

NEFRC



PERSONNEL, BUDGET & FINANCE POLICY COMMITTEE

Meeting

**February 5, 2015
9:00 a.m.**

**Northeast Florida Regional Council
6850 Belfort Oaks Place
Jacksonville, FL 32216**




Bringing Communities Together

Baker • Clay • Duval • Flagler • Nassau • Putnam • St. Johns

MEMORANDUM

DATE: FEBRUARY 5, 2015

TO: NEFRC PERSONNEL, BUDGET AND FINANCE POLICY COMMITTEE

THRU: BRIAN D. TEEPLE, CHIEF EXECUTIVE OFFICER 

FROM: DONNA STARLING, CHIEF FINANCIAL OFFICER ^{DS}

RE: APRIL 2, 2015 COMMITTEE MEETING

The next regular monthly meeting of the Northeast Florida Regional Council's Personnel, Budget & Finance Policy Committee will be held at **9:30 a.m.** on **Thursday, April 2, 2015** at the Northeast Florida Regional Council, 6850 Belfort Oaks Place, Jacksonville, FL 32216.

Northeast Florida Regional Council

PERSONNEL, BUDGET & FINANCE
POLICY COMMITTEE

A G E N D A

Northeast Florida Regional Council
6850 Belfort Oaks Place
Jacksonville, FL 32216

THURSDAY, FEBRUARY 5, 2015
9:00 a.m.

(ADDED OR MODIFIED ITEMS IN BOLD)
(*Denotes Action Required)

TAB

- 1. Call to Order, Welcome, Roll Call – Chair Register
- *2. Approval of December 4, 2014 Meeting’s Minutes – Chair Register 1
- 3. Invitation to Speak – Chair Register
Members of the public are welcome and encouraged to speak on any item brought before the Committee. Please fill out one of the green speaker cards located at the sign-in table.
- *4. November 2014 Financial Report – Donna Starling 2
- *5. December 2014 Financial Report – Donna Starling 3
- *6. FY 2013/2014 Audit – Lon Stafford of Carr, Riggs & Ingram, LLC 4
- *7. Occupancy Cost Analysis Update – Brian Teeple 5
- 8. Public Comment – LIMITED TO **3 MINUTES PER SPEAKER**
- 9. Next Meeting Date and Location: **APRIL 2, 2015**
Northeast Florida Regional Council
6850 Belfort Oaks Place
Jacksonville, FL 32216
- 10. Adjournment

***Denotes Action Item**

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NORTHEAST FLORIDA REGIONAL COUNCIL

Personnel, Budget & Finance Committee

December 4, 2014

MINUTES

A meeting of the Personnel, Budget & Finance Committee was held on Thursday, December 4, 2014, at 9:30 a.m. at the University of North Florida 12000 Alumni Drive, Jacksonville, Florida, 32224. Chair Register called the meeting to order with the following members present representing a quorum:

Present: Tony Brown, Vernon Myers, Darryl Register, Robert Spaeth and Cyndi Stevenson

Excused: Catherine Robinson

Absent: Elaine Brown

Staff Present: Donna Starling, Brian Teeple and Sheron Forde

*Approval of Minutes

Chair Register called for a motion on the October 2, 2014 meeting's minutes. Mayor Myers moved approval of the Minutes; seconded by Mayor Brown. Motion carried.

Invitation to Speak

Chair Register announced that the public is welcome to speak on any item that is brought before the Council.

*September 2014 Financial Report

Ms. Starling reported that the month of September is the end of the Council's fiscal year and that the Council posted a net loss of \$42,258 for the month of September and a year-to-date loss of \$183,513. Mr. Teeple stated that, as the Committee now meets every two months, staff will send the financial report for the non-meeting month to the Committee so they are kept abreast of the Council's financial activities. A brief discussion followed.

Chair Register called for a motion on the September 2014 Financial Report. Mayor Myers moved approval; seconded by Commissioner Stevenson. Motion carried.

*October 2014 Financial Report

Ms. Starling reported that the Council posted a net loss of \$9,380 for the month of October. As this is the first month of the fiscal year, the year-to-date loss is also \$9,380. A brief discussion followed.

Chair Register called for a motion on the October 2014 Financial Report. Mr. Spaeth moved approval; seconded by Mayor Brown. Motion carried.

*Occupancy Cost Evaluation

Mr. Teeple reported on the on-going review of Council expenses and requested the Committee's authorization to research the possibility of selling the building and leasing space, as a cost saving measure, and report back at the next meeting. A brief discussion followed.

Chair Register call for a motion on the occupancy cost evaluation. Commissioner Stevenson made a motion to authorize the CEO to further investigate ways to save on occupancy costs and report back at the February 2015 meeting; seconded by Mr. Spaeth. Motion carried.

Nomination of New 1st Vice President

This item is deferred to the February 5, 2015 meeting.

Public Comment

None.

Next Meeting Date

The next Council Board of Director's meeting is scheduled for **Thursday, February 5, 2015** at 9:30 a.m. at the Northeast Florida Regional Council, 6850 Belfort Oaks Place, Jacksonville, FL 32216.

Adjournment

Chair Register inquired if there were any other items for discussion; hearing none, the meeting was adjourned at 9:55 a.m.

Darryl Register
Chair

Brian D. Teeple
Chief Executive Officer

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Bringing Communities Together

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MEMORANDUM

DATE: January 5, 2015

TO: Northeast Florida Regional Council

THRU: Darryl Register, Personnel, Budget & Finance Committee Chair

FROM: Donna Starling, ^{DS} Chief Financial Officer

RE: November 2014 Financial Report

The Northeast Florida Regional Council posted a Net Loss of \$13,074 for the month of November and a Year to Date Loss of \$22,453. Revenues for the month of November were \$110,445. Expenses for the month were \$123,518.

The loss is largely attributed to staff salaries and expenses associated with unfunded programs and continued unfunded statutory requirements, payment of the quarterly Florida Regional Council Association (FRCA) dues and the annual payment for Directors and Officer's insurance.

Regional Council - Agencywide	Adopted Budget 14/15	November 2014	YTD	Represents 17% of Fiscal Year	Budget Variance
Revenues					
County	\$ 623,091	51,924	103,849	17%	0%
Matrix Programs	\$ 1,134,990	56,240	122,878	11%	-6%
North Florida Procurement Association	\$ 14,000	254	824	6%	-11%
Tenant Revenue	\$ 33,175	1,800	4,283	13%	-4%
Anticipated Revenue/Other	\$ -	228	717	0%	0%
TOTAL REVENUES	\$ 1,805,256	\$ 110,445	\$ 232,551	13%	

Expenses					
Salaries and Fringe	\$ 898,474	69,845	155,429	17%	0%
Contract/Grant Direct Expenses	\$ 363,000	15,517	27,639	8%	-9%
Common/Indirect - Allocated Expenses*	\$ 367,885	23,650	51,721	14%	-3%
General Fund Expense*	\$ 175,897	14,507	20,214	11%	-6%
TOTAL EXPENSES	\$ 1,805,256	\$ 123,518	\$ 255,004	14%	

Net Income (loss) (13,074) \$ (22,453)

