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 \$2,807,734 at the close of the most recent fiscal year. This compares with \$2,698,446 at the close of the previous fiscal year, an increase of \$109,288. This increase was comprised of a decrease of \$9,212 in net investment in capital assets, a decrease of \$97,048 in restricted net position and an increase of \$215,548 in unrestricted net position.

Cash and cash equivalents of \$2,658,358 makes up the majority of current and other assets, increasing \$165,090 during fiscal year 2018. Operating results contributing to the increase in cash include general operating profits of \$206,336 offset by public safety losses of \$98,302.

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.

	Net Position	
	2018	2017
Current and other assets	\$ 2,812,850	\$ 2,658,488
Capital assets	375,917	392,918
Total assets	<u>3,188,767</u>	<u>3,051,406</u>
Current liabilities	377,540	341,336
Noncurrent liabilities	3,493	11,624
Total liabilities	<u>381,033</u>	<u>352,960</u>
Net position		
Net investment in capital assets	364,293	373,505
Restricted	1,231,539	1,328,587
Unrestricted	1,211,902	996,354
Total net position	<u>\$ 2,807,734</u>	<u>\$ 2,698,446</u>

INTERNATIONAL DRIVE MASTER TRANSIT AND IMPROVEMENT DISTRICT
d/b/a INTERNATIONAL DRIVE BUSINESS IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

Governmental activities increased the District's net position by \$109,288 in fiscal year 2018, compared to an increase of \$447,869 seen in the prior fiscal year. Total revenues decreased by \$85,608 from last year, primarily as a result of a decrease in charges for services due to a decrease in ridership during the fiscal year, which was partially offset by increases in taxing unit revenues. Total expenses increased by \$252,973, primarily as a result of a \$281,732 increase in public safety expenses related to a new District Engagement Officers Program, which is an extension of the Public Safety Program that complements the current Tourist Oriented Policing Special Squads (TOPS) unit.

	Changes in Net Position	
	2018	2017
Revenues		
Program revenues:		
Charges for services	\$ 1,754,661	\$ 1,896,538
Total program revenues	<u>1,754,661</u>	<u>1,896,538</u>
General revenues:		
Master service taxing units	6,514,459	6,468,466
Other general revenues	<u>10,796</u>	<u>520</u>
Total general revenues	<u>6,525,255</u>	<u>6,468,986</u>
Total revenues	<u>8,279,916</u>	<u>8,365,524</u>
Expenses		
Program expenses:		
Transportation services	4,831,748	4,936,441
General government	1,129,819	1,051,926
Public safety	1,516,755	1,235,023
Planning and development	<u>692,306</u>	<u>694,265</u>
Total program expenses	<u>8,170,628</u>	<u>7,917,655</u>
Changes in net position	109,288	447,869
Net position beginning	<u>2,698,446</u>	<u>2,250,577</u>
Net position ending	<u>\$ 2,807,734</u>	<u>\$ 2,698,446</u>

**INTERNATIONAL DRIVE MASTER TRANSIT AND IMPROVEMENT DISTRICT
d/b/a INTERNATIONAL DRIVE BUSINESS IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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 \$131,396 increase in fund balance during fiscal 2018, as compared to a \$317,130 increase in fund balance during fiscal 2017. Revenues decreased from \$8,381,800 to \$8,292,812, primarily due to a decrease in charges for services. Expenditures increased from \$8,064,670 to \$8,161,416, with public safety expenditures increasing \$281,923, transportation services expenditures decreasing \$171,905, and capital outlay decreasing \$92,958.

General Fund Budgetary Highlights

The original budget was not amended during the current fiscal year. A positive budget variance of \$630,563 was experienced for the General Fund as a whole, with the following highlights:

- \$264,804 positive variance in transportation expenditures
- \$124,884 positive variance in charges for general government expenditures
- \$195,260 positive variance in planning and development expenditures
- \$121,260 positive variance in capital outlay expenditures

Capital Asset Administration

The District's capital assets as of September 30, 2018 amount to \$375,917, a net decrease of \$17,001 from 2017, after recording \$43,077 in fiscal 2018 depreciation expense. The District invested \$17,850 in new trolley shelters which were put into operation when acquired, invested \$3,185 in new trolley shelters which were put into storage for future use, and invested \$5,041 in office furniture and equipment.