*Excludes Salaries & Fringe

Matrix Programs	Adopted Budget 14/15	November 2014	YTD	Represents 17% of Fiscal Year	Budget Variance
Revenues					
Local Government T. A.	\$ 110,549	12,400	28,143	25%	8%
Development of Regional Impact (DRI)	\$ 40,000	24	842	2%	-15%
Transportation Disadvantaged (TD)	\$ 126,933	10,697	20,402	16%	-1%
Economic Development Administration (EDA)	\$ 60,000	7,050	13,524	23%	6%
Hurricane Study Update and Training	\$ 348,000	9,468	31,426	9%	-8%
Local Emergency Preparedness Committee (LEPC)	\$ 40,909	7,849	17,612	43%	26%
Hazardous Materials Emergency Preparedness (HMEP)	\$ 58,300	8,106	8,280	14%	-3%
Division of Emergency Management (DEM) T. A.	\$ 40,000	175	2,181	5%	-12%
Small Quantity Generator (SQG) Program	\$ 5,000	-	-	0%	-17%
Regional Leadership Academy (RLA)	\$ 2,700	-	-	0%	-17%
Special Projects	\$ 10,000	-	-	0%	-17%
Additional Revenue Needed/Other Revenue	\$ 292,599	469	469	0%	-17%
TOTAL REVENUES	\$ 1,134,990	\$ 56,240	\$ 122,878	11%	
Expenses					
Salaries/Fringe	\$ 400,150	36,380	77,556	19%	2%
Direct	\$ 349,000	15,133	26,163	7%	-10%
Common/Indirect	\$ 385,840	28,476	61,464	16%	-1%
TOTAL EXPENSES	\$ 1,134,990	\$ 79,988	\$ 165,183	15%	
Net Income (loss)		\$ (23,749)	\$ (42,306)		

Northeast Florida Regional Council
 Balance Sheet
 November 2014

	FY 13/14	FY 14/15
	<u>November 2013</u>	<u>November 2014</u>
ASSETS		
Cash*	1,493,597	1,151,459
Accounts Receivable	274,885	206,163
Prepaid Expenses	1,977	2,851
Closing Cost	4,584	3,584
Total Current Assets	<u>1,775,043</u>	<u>1,364,056</u>
Property and Equipment:		
Office Furniture and Equipment	744,798	729,187
Land	271,910	271,910
Building	1,928,090	1,928,090
Building Improvements	<u>948,286</u>	<u>948,286</u>
Less Accumulated Depreciation	<u>1,572,354</u>	<u>1,676,990</u>
Total Property and Equipment, net	<u>2,320,730</u>	<u>2,200,484</u>
Total Assets	<u><u>4,095,773</u></u>	<u><u>3,564,540</u></u>
LIABILITIES		
Accounts Payable	7,042	4,460
Accrued Salaries and Leave	95,744	76,716
Deferred Revenue	338,378	118,894
Tenant Deposits	5,758	5,758
Notes Payable	1,552,981	1,470,803
Total Liabilities	<u><u>1,999,903</u></u>	<u><u>1,676,631</u></u>
EQUITY		
Equity and Other Credits:		
Retained Earnings	2,095,870	1,887,909
Total Equity and Other Credits	<u>2,095,870</u>	<u>1,887,909</u>
Total Liabilities, Equity and Other Credits	<u><u>4,095,773</u></u>	<u><u>3,564,540</u></u>

* Cash includes advance funding for various contracts and remaining proceeds from the building note refinance that have not been expensed to date.

YTD Comparison

	13/14	14/15	13/14	14/15
	Net Income (Loss)	Net Income (Loss)	Cash Balance	Cash Balance


AGENCYWIDE

October	\$ 8,466	\$ (9,380)	\$ 1,604,590	\$ 1,143,919
November	\$ 1,994	\$ (22,453)	\$ 1,493,597	\$ 1,151,459
December	\$ (8,265)	\$ -	\$ 1,453,681	\$ -
January	\$ (28,984)	\$ -	\$ 1,365,304	\$ -
February	\$ (44,222)	\$ -	\$ 1,348,816	\$ -
March	\$ (67,529)	\$ -	\$ 1,223,489	\$ -
April	\$ (87,601)	\$ -	\$ 1,394,325	\$ -
May	\$ (112,210)	\$ -	\$ 1,340,041	\$ -
June	\$ (119,405)	\$ -	\$ 1,282,690	\$ -
July	\$ (126,743)	\$ -	\$ 1,392,312	\$ -
August	\$ (140,986)	\$ -	\$ 1,335,802	\$ -
September	\$ (183,513)	\$ -	\$ 1,239,305	\$ -

MEMORANDUM

DATE: January 5, 2015

TO: Northeast Florida Regional Council

THRU: Brian Teeple, Chief Executive Officer 

FROM: ^{DS} Donna Starling, Chief Financial Officer

RE: November Investment Report

Bank Account Interest

	<u>FY 13/14</u>	<u>FY 14/15</u>
November Interest	\$ 20	\$ 19
Year to Date Interest	\$ 41	\$ 40

Florida Local Government Investment Trust

	<u>FY 13/14</u>	<u>FY 14/15</u>
Current Balance	\$16,258	\$16,263

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Bringing Communities Together

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MEMORANDUM

DATE: January 28, 2015

TO: Northeast Florida Regional Council

THRU: Darryl Register, Personnel, Budget & Finance Committee Chair

FROM: Donna Starling, ^{DS} Chief Financial Officer

RE: December 2014 Financial Report

The Northeast Florida Regional Council posted a Net Loss of \$8,237 for the month of December and a Year to Date Loss of \$30,690. Revenues for the month of December were \$134,166. Expenses for the month were \$142,403.

The loss is largely attributed to staff salaries and expenses associated with unfunded programs and statutory requirements. We also paid the first installment payment for our audit in December.

Regional Council - Agencywide	Adopted Budget 14/15	December 2014	YTD	Represents 25% of Fiscal Year	Budget Variance
Revenues					
County	\$ 623,091	51,924	155,773	25%	0%
Matrix Programs	\$ 1,134,990	71,456	194,333	17%	-8%
North Florida Procurement Association	\$ 14,000	561	1,385	10%	-15%
Tenant Revenue	\$ 33,175	5,050	9,333	28%	3%
Anticipated Revenue/Other	\$ -	5,175	5,892	0%	0%
TOTAL REVENUES	\$ 1,805,256	\$ 134,166	\$ 366,717	20%	

Expenses					
Salaries and Fringe	\$ 898,474	65,493	220,922	25%	0%
Contract/Grant Direct Expenses	\$ 363,000	29,540	57,180	16%	-9%
Common/Indirect - Allocated Expenses*	\$ 367,885	35,075	86,796	24%	-1%
General Fund Expense*	\$ 175,897	12,294	32,509	18%	-7%
TOTAL EXPENSES	\$ 1,805,256	\$ 142,403	\$ 397,407	22%	

Net Income (loss)	(8,237)	\$ (30,690)
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*Excludes Salaries & Fringe

Matrix Programs	Adopted Budget 14/15	December 2014	YTD	Represents 25% of Fiscal Year	Budget Variance
Revenues					
Local Government T. A.	\$ 110,549	16,118	44,261	40%	15%
Development of Regional Impact (DRI)	\$ 40,000	696	1,537	4%	-21%
Transportation Disadvantaged (TD)	\$ 126,933	8,147	28,549	22%	-3%
Economic Development Administration (EDA)	\$ 60,000	4,204	17,727	30%	5%
Hurricane Study Update and Training	\$ 348,000	31,229	62,654	18%	-7%
Local Emergency Preparedness Committee (LEPC)	\$ 40,909	2,382	19,993	49%	24%
Hazardous Materials Emergency Preparedness (HMEP)	\$ 58,300	3,508	11,788	20%	-5%
Division of Emergency Management (DEM) T. A.	\$ 40,000	-	2,181	5%	-20%
Small Quantity Generator (SQG) Program	\$ 5,000	-	-	0%	-25%
Regional Leadership Academy (RLA)	\$ 2,700	-	-	0%	-25%
NE Florida Healthcare Coalition	\$ -	4,280	4,280	0%	0%
Special Projects	\$ 10,000	-	-	0%	-25%
Additional Revenue Needed/Other Revenue	\$ 292,599	893	1,361	0%	-25%
TOTAL REVENUES	\$ 1,134,990	\$ 71,456	\$ 194,333	17%	
Expenses					
Salaries/Fringe	\$ 400,150	36,796	114,352	29%	4%
Direct	\$ 349,000	28,952	55,115	16%	-9%
Common/Indirect	\$ 385,840	34,479	95,943	25%	0%
TOTAL EXPENSES	\$ 1,134,990	\$ 100,227	\$ 265,410	23%	
Net Income (loss)		\$ (28,771)	\$ (71,077)		

Northeast Florida Regional Council
 Balance Sheet
 December 2014

	FY 13/14 December 2013	FY 14/15 December 2014
ASSETS		
Cash*	1,453,681	1,090,388
Accounts Receivable	249,503	189,407
Prepaid Expenses	1,779	3,406
Closing Cost	4,500	-
Total Current Assets	1,709,464	1,283,202
Property and Equipment:		
Office Furniture and Equipment	744,798	729,187
Land	271,910	271,910
Building	1,928,090	1,928,090
Building Improvements	948,286	948,286
	-	-
Less Accumulated Depreciation	1,584,722	1,689,472
Total Property and Equipment, net	2,308,362	2,188,001
Total Assets	4,017,826	3,471,203
LIABILITIES		
Accounts Payable	18,852	11,810
Accrued Salaries and Leave	94,315	73,066
Deferred Revenue	267,041	40,832
Tenant Deposits	5,758	5,758
Notes Payable	1,546,250	1,463,815
Total Liabilities	1,932,215	1,595,281
EQUITY		
Equity and Other Credits:		
Retained Earnings	2,085,611	1,875,922
Total Equity and Other Credits	2,085,611	1,875,922
Total Liabilities, Equity and Other Credits	4,017,826	3,471,203

* Cash includes advance funding for various contracts and remaining proceeds from the building note refinance that have not been expensed to date.

YTD Comparison

	13/14	14/15	13/14	14/15
	Net Income (Loss)	Net Income (Loss)	Cash Balance	Cash Balance


AGENCYWIDE

October	\$ 8,466	\$ (9,380)	\$ 1,604,590	\$ 1,143,919
November	\$ 1,994	\$ (22,453)	\$ 1,493,597	\$ 1,151,459
December	\$ (8,265)	\$ (30,690)	\$ 1,453,681	\$ 1,090,388
January	\$ (28,984)	\$ -	\$ 1,365,304	\$ -
February	\$ (44,222)	\$ -	\$ 1,348,816	\$ -
March	\$ (67,529)	\$ -	\$ 1,223,489	\$ -
April	\$ (87,601)	\$ -	\$ 1,394,325	\$ -
May	\$ (112,210)	\$ -	\$ 1,340,041	\$ -
June	\$ (119,405)	\$ -	\$ 1,282,690	\$ -
July	\$ (126,743)	\$ -	\$ 1,392,312	\$ -
August	\$ (140,986)	\$ -	\$ 1,335,802	\$ -
September	\$ (183,513)	\$ -	\$ 1,239,305	\$ -

MEMORANDUM

DATE: January 28, 2015

TO: Northeast Florida Regional Council

THRU: Brian Teeple, Chief Executive Officer 

FROM: ^{DS} Donna Starling, Chief Financial Officer

RE: December Investment Report

Bank Account Interest

	<u>FY 13/14</u>	<u>FY 14/15</u>
December Interest	\$ 22	\$ 23
Year to Date Interest	\$ 63	\$ 63

Florida Local Government Investment Trust

	<u>FY 13/14</u>	<u>FY 14/15</u>
Current Balance	\$16,237	\$16,329

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Bringing Communities Together

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MEMORANDUM

DATE: JANUARY 28, 2015

TO: NORTHEAST FLORIDA REGIONAL COUNCIL

THRU: DARRYL REGISTER, PERSONNEL, BUDGET & FINANCE COMMITTEE CHAIR

FROM: DONNA STARLING, ^{DS} CHIEF FINANCIAL OFFICER

RE: FISCAL YEAR 2013/2014 AUDIT

Enclosed is the audit for fiscal year 2013/2014 for your review. The audit will be presented at the February 2015 board meeting by our auditors, Carr, Riggs & Ingram, LLC.

If you have any questions, please feel free to contact me.

Thank you.

**Northeast Florida
Regional Council**

**Financial Statements and
Independent Auditor's Reports**

September 30, 2014

Northeast Florida Regional Council

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Northeast Florida Regional Council

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Northeast Florida Regional Council (the "Council"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Council as of September 30, 2014, 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 the schedule of revenues, expenditures and changes in fund balances—budget and actual—budgetary basis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2015, on our consideration of the Council'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 Council's internal control over financial reporting and compliance

Carr, Riggs & Ingram, L.L.C.

St. Augustine, Florida
January 26, 2015

Northeast Florida Regional Council

Management's Discussion and Analysis

As management of the Northeast Florida Regional Council (Council), we offer readers of the Council's financial statements this narrative overview and analysis of the financial activities of the Council for the fiscal year 2013-2014. We encourage readers to read the information presented here in conjunction with additional information furnished in the Council's financial statements, which follow this narrative.

Financial Highlights

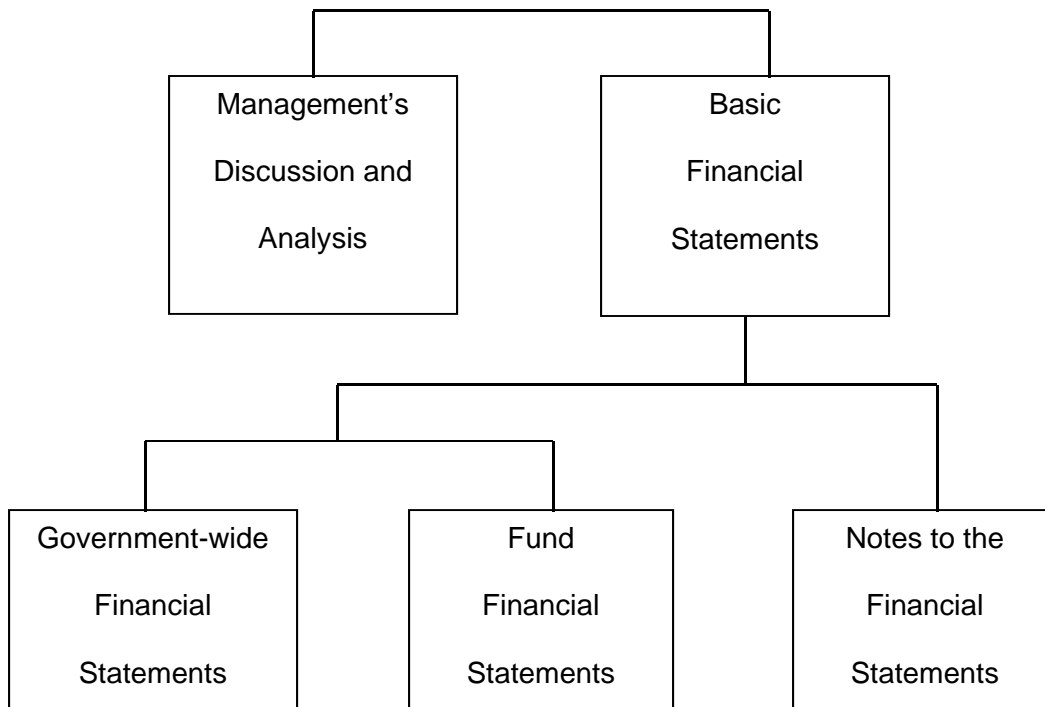
- The assets of the Council exceeded its liabilities at the close of the fiscal year by \$1,906,611.
- The Council's net position decreased by \$187,263.
- The Council's total assets decreased by \$412,705 resulting from a decrease in cash and accounts receivable, as well as a decrease in capital assets.
- The Council's total liabilities decreased by \$225,442. The decrease is mainly attributed to a decrease in deferred revenues and long-term liabilities.
- County dues for fiscal year 2013-2014 remained at \$623,091 for the sixth consecutive year.
- The funds the Council receives from the Department of Commerce Economic Development Administration for its designation as an Economic Development District was extended through December 2016 resulting in an additional \$189,000 in funding over the next three years.
- The Council received a contract from Baker County to administer the State Housing Initiatives Partnership (SHIP) program for the County. The Council already administers the program for Putnam County.
- The Council entered into a contract with Clay County for \$27,000 to complete the County's Comprehensive Emergency Management Plan.
- The Council received funding of \$125,000 to conduct an All-Hazards Type III Communications Technician (COM-T) training course for the State of Florida Division of Emergency Management.
- In June 2014 the Council released the Statewide Regional Evacuation Study and, as a result of the Study, has received additional funding from the Florida Division of Emergency Management to perform Census updates and develop a Statewide Directional Atlas for the State of Florida.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The Council's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the Council using government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information to enhance the reader's understanding of the financial condition of the Council.