	Capital Assets	
	(net of accumulated depreciation)	
	2018	2017
Trolley replacement inventory	\$ 74,507	\$ 71,322
Trolley shelters	260,576	270,649
Trolley markers	18,832	23,142
Office furniture & equipment	22,002	27,805
Total	<u>\$ 375,917</u>	<u>\$ 392,918</u>

**INTERNATIONAL DRIVE MASTER TRANSIT AND IMPROVEMENT DISTRICT
d/b/a INTERNATIONAL DRIVE BUSINESS IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Economic Factors and Conditions

The District's major source of revenue, Municipal Service Taxing Units (MSTUs), are based on the County's property tax collections, which are affected by property values and millage rates set by the County. MSTUs 1 & 2 had fiscal 2018 tax revenue approximately equal to fiscal 2017 levels. MSTU 3 had a fiscal 2018 tax revenue increase of 7.61% over fiscal 2017.

The District had a fiscal 2018 combined 7.09% decrease in trolley fare box revenue and pass sales, which is consistent with their reported 6.37% decrease in trolley ridership and is attributed to an increase in competition from ride-sharing services.

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
d/b/a INTERNATIONAL DRIVE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION

SEPTEMBER 30, 2018

ASSETS

Cash and cash equivalents	\$ 2,658,358
Accounts receivable (no allowance for doubtful accounts)	122,391
Prepaid items and other assets	32,101
Capital assets:	
Trolley replacement inventory	74,507
Trolley shelter and marker infrastructure	1,042,675
Office furniture and equipment	122,666
Accumulated depreciation	<u>(863,931)</u>
Total assets	<u><u>3,188,767</u></u>

LIABILITIES

Current Liabilities

Accounts payable	353,647
Accrued liabilities	12,882
Loans payable, current	8,131
Unearned revenue	<u>2,880</u>
Total current liabilities	<u><u>377,540</u></u>

Noncurrent Liabilities

Loans payable, long-term	<u>3,493</u>
Total noncurrent liabilities	<u><u>3,493</u></u>

Total liabilities

381,033

NET POSITION

Net investment in capital assets	364,293
Restricted for:	
Public safety	1,217,847
North International Drive Improvement Municipal Service Taxing Unit	13,692
Unrestricted	<u>1,211,902</u>
Total net position	<u><u>\$ 2,807,734</u></u>

**INTERNATIONAL DRIVE MASTER TRANSIT AND IMPROVEMENT DISTRICT
d/b/a INTERNATIONAL DRIVE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES**

YEAR ENDED SEPTEMBER 30, 2018

Program expenses	
Transportation services	\$ 4,831,748
General government	1,129,819
Public safety	1,516,755
Planning and development	<u>692,306</u>
Total program expenses	8,170,628
Program revenues	
Charges for services	<u>1,754,661</u>
Net program expenses	<u>(6,415,967)</u>
General revenues	
Master service taxing units	6,514,459
Interest income	1,662
Other miscellaneous revenue	<u>9,134</u>
Total general revenues	<u>6,525,255</u>
Change in net position	109,288
Net position - beginning of the year	<u>2,698,446</u>
Net position - end of the year	<u><u>\$ 2,807,734</u></u>

**INTERNATIONAL DRIVE MASTER TRANSIT AND IMPROVEMENT DISTRICT
d/b/a INTERNATIONAL DRIVE BUSINESS IMPROVEMENT DISTRICT
BALANCE SHEET – GENERAL FUND**

SEPTEMBER 30, 2018

ASSETS

Cash and cash equivalents	\$ 2,658,358
Accounts receivable (no allowance for doubtful accounts)	122,391
Prepaid items and other assets	32,101
Total assets	<u><u>2,812,850</u></u>

LIABILITIES

Accounts payable	353,647
Accrued liabilities	12,882
Unearned revenues	2,880
Total liabilities	<u><u>369,409</u></u>

FUND BALANCE

Nonspendable	
Prepaid items and other assets	32,101
Spendable	
Restricted for:	
Public safety	1,217,847
North International Drive Improvement Municipal Service Taxing Unit	13,692
Unassigned	1,179,801
Total fund balance	<u><u>2,443,441</u></u>
Total liabilities, deferred inflows and fund balance	<u><u>\$ 2,812,850</u></u>

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

Fund balance - General Fund	\$ 2,443,441
Capital assets used in governmental activities are not financial resources and therefore are not reported above.	375,917
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(11,624)
Net position of governmental activities	<u><u>\$ 2,807,734</u></u>