Required Components of Annual Financial Report

Figure 1



Northeast Florida Regional Council

Management's Discussion and Analysis

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Council's finances. Similar in format to financial statements of a private-sector business, the government-wide statements provide short and long-term information about the Council's financial status as a whole.

The statement of net position (Page 12) presents information on all of the Council'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 the Council's financial position.

The statement of activities (Page 13) presents information showing how the Council's net position changed during the most recent fiscal year. All changes in net position are reported using the accrual basis of accounting. Therefore, all current year's revenues and expenses are taken into account regardless of when the cash is received or expenses are paid.

Fund Financial Statements

The fund financial statements (Pages 14-17) provide a more detailed look at the Council's most significant activities. A fund is a grouping of related accounts used to maintain control over resources established for the purpose of carrying on activities or attaining objectives in accordance with specific regulations, restrictions or limitations. For financial statement presentation, funds with similar characteristics are grouped into generic fund types as required by generally accepted accounting principles (GAAP). The Council's funds are classified into one category: governmental.

Governmental Funds

The Council's basic activities are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash and what monies are left at year-end that will be available for spending in the next year. As of the close of the current fiscal year, the Council's governmental funds reported an unassigned fund balance of approximately \$1.2 million. Governmental funds financial statements give the reader a detailed short-term view to help them determine if there are more or less financial resources available to finance the Council's programs.

Notes to the Financial Statements

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 18-28 of the report.

Northeast Florida Regional Council
Management's Discussion and Analysis

Government-Wide Financial Analysis

For fiscal year 2013-2014, the Council was compliant with the Government Accounting Standard Board (GASB) Statement No. 34 reporting model.

Northeast Florida Regional Council's Net Position
Figure 2

	Governmental Activities		Variance
	2012-2013	2013-2014	
Current and other assets	\$ 1,741,231	\$ 1,450,043	\$ (291,188)
Capital assets (net of accumulated depreciation)	2,346,527	2,225,010	(121,517)
Total assets	4,087,758	3,675,053	(412,705)
Current liabilities	356,824	214,915	(141,909)
Long term liabilities	1,637,060	1,553,527	(83,533)
Total liabilities	1,993,884	1,768,442	(225,442)
Net position:			
Net investment in capital assets	768,526	728,675	(39,851)
Restricted	17,537	15,573	(1,964)
Unrestricted	1,307,811	1,162,363	(145,448)
Total net position	\$ 2,093,874	\$ 1,906,611	\$ (187,263)

As shown in Figure 2, net position may serve over time as a useful indicator of a government's financial condition. The assets of the Council exceeded liabilities by \$1,906,611 in fiscal year 2013-2014. Also in fiscal year 2013-2014, the Council's net position decreased by \$187,263. The decrease is primary due to the following:

- A decrease in cash as a result a decrease in the Council's net position for the year. There was also a decrease in accounts receivable and deferred revenues due to decrease in emergency preparedness contracts for the fiscal year.
- A decrease in capital assets due to the recognition of depreciation and the disposal of assets in fiscal year 2013-2014, net of additions.
- A decrease in long-term liabilities by \$83,533 largely attributed to payment of the current portion of the principal balance of the building note.

Northeast Florida Regional Council

Management's Discussion and Analysis

Governmental Activities

Governmental activities decreased the Council's net position by \$187,263, as shown in Figure 3. Factors that attributed to the decrease are as follows:

- Federal revenues decreased largely as a result of decreased funding for emergency preparedness programs in fiscal year 2013-2014. The Council also completed a one-time contract in fiscal year 2012-2013 to develop a digital forensic investigation computer system.
- State revenues increased with the receipt of funding for programs associated with the management of the Statewide Regional Evacuation Study Program (SRESP). The Council also received State funding to conduct an All-Hazards Type III Communications Technician (COM-T) training course.
- Local government revenues decreased due to fewer local government contracts in fiscal year 2013-2014 as a result of tough budgetary constraints faced by local governments.
- Personnel service expenditures decreased primarily resulting from a reduction in staff.
- Direct charges decreased in large part due to a decrease in contractual and consultant services with the reduction in funding for emergency preparedness programs and a decrease in computer hardware and software purchases with the completion of the development of a digital forensic investigation computer system in fiscal year 2012-2013.

Northeast Florida Regional Council
Management's Discussion and Analysis

Regional Council's Changes in Net Position
Figure 3

	Governmental Activities		Variance
	2012-2013	2013-2014	
Revenues			
County assessments	\$ 623,091	\$ 623,091	\$ -
Federal grants	1,666,898	406,754	(1,260,144)
State grants	384,958	593,065	208,107
Local government/DRI Fees	219,950	218,061	(1,889)
North Florida Procurement Association	17,176	11,859	(5,317)
Regional Leadership Academy	3,100	2,350	(750)
Regional Community Institute	150	698	548
Tenant revenue	33,878	34,492	614
Other	53,442	45,540	(7,902)
Total revenues	3,002,643	1,935,910	(1,066,733)
Expenses			
Personnel service	950,904	903,067	(47,837)
Direct charges	1,355,097	521,004	(834,093)
Common/indirect	712,322	699,102	(13,220)
Total expenses	3,018,323	2,123,173	(895,150)
Change in net position	(15,680)	(187,263)	(171,583)
Net position, beginning of year	2,109,554	2,093,874	(15,680)
Net position, end of year	\$ 2,093,874	\$ 1,906,611	\$ (187,263)

Financial Analysis of Council Funds

The Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Council has one governmental fund, the General Fund.

Governmental Funds

The Council's basic activities are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds' financial statements give the reader a detailed short-term view to help him or her determine if there are more or less financial resources available to finance the Council's programs.

Northeast Florida Regional Council

Management's Discussion and Analysis

Budgetary Highlight

The Council did not amend the budget during the fiscal year 2013-2014. The variances in revenue between the budget and final revenues received are the result of unrealized revenues and additional contract funding acquired during the fiscal year but not available for inclusion at the time the budget was prepared. For budgeting purposes, common/indirect excludes salaries and fringe benefits. Those costs are included in personnel service.

The variance between the budget and actual revenues and expenses (Figure 4) is primarily attributable to a decrease in funding for emergency preparedness programs.

*Northeast Florida Regional Council
Budget to Actual – Fiscal Year 2013-2014*

Figure 4

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
County assessments	\$ 623,091	\$ 623,091	\$ 623,091	\$ -
Federal grants	772,700	772,700	406,754	(365,946)
State grants	622,842	622,842	593,065	(29,777)
Local government and DRI fees	245,000	245,000	218,061	(26,939)
North Florida Procurement Association	14,000	14,000	11,859	(2,141)
Regional Leadership Academy	3,600	3,600	2,350	(1,250)
Regional Community Institute	1,500	1,500	698	(802)
Tenant revenue	33,177	33,177	34,492	1,315
Other	110,000	110,000	45,540	(64,460)
Total revenues	2,425,910	2,425,910	1,935,910	(490,000)
Expenditures				
Personnel service	1,292,191	1,292,191	1,256,297	(35,894)
Direct charges	749,651	749,651	521,004	(228,647)
Common/indirect	384,068	384,068	345,872	(38,196)
Total expenditures	2,425,910	2,425,910	2,123,173	(302,737)
Net change in fund balance	\$ -	\$ -	\$ (187,263)	\$ (187,263)

Northeast Florida Regional Council

Management's Discussion and Analysis

NEFRC Financial Analysis

Total assets decreased due to a decrease in cash which is the result of a reduction in the Council's net position and a decrease in accounts receivable due to a decrease in emergency preparedness contracts for the fiscal year. Capital assets also decreased resulting from the recognition of depreciation and disposal of assets, net of additions. Total liabilities decreased mainly due to a decrease in deferred revenues with the decrease in emergency preparedness contracts and a decrease in long-term liabilities largely attributed to the payment of the current portion of the principal balance of the building note.

Revenues decreased in large part due to decreases in emergency preparedness funding and the completion of a federal contract for the development of a digital forensic investigation computer system in fiscal year 2012-2013. State revenues increased with the receipt of funding for programs associated with the management of the Statewide Regional Evacuation Study Program (SRESP). The Council also received State funding to conduct an All-Hazards Type III Communications Technician (COM-T) training course. Local government revenues decreased due to fewer local government contracts in fiscal year 2013-2014 as a result of tough budgetary constraints faced by local governments. Personnel service expenditures decreased primarily resulting from a reduction in staffing. Direct charges decreased in large part due to a decrease in contractual and consultant services with the reduction in emergency preparedness funding and the completion of a federal contract for the development of a digital forensic investigation in fiscal year 2012-2013.

NEFRC Capital Assets

The Council's investment in capital assets for fiscal year 2013-2014 is \$2,225,010 (Figure 5), net of accumulated depreciation of \$1,651,714.

Capital Assets

Figure 5

	2012-2013	2013-2014
Equipment, furniture, and software	\$ 744,797	\$ 728,438
Land	271,910	271,910
Building and improvements	2,876,376	2,876,376
Total property, plant and equipment	3,893,083	3,876,724
Accumulated depreciation	(1,546,557)	(1,651,714)
Property, plant and equipment, net	\$ 2,346,526	\$ 2,225,010

Additional information on the Council's capital assets can be found in Note 4 of the Notes to the Financial Statements.

Northeast Florida Regional Council

Management's Discussion and Analysis

NEFRC Long-Term Debt

As of September 30, 2014, the Council's long-term obligations consisted of notes payable with an original balance of \$1.96 million for the purchase of the building in 2001 and compensated absences. The Council refinanced the building note in June 2008 at a fixed interest rate of 3.75% with a 10 year maturity, amortization over 20 years. Additional information regarding the Council's long-term debt can be found in Note 6 of the Notes to the Financial Statements.

NEFRC Economic Factors and Fiscal Year 2014-2015 Budget

Fiscal Year 2014-2015 will continue to be a challenging budgetary year due to the uncertain economy and the adverse effects it may have on the Council's funding by federal, state and local governments. Management is actively working to reduce expenditures, as well as pursuing expanded and new programmatic opportunities, in order to supplement, to the extent possible, any budget cuts received.

DRI revenues are affected by economic growth in northeast Florida. The downturn in the housing market has caused a slowdown in DRI activity, which is anticipated to continue over the next few years.

Local government funding will remain uncertain as local governments face tough budgetary constraints that will most likely effect the Council's local government technical assistance contracts.

NEFRC Budget Forecast for Fiscal Year Ending 2014-2015

Federal and state funding for emergency preparedness programs is uncertain for the upcoming year. However, the Statewide Regional Evacuation Study Program is expected to receive funding for additional projects and updates.

Funding for the Economic Development District and Transportation Disadvantaged (TD) is expected to continue for fiscal year 2014-2015.

Lastly, the Council has become the administrative and fiscal agent for the newly formed Northeast Florida Healthcare Coalition, in which the Council contracts directly with the State Department of Health. It is anticipated that this will be a multi-year arrangement.

Request for Information

This report is designed to provide an overview of the Council's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Chief Executive Officer, Northeast Florida Regional Council, 6850 Belfort Oaks Place, Jacksonville, and FL 32216.

Northeast Florida Regional Council

Statement of Net Position
As of September 30, 2014

Assets

Cash and cash equivalents	\$ 1,223,732
Accounts receivable	210,738
Restricted assets:	
Cash and cash equivalents	15,573
Capital assets	2,225,010
Total assets	3,675,053

Liabilities

Accounts payable	105,765
Accrued salaries	21,150
Unearned revenue	82,242
Tenant deposits	5,758
Long-term liabilities:	
Due within one year	141,974
Due after one year	1,411,553
Total liabilities	1,768,442

Net position

Net investment in capital assets	728,675
Restricted net position	15,573
Unrestricted net position	1,162,363
Total net position	\$ 1,906,611

See accompanying notes to financial statements.

Northeast Florida Regional Council

Statement of Activities
Year ended September 30, 2014

	<u>Program Revenues</u>			Total
	Expenses	Charges for services	Operating grants and contributions	
Functions/programs				
General government:				
Financial and administration	\$ 356,459	\$ -	\$ -	\$ (356,459)
Planning and growth management	762,931	135,503	238,577	(388,851)
Emergency preparedness	882,095	107,702	761,242	(13,151)
North Florida Procurement	11,859	11,859	-	-
Regional Leadership Academy	18,634	2,350	-	(16,284)
Regional Community Institute	33,414	698	-	(32,716)
Debt service - interest	57,781	-	-	(57,781)
Total governmental activities	\$ 2,123,173	\$ 258,112	\$ 999,819	(865,242)

General revenues

Membership dues	623,091
Interest Income	355
Tenant revenue	34,492
Miscellaneous	20,041

Total general revenues 677,979

Change in net position (187,263)

Net position - beginning of year 2,093,874

Net position - end of year \$ 1,906,611

See accompanying notes to financial statements

Northeast Florida Regional Council

Balance Sheet - Governmental Funds
As of September 30, 2014

	General Fund
Assets	
Cash and cash equivalents	\$ 1,223,732
Accounts receivable	210,738
Restricted assets:	
Cash and cash equivalents	15,573
Total assets	\$ 1,450,043
Liabilities and fund balances	
Liabilities:	
Accounts payable	\$ 105,765
Accrued salaries	21,150
Unearned revenue	82,242
Tenant deposits	5,758
Total liabilities	214,915
Fund balances:	
Restricted	15,573
Unassigned	1,219,555
Total fund balances	1,235,128
Total liabilities and fund balances	\$ 1,450,043

See accompanying notes to financial statements

Northeast Florida Regional Council

Reconciliation of the Balance Sheet to the Statement of Net Position
As of September 30, 2014

Fund balance - governmental fund	\$ 1,235,128
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.	2,225,010
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund:	
Note payable	(1,496,335)
Compensated absences	(57,192)
<u>Net position of governmental activities</u>	<u>\$ 1,906,611</u>

See accompanying notes to financial statements

Northeast Florida Regional Council

Statement of Revenues, Expenditures and Changes in Fund Balance
 Governmental Funds
 Year ended September 30, 2014