INTERNATIONAL DRIVE MASTER TRANSIT AND IMPROVEMENT DISTRICT
d/b/a INTERNATIONAL DRIVE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2018

Revenues	
Master service taxing units	\$ 6,514,459
Charges for services	1,767,557
Interest income	1,662
Other miscellaneous revenue	9,134
Total revenues	<u>8,292,812</u>
Expenditures	
Current:	
Transportation services	4,713,096
General government	1,110,444
Public safety	1,516,357
Planning and development	697,306
Capital outlay	115,740
Debt service:	
Principal	7,789
Interest	684
Total expenditures	<u>8,161,416</u>
Change in fund balance	131,396
Fund balance, beginning of year	<u>2,312,045</u>
Fund balance, end of year	<u>\$ 2,443,441</u>

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance-General Fund	\$ 131,396
Receivables uncollected within 60 days of year-end are unavailable to pay for current period expenditures and are reported as a deferred inflow of resources in the General Fund. At the prior year-end there was unavailable revenue of \$12,896, which was all collected in fiscal 2018. At the current year-end there was no unavailable revenue. This is the net change in unavailable revenue.	(12,896)
Repayment of loan principal is an expenditure in governmental funds, but repayment reduces long-term liabilities in the statement of net position. This is the amount of loan repayment during the current period.	7,789
Governmental funds report all capital outlays as expenditures. In the statement of activities, the costs of capitalized assets are allocated over asset estimated useful life and reported as depreciation expense. This is the amount by which capitalized capital outlays exceeded depreciation.	<u>(17,001)</u>
Change in net position of governmental activities	<u>\$ 109,288</u>

See notes to the financial statements.

**INTERNATIONAL DRIVE MASTER TRANSIT AND IMPROVEMENT DISTRICT
d/b/a INTERNATIONAL DRIVE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS**

SEPTEMBER 30, 2018

Note 1 - Summary of significant accounting policies

International Drive Master Transit and Improvement District d/b/a International Drive Business 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 for 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, is used to provide 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, is used to improve and beautify 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
d/b/a INTERNATIONAL DRIVE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS**

SEPTEMBER 30, 2018

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 of two years or more. Such assets are recorded at 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 \$2,618,042 repurchase agreement, invested through a "sweep" account, and demand deposits of \$40,316 at September 30, 2018. The investment in the repurchase agreement is reported at amortized cost.

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
d/b/a INTERNATIONAL DRIVE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 3 – Changes in capital assets

The following is a summary of changes in capital assets during the year ended September 30, 2018:

	Balance October 1, 2017	Additions	Deletions	Balance September 30, 2018
Governmental Activities				
Capital assets not depreciated:				
Trolley replacement inventory	\$ 71,322	\$ 3,185	\$ -	\$ 74,507
Total capital assets not being depreciated	<u>71,322</u>	<u>3,185</u>	<u>-</u>	<u>74,507</u>
Capital assets being depreciated:				
Office furniture and equipment	117,625	5,041	-	122,666
Trolley shelters	756,029	17,850	-	773,879
Trolley markers	268,796	-	-	268,796
Total capital assets being depreciated	<u>1,142,450</u>	<u>22,891</u>	<u>-</u>	<u>1,165,341</u>
Less accumulated depreciation for:				
Office furniture and equipment	89,820	10,844	-	100,664
Trolley shelters	485,380	27,923	-	513,303
Trolley markers	245,654	4,310	-	249,964
Total accumulated depreciation	<u>820,854</u>	<u>43,077</u>	<u>-</u>	<u>863,931</u>
Governmental activities capital assets	<u><u>\$ 392,918</u></u>	<u><u>\$ (17,001)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 375,917</u></u>

Depreciation expense amounted to \$43,077 during fiscal 2018. Of this amount, \$32,233 is included in transportation services expense and \$10,844 is included in general government expense on the statement of activities.