	General Fund
Revenues	
County assessments	\$ 623,091
Federal grants	406,754
State grants	593,065
Local government	218,061
North Florida Procurement	11,859
Regional Leadership Academy	2,350
Regional Community Institute	698
Tenant revenue	34,492
Interest income	355
Other	45,185
Total revenues	1,935,910
Expenditures	
Personnel services	904,934
Direct charges	496,754
Common/indirect	516,964
Debt service:	
Principal	81,666
Interest	57,781
Capital outlay:	
Property, plant and equipment	27,091
Total expenditures	2,085,190
Excess of revenues under expenditures	(149,280)
Fund balance, October 1, 2013	1,384,408
Fund balance, September 30, 2014	\$ 1,235,128

See accompanying notes to financial statements

Northeast Florida Regional Council

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balance to the Statement of Activities
Year ended September 30, 2014

Excess of revenues under expenditures – governmental fund	\$ (149,280)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	27,091
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Depreciation	(148,607)
Compensated absences	1,867
Governmental funds do not show long-term debt on the balance sheet. However, the current principal payments and the current interest paid related to the debt are reported on the statement of revenues, expenditures and changes in fund balance. This is the amount by which the principal balance was reduced for current year.	81,666
<u>Change in net position of governmental activities</u>	<u>\$ (187,263)</u>

See accompanying notes to financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

The Council was organized pursuant to Chapter 186 of the Florida Statutes, as amended, and specifically created by an interlocal agreement pursuant to Chapter 163, Florida Statutes, in order to provide local governments with a means of conducting a regional planning process to ensure orderly and balanced growth and development within the Northeast Florida Region (including the counties of Baker, Clay, Duval, Flagler, Nassau, Putnam, and St. Johns).

Criteria for determining if other entities are potential component units of the Council which should be reported with the Council’s basic financial statements are identified and described in the Governmental Accounting Standards Board’s (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 61. The application of these criteria provide for identification of any entities for which the Council is financially accountable and other organizations for which the nature and significance of their relationship with the Council are such that exclusion would cause the Council’s basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the Council.

Fund Structure

The Council’s accounts are maintained in accordance with the principles of fund accounting to ensure compliance with limitations and restrictions placed on the use of resources available to it. Under fund accounting, individual funds are established for the purpose of carrying on activities or attaining objectives in accordance with specific regulations, restrictions or limitations. Each individual fund is a self-balancing set of accounts recording cash and other financing resources, together with liabilities and residual equities or balances, and changes therein. For financial statement presentation, funds with similar characteristics, including those component units referenced above, are grouped into generic fund types as required by GAAP.

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. These statements distinguish between the governmental activities of the Council. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

Fund Financial Statements: The fund financial statements provide information about the Council’s funds. The emphasis of fund financial accounting is on major governmental funds, each displayed in a separate column.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Types and Major Funds

The Council reports the following major governmental fund:

General Fund – reports as primary fund for the Council.

Measurement Focus, Basis of Accounting

Government-wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus and are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Council gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Council considers revenues to be available if they are collected within 60 days of year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

When both restricted and unrestricted resources are available for use, it is the Council's policy to use restricted resources first, then unrestricted as needed.

Fund Balance

The Council follows GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints:

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

Restricted fund balance — includes amounts restricted by external sources or by constitutional provision or by enabling legislation.

Committed fund balance — Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Council's highest level of decision-making authority, which is a resolution. Committed amounts cannot be used for any other purpose unless the Council removes those constraints by taking the same type of action.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assigned fund balance — Assigned fund balances are amounts that are constrained by the Council's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Council or (b) a body or official to which the Council has delegated the Council to assign amounts to be used for specific purposes.

Unassigned fund balance — includes amounts that have not been assigned, committed, or restricted within the General Fund.

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

Cash and Cash Equivalents

The Council considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Investments

Investments are stated at fair value.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Management considers all accounts to be collectible and, accordingly, no allowance has been provided.

Capital Assets

All purchased capital assets are recorded at cost where historical records are available and at estimated cost where no historical records exist and are reported in the government-wide financial statements. Donated fixed assets are valued at their estimated fair value on the date received. Generally, capital assets costing more than \$500 and having a useful life of more than one year are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The estimated useful lives for the major classes of depreciable fixed assets, using primarily the straight-line method of depreciation, are as follows:

Office equipment	3 – 5 years
Other equipment	5 – 7 years
Software	5 years
Building	40 years
Improvements	20 years

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Council employees may accumulate earned annual leave benefits (compensated absences) at various rates within limits specified in the personnel manual. This liability reflects amounts attributable to employee services already rendered, cumulative, probable for payment, and reasonably estimated. At their option, employees may receive payment for accrued annual leave for hours in excess of 160. This payout option is allowed a maximum of twice a year.

No liability is recorded for non-vesting, accumulated sick pay benefits. The compensated absences liability is determined based on current rates of pay.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budgetary Data

An annual budget is adopted for the General Fund by the Council by the July meeting preceding the fiscal year, using the accrual basis of accounting. All annual appropriations lapse at the fiscal year end. Mid-year and year-end amendments are made to the budget as necessary. The budget is prepared and controlled at the project activity level. The fund is the legal level of control.

NOTE 2 – CASH ON DEPOSIT

At September 30, 2014, the Council's cash on deposit in its bank accounts was placed on deposit with financial institutions in the form of demand deposit accounts, time deposit accounts, and certificates of deposit, and is defined as public deposits. The Council's public deposits are held in qualified public depositories pursuant to Florida Statutes, Chapter 280, "Florida Security of Public Deposits Act", and are covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the Act. Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits, times the depository's collateral pledging level.

The pledging level may range from 50% to 125% depending upon the depository's financial condition and establishment period. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

Northeast Florida Regional Council

Notes to Financial Statements

NOTE 3 – INVESTMENTS AND INVESTMENT PRACTICES

The Council is authorized to invest in certificates of deposit, money market certificates, and obligations of the U.S. Treasury, its agencies and instrumentalities, repurchase agreements collateralized by U.S. securities, the Florida Counties Investment Trust, and the Local Government Surplus Funds Trust Fund. No derivative or similar investment transactions were used, held, or written by the Council during the fiscal year. As of September 30, 2014, the Council had investments with the Florida Local Government Investment Trust of \$16,312. The carrying value equals the fair value at September 30, 2014. The Trust is rated AA+ by Standard and Poors and has an average maturity of 1.82 years.

NOTE 4 – CAPITAL ASSETS

Activity for the Council's capital assets is summarized below:

	Balance October 1, 2013	Additions	Deletions	Balance September 30, 2014
Capital assets not being depreciated:				
Land	\$ 271,910	\$ -	\$ -	\$ 271,910
Capital assets being depreciated:				
Office furniture	8,716	-	-	8,716
Office equipment	736,081	27,091	43,450	719,722
Building	1,928,090	-	-	1,928,090
Improvements	948,286	-	-	948,286
Total capital assets being depreciated	3,621,173	27,091	43,450	3,604,814
Accumulated depreciation	1,546,557	148,607	43,450	1,651,714
Net capital assets being depreciated	2,074,616	(121,516)	-	1,953,100
Net capital assets	\$ 2,346,526	\$(121,516)	\$ -	\$ 2,225,010

Depreciation expense for the year ended September 30, 2014 totaled \$148,607.

NOTE 5 – UNEARNED REVENUE

The amount recorded as unearned revenue relates to projects for which funding was received prior to the performance of the service. The amounts will be recognized as revenue when the related service is performed.

Northeast Florida Regional Council

Notes to Financial Statements

NOTE 6 – LONG-TERM OBLIGATIONS

Long-term obligation activity for the year ended September 30, 2014 is as follows:

	Balance October 1, 2013	Additions	Deletions	Balance September 30, 2014	Due Within One Year
Note Payable	\$ 1,578,001	\$ -	\$ 81,666	\$ 1,496,335	\$ 84,782
Compensated Absences	59,059	56,024	57,891	57,192	57,192
Total	\$ 1,637,060	\$ 56,024	\$ 139,557	\$ 1,553,527	\$ 141,974

Note Payable

Note payable at September 30, 2014, consists of:

\$1,960,000 note dated June 3, 2008, payable in 120 monthly installments of \$11,621 including interest at 3.75% until June 3, 2018, at which time the Council will make a balloon payment in the amount of \$1,169,316. Pledged revenues collateralize this loan.

\$ 1,496,335

The aggregate amounts of principal and interest payments due in each of the years subsequent to September 30, 2014 are:

Fiscal Year Ended	Principal	Interest	Total
2015	\$ 84,782	\$ 54,665	\$ 139,447
2016	88,017	51,430	139,447
2017	91,381	48,066	139,447
2018	1,232,155	33,772	1,265,927
Total	\$ 1,496,335	\$ 187,933	\$ 1,684,268

Northeast Florida Regional Council

Notes to Financial Statements

NOTE 7 – COST ALLOCATION

The following is a summary of significant cost allocation policies and results used in the preparation of the financial statements.

Cost allocation operates in accordance with an Indirect Cost Proposal (the Proposal) developed annually. Although the Council receives direct federal funding, it does not rise to the dollar amount defining a "Cognizant Agency"; therefore, under the guidelines established by OMB Circular A-87, approval of the Indirect Cost Proposal and Rate is not mandated. The Proposal identifies shared costs and the financial bases for cost sharing. It also identifies various non-financial bases for allocating certain joint or common costs as direct costs. The concepts in the Proposal are utilized in the accounting system and produced the following actual results shown below for the fiscal year.

Leave benefits consist of accrued annual leave and other types of leave granted (i.e., sick, holiday, and administrative leave). Leave costs are accumulated in an organizational leave pool and distributed to activities based on year-to-date regular time salary costs. This results in all activities bearing an equitable share of leave costs and diminishes the circumstantial effects of timing associated with leave usage.

Actual leave costs and the leave rate percentage for the year ended September 30, 2014, are shown below:

Annual leave taken	\$ 57,891
Sick leave taken	27,343
Holiday leave granted	41,071
Personal leave taken	3,867
Administrative leave granted	1,938
Net change in accrued leave liability	(1,867)
<hr/>	
Total leave costs	\$ 130,243
<hr/>	
Leave benefit costs	\$ 130,243
<hr/>	
In-service salaries	\$ 783,971
<hr/>	

Actual leave rates by employee classification (which reflect leave eligibility) are developed and applied to the year-to-date base of regular time salaries in each project to determine its share of leave costs. In the aggregate, \$130,243, accounting for 16.61% of in-service salaries, was charged among all programs operated during the fiscal year. Separate classifications are necessary because leave benefit eligibility differs among employees.

Employee fringe benefit costs are accumulated in an organization pool as they are incurred. Fringe benefit costs are prorated by employee's proportionate share of salaries to total year-to-date organizational salaries. The classification of costs conforms to the organization's Proposal for the year in which the final rate of 35.68% was computed. The fringe benefit actual cost and final rates for the year ended September 30, 2014, as shown on the following page:

Northeast Florida Regional Council

Notes to Financial Statements

NOTE 7 – COST ALLOCATION (CONTINUED)

FICA	\$ 65,842
FRS	90,513
Health insurance	130,868
Life insurance	1,059
Disability insurance	5,173
Workers compensation	2,381
Unemployment compensation	30,382
Total fringe benefit costs	\$ 326,218
Total salaries	\$ 914,214
Total rate	35.68%

The final rate was applied to the year-to-date salaries base in each project to determine its share of fringe benefit costs. In the aggregate, \$326,218 was charged among all programs operated during the fiscal year. The use of the pool and year-to-date financial activity results in an equitable distribution among all activities regardless of individual contract periods or monthly expenditure levels.

Common costs consist of occupancy and other facility costs that support all programs, including central management and administration functions. Common costs are allocated among programs and the indirect cost pool on the basis of in-service hours. A portion of common costs is thereby allocated to indirect costs representing its share of common costs. The classification of common costs conforms to the organization's Proposal for the year in which a \$14.26 per hour common cost rate was used for budgeting purposes.

Common costs were accumulated in an organizational pool and distributed to activities/programs based on in-service hours in conformity with the organization's Proposal. Actual common costs and the final rate for the year ended September 30, 2014 are as follows:

Common cost rate (final)	\$ 12.54
Actual year-to-date common costs	\$ 314,090
Base (hours)	25,048

Northeast Florida Regional Council

Notes to Financial Statements

NOTE 7 – COST ALLOCATION (CONTINUED)

The final rate was applied to the year-to-date base in each project to determine its share of common costs. In the aggregate, actual costs of \$314,090 were charged among all programs operated during the fiscal year.

Indirect costs consist of salaries and fringe benefits of central organization personnel who perform management and administrative functions necessary and beneficial to all activities, non-salary support costs related to central management and administration functions, and a share of the organization's common costs. These categories of costs are developed individually and then are combined to compute a single rate. The classification of costs conforms to the organization's Indirect Cost Proposal for the year in which a \$20.98 per hour Provisional Indirect Cost Rate was used for budgeting purposes.

Indirect costs were accumulated in an organizational pool and distributed to activities/programs based on in-service hours in conformity with the organization's Indirect Cost Proposal. Actual indirect costs and the final rate for the year ended September 30, 2014 are as follows:

<u>Indirect cost rate (final)</u>	<u>\$ 22.44</u>
<u>Actual year-to-date indirect costs</u>	<u>\$427,010</u>
<u>Base (hours)</u>	<u>19,028</u>

The final rate was applied to the year-to-date base in each project to determine its share of indirect costs. In the aggregate, actual costs of \$427,010 were charged among all programs operated during the fiscal year. The use of year-to-date financial information applies costs equitably regardless of individual contract periods or monthly expenditure levels.

Financial Report projects completed during the fiscal year may have reported interim costs to grantor agencies pending the determination of final costs at September 30, 2014. Interim reports may show higher or lower allocated costs which reflect changing rates after project termination. Final costs for completed projects can only be determined at the end of the organization's fiscal year.

NOTE 8 – RETIREMENT PLAN

Plan Description

The Council contributes to the Florida Retirement System (FRS), a cost-sharing, multiple-employer public employee retirement system (PEERS) available to governmental units within the State. In accordance with Florida laws, the Council participates in the FRS that presently covers all qualified Council employees. The FRS was created by the Florida Legislature and is administered by the State of Florida. The FRS provides retirement and

Northeast Florida Regional Council

Notes to Financial Statements

NOTE 8 – RETIREMENT PLAN (CONTINUED)

disability benefits. Annual cost - of - living adjustments and death benefits are provided to members and beneficiaries. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for FRS. That report may be obtained by writing the Florida Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315.

Funding Policy

The Council is required to contribute a fixed portion of their covered payroll as provided in various acts of the Florida Legislature. The required contribution rate for regular class employees was 6.95% from July 1, 2013 to June 30, 2014 and it was 7.37% from July 1, 2014 to September 30, 2014. The required contribution rate for the senior management was 18.31% from July 1, 2013 to June 30, 2014 and it was 21.14% from July 1, 2014 to September 30, 2014. Three employees of the Council are enrolled in the Deferred Retirement Option Program (DROP), and the required contribution rate was 12.84% from July 1, 2013 to June 30, 2014 and 12.28% from July 1, 2014 to September 30, 2014. Effective July 1, 2011, covered employees are now required to make 3% salary contributions to the Florida Retirement System. The Council's contributions to Florida Retirement System for the years ended September 30, 2014, 2013, and 2012 were \$90,513, \$64,500, and \$51,821, respectively, equal to the required contributions for each year.