**INTERNATIONAL DRIVE MASTER TRANSIT AND IMPROVEMENT DISTRICT
d/b/a INTERNATIONAL DRIVE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS**

SEPTEMBER 30, 2018

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, 2018 was as follows:

Loans Payable September 30, 2018					
	<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	\$ 11,291	\$ -	\$ (4,529)	\$ 6,762	\$ 4,729
Ford Escape Loan	8,122	-	(3,260)	4,862	3,402
	<u>\$ 19,413</u>	<u>\$ -</u>	<u>\$ (7,789)</u>	<u>\$ 11,624</u>	<u>\$ 8,131</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>
2019	8,131	343	8,474
2020	3,493	37	3,530
	<u>\$ 11,624</u>	<u>\$ 380</u>	<u>\$ 12,004</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, 2018. No settlements have exceeded coverage levels in place during 2016, 2017 or 2018.

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
d/b/a INTERNATIONAL DRIVE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS**

SEPTEMBER 30, 2018

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, 2018, the total lease expenditures were \$83,459. The following is the schedule of future minimum lease payments based on existing leases:

Fiscal year ending September 30:	<u>Amount</u>
2019	\$ 101,689
2020	105,576
2021	108,744
2022	111,737
2023	115,079
Thereafter	473,497
Total future minimum lease payments	<u>\$ 1,016,322</u>

Trolley Transportation Service - The District has an agreement to pay the Mears Transportation Group through November 7, 2019 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 6th of each year through 2019. 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, 2019 for the TOPS Program. 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 2019, the annual fee is \$1,132,862.

District Engagement Officer Program Services ("DEO Program") - The District has an agreement to pay the Orange County Sheriff's Office through September 30, 2019 for the DEO Program. The program provides enhanced services, including but not limited to, enhancing visibility and serving as an additional resource for visitors and residents, 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 2019, the annual fee is \$200,000.

INTERNATIONAL DRIVE MASTER TRANSIT AND IMPROVEMENT DISTRICT
d/b/a INTERNATIONAL DRIVE BUSINESS IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Note 7 – 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:

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, 2018, the District had a nonspendable fund balance of \$32,101 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 by external parties, such as creditors, grantors or contributors; constitutional provisions; or enabling legislation. As of September 30, 2018, the District had restricted fund balances as summarized below:

Public Safety	\$ 1,217,847
North International Drive Improvement	
Municipal Service Taxing Unit	<u>13,692</u>
Total restricted fund balances	<u>\$ 1,231,539</u>

Committed fund balances are fund balances constrained for specific purposes 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, 2018, 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, 2018, 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, 2018, the District's unassigned fund balance was \$1,179,801.

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
d/b/a INTERNATIONAL DRIVE BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Master service taxing units	\$ 6,634,621	\$ 6,634,621	\$ 6,514,459	\$ (120,162)
Charges for services	1,810,300	1,810,300	1,767,557	(42,743)
Interest income	360	360	1,662	1,302
Other miscellaneous revenue	-	-	9,134	9,134
Total revenues	8,445,281	8,445,281	8,292,812	(152,469)
Expenditures				
Current				
Transportation services	4,977,900	4,977,900	4,713,096	264,804
General government	1,235,328	1,235,328	1,110,444	124,884
Public safety	1,601,170	1,601,170	1,516,357	84,813
Planning and development	893,050	893,050	697,306	195,744
Capital outlay	237,000	237,000	115,740	121,260
Debt service	-	-	8,473	(8,473)
Total expenditures	8,944,448	8,944,448	8,161,416	783,032
Change in fund balance	(499,167)	(499,167)	131,396	630,563
Fund balance, beginning of year	2,312,045	2,312,045	2,312,045	-
Fund balance, end of year	\$ 1,812,878	\$ 1,812,878	\$ 2,443,441	\$ 630,563

OTHER SUPPLEMENTARY INFORMATION

INTERNATIONAL DRIVE MASTER TRANSIT AND IMPROVEMENT DISTRICT
d/b/a INTERNATIONAL DRIVE BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – MUNICIPAL SERVICE TAXING UNITS

YEAR ENDED SEPTEMBER 30, 2018

	Master Transit Improvement District			International Drive Bus Service		
	Taxing Unit			Taxing Unit		
	Budget	Actual	Variance- Positive (Negative)	Budget	Actual	Variance- Positive (Negative)
Revenues						
Master service taxing units	\$ 2,195,000	\$ 2,116,500	\$ (78,500)	\$ 4,297,704	\$ 4,259,300	\$ (38,404)
Charges for services	-	49	49	1,810,300	1,767,508	(42,792)
Interest income	100	270	170	200	1,216	1,016
Other miscellaneous revenue	-	9,134	9,134	-	-	-
Total revenues	2,195,100	2,125,953	(69,147)	6,108,204	6,028,024	(80,180)
Expenditures						
Current						
Transportation services	-	-	-	4,977,900	4,713,096	264,804
General government	852,720	754,044	98,676	246,608	223,819	22,789
Public safety	1,601,170	1,516,357	84,813	-	-	-
Planning and development	172,050	29,994	142,056	716,000	662,312	53,688
Capital outlay	12,000	8,285	3,715	225,000	107,455	117,545
Debt service	-	8,473	(8,473)	-	-	-
Total expenditures	2,637,940	2,317,153	320,787	6,165,508	5,706,682	458,826
Changes in fund balances	(442,840)	(191,200)	251,640	(57,304)	321,342	378,646
Fund balance, beginning of year	660,548	660,548	-	1,639,059	1,639,059	-
Fund balance, end of year	\$ 217,708	\$ 469,348	\$ 251,640	\$ 1,581,755	\$ 1,960,401	\$ 378,646

INTERNATIONAL DRIVE MASTER TRANSIT AND IMPROVEMENT DISTRICT
d/b/a INTERNATIONAL DRIVE BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – MUNICIPAL SERVICE TAXING UNITS

YEAR ENDED SEPTEMBER 30, 2018

	North International Drive Improvement Municipal Service Taxing Unit			Totals		
	Budget	Actual	Variance- Positive (Negative)	Budget	Actual	Variance- Positive (Negative)
Revenues						
Master service taxing units	\$ 141,917	\$ 138,659	\$ (3,258)	\$ 6,634,621	\$ 6,514,459	\$ (120,162)
Charges for services	-	-	-	1,810,300	1,767,557	(42,743)
Interest income	60	176	116	360	1,662	1,302
Other miscellaneous revenue	-	-	-	-	9,134	9,134
Total revenues	141,977	138,835	(3,142)	8,445,281	8,292,812	(152,469)
Expenditures						
Current						
Transportation services	-	-	-	4,977,900	4,713,096	264,804
General government	136,000	132,581	3,419	1,235,328	1,110,444	124,884
Public safety	-	-	-	1,601,170	1,516,357	84,813
Planning and development	5,000	5,000	-	893,050	697,306	195,744
Capital outlay	-	-	-	237,000	115,740	121,260
Debt service	-	-	-	-	8,473	(8,473)
Total expenditures	141,000	137,581	3,419	8,944,448	8,161,416	783,032
Changes in fund balances	977	1,254	277	(499,167)	131,396	630,563
Fund balance, beginning of year	12,438	12,438	-	2,312,045	2,312,045	-
Fund balance, end of year	\$ 13,415	\$ 13,692	\$ 277	\$ 1,812,878	\$ 2,443,441	\$ 630,563

SUPPLEMENTARY REPORTS

**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
d/b/a International Drive Business 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 d/b/a International Drive Business Improvement District (the "District"), a component unit of Orange County, Florida, as of and for the year ended September 30, 2018, 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 17, 2019.

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.

Handwritten signature in black ink that reads "Cheryl Behrman LLP". The signature is written in a cursive, flowing style.

Orlando, Florida
January 17, 2019

Independent Auditor's Management Letter

To the Advisory and Governing Board of
International Drive Master Transit and Improvement District
d/b/a International Drive Business Improvement District
Orlando, Florida

Report of the Financial Statements

We have audited the financial statements of the International Drive Master Transit and Improvement District d/b/a International Drive Business Improvement District (the "District"), as of and for the year ended September 30, 2018, and have issued our report thereon dated January 17, 2019.

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 17, 2019, 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 and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify 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 for the District. It is management's responsibility to monitor the 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.

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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 warrants the attention of those charged with governance. In connection with our audit, we did not note 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 cursive script that reads "Cheryl Behrert LLP".

Orlando, Florida
January 17, 2019



**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
d/b/a International Drive Business Improvement District
Orlando, Florida

We have examined International Drive Master Transit and Improvement District d/b/a International Drive Business Improvement District's (the "District") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2018. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the District's compliance with the specified requirements.

In our opinion, the District complied, in all material respects, with the local investment policy requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2018.

The purpose of this report is to comply with the audit requirements of Section 218.415, Florida Statutes, and Rules of the Auditor General.

Cherry Bekaert LLP

Orlando, Florida
January 17, 2019