NOTE 9 – LITIGATION, CONTINGENCIES, AND COMMITMENTS

The Council participates in various federal and state assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal and state regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal or state audit may become a liability of the Council.

The Council is required to comply with various federal and state regulations issued by the U.S. Office of Management and Budget if such agency or department is a recipient of federal and state grants, contracts, or their sponsored agreements. Failure to comply may result in questions concerning the allocability of related direct and indirect charges pursuant to such agreements. It is believed that the ultimate disallowance pertaining to these regulations, if any, will be immaterial to the overall financial condition of the Council.

Northeast Florida Regional Council

Notes to Financial Statements

NOTE 10 – LEASES

The Council leases office space to multiple tenants within its building with the last lease terminating in August 2017. Lease payments are due monthly, future minimum lease payments to be received as of September 30, 2014, are as follows:

Year Ending	Minimum Lease Payments Receivable
2015	\$ 26,578
2016	18,015
2017	16,665
2018	-
2019	-
Total	\$ 61,258

NOTE 11 – RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Council purchases commercial insurance. There have been no settlements in excess of insurance coverage in the last three years.

NOTE 12 – FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued statements that will become effective in 2015. The statements address:

- Accounting and financial reporting for pensions; and
- Mergers, acquisitions and transfers of operations.

The Council is currently evaluating the effects that these statements will have on its 2015 financial statements.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events were evaluated through January 26, 2015, which is the date the financial statements were available to be issued.

Required Supplementary Information

Northeast Florida Regional Council

Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Budgetary Basis
Year ended September 30, 2014

	Budgeted Amounts		Actual	Variance with fina budget
	Original	Final		
Revenues				
County assessments	\$ 623,091	\$ 623,091	\$ 623,091	\$ -
Federal grants	772,700	772,700	406,754	(365,946)
State grants	622,842	622,842	593,065	(29,777)
Local government and DRI fees	245,000	245,000	218,061	(26,939)
North Florida Procurement	14,000	14,000	11,859	(2,141)
Regional Leadership Academy	3,600	3,600	2,350	(1,250)
Regional Community Institute	1,500	1,500	698	(802)
Tenant revenue	33,177	33,177	34,492	1,315
Other	110,000	110,000	45,185	(64,815)
Total revenues	2,425,910	2,425,910	1,935,555	(490,355)
Expenditures				
Personnel service	1,292,191	1,292,191	1,256,297	35,894
Direct charges	749,651	749,651	521,004	228,647
Common/indirect	384,068	384,068	288,091	95,977
Total expenditures	2,425,910	2,425,910	2,065,392	360,518
Excess of revenues over (under) expenditure:	-	-	(129,837)	(129,837)
Other financing sources (uses)				
Interest income	-	-	355	355
Interest expense	-	-	(57,781)	(57,781)
Total other financing sources (uses)	-	-	(57,426)	(57,426)
Net change in fund balance:	-	-	(187,263)	(187,263)
Fund balances, beginning of year	-	-	2,093,874	2,093,874
Fund balances, end of year	\$ -	\$ -	1,906,611	\$ 1,906,611
Basis Difference - to reconcile accrual basis to modified accrual basis			<u>(671,483)</u>	
Fund balance, end of year, GAAP basis			<u>\$ 1,235,128</u>	

Additional Report

**INDEPENDENT AUDITOR'S REPORT 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**

Board of Directors
Northeast Florida Regional Council

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Northeast Florida Regional Council (the "Council"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated January 26, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council'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 Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council'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 Council'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.

Carly Riggs & Ingram, L.L.C.

St. Augustine, Florida
January 26, 2015

January 26, 2015

To the Board of Directors
Northeast Florida Regional Council

We have audited the financial statements of Northeast Florida Regional Council (the "Council") for the year ended September 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 9, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Council are described in Note 1 to the financial statements. The Council implemented Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*, during 2014. The effect of this implementation was the elimination of Loan Closing Costs of \$3,750 that previously had been capitalized. We noted no transactions entered into by the Council during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no particularly sensitive estimates affecting the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no such sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. None of the misstatements, detected as a result of audit procedures and corrected by management, were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Governmental Accounting Standards Board Statement No.45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires that the liability and disclosures for postemployment benefits other than pensions ("OPEB") be included in the financial statements. The Council obtained the services of an actuary to determine the Council's liability for the OPEB offered to the Council's retirees due to their participation in the Florida Retirement System. The actuary determined that the Council's liability for OPEB was immaterial to the financial statements. Consequently, no accrual or disclosures for the Council's OPEB plan have been included in the financial statements for the year ended September 30, 2014.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 26, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Council's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Council's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary Basis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the Council and is not intended to be, and should not be, used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

**CARR, RIGGS & INGRAM, LLC
CERTIFIED PUBLIC ACCOUNTANTS**

Agenda Item

Tab 5

Tab 5

Tab 5


Tab 5

Tab 5

MEMORANDUM

DATE: JANUARY 20, 2015

TO: PERSONNEL, BUDGET AND FINANCE POLICY COMMITTEE

FROM: BRIAN D. TEEPLE, CHIEF EXECUTIVE OFFICER 

RE: OCCUPANCY COST ANALYSIS UPDATE

At the last Committee meeting I presented a memorandum (attached) outlining the cost associated with occupancy of our building. The Committee directed me to continue to research this issue and report back.

Sale of real property by Counties is governed by Section 125.35, Florida Statutes (attached). It is currently unclear to me if the Council is required to follow the process set out in the Statute. However, as we are a creature of county government, having been formed through Interlocal Agreement by the seven counties in Northeast Florida, if the Council decides to sell the building, I would recommend following the statutory process.

Given the realities of our funding situation and the market for attracting not-for-profit/governmental tenants and referencing my earlier memorandum, I recommend the Committee recommend to the Board to sell the building. Should that decision be made, I offer the following additional recommendations:


1. Authorize the CEO to engage the services of a licensed commercial property appraiser to obtain a current appraised value of the building.
2. Authorize the CEO to engage the services of a qualified attorney to advise on the process through and including closing.
3. Authorize the CEO to engage the services of a qualified commercial real estate broker to assist with the marketing of the building.

If you have any questions or need additional information please let me know.

MEMORANDUM

DATE: NOVEMBER 24, 2014

TO: PERSONNEL, BUDGET AND FINANCE POLICY COMMITTEE

FROM: BRIAN D. TEEPLE, CHIEF EXECUTIVE OFFICER 

RE: OCCUPANCY COST ANALYSIS

As part of the on-going review of Council expenses we have examined our occupancy costs of the Council owned building. As you know the Council purchased the 28,500 square foot building in 2001 for \$1,960,000 or \$69/square foot. Currently we have approximately 2,030 square feet under lease that yields \$33,000/year in rental income. Council staff occupies approximately 10,500 square feet of space (including some common space, the Board Room, a break room, and mechanical/equipment/storage space).

Current occupancy costs of our building equal approximately \$346,000 per year, net of tenant revenue, for an effective lease equivalent rate of about \$33/square foot.

A preliminary analysis of current space needs indicate that a maximum of 8,000 square feet will be more than adequate to meet our needs. Assuming a leasing scenario with a high rate of \$18/square foot full service lease, in the general area of our current location, equates to a lease cost of \$144,000/year. Under this scenario the Council would save approximately \$200,000/year.

Although we do not have a current appraisal on the building, the data we do have are:

Purchase Price in 2001	\$1,960,000 (\$69/s.f.)
Reconstruction Cost Valuation 2013 (for Insurance)	\$3,514,860 (\$123/s.f.)
Duval County Property Appraiser's Market Value 2014	\$2,476,000 (\$87/s.f.)
Balance due on Note (3.75%, mature 2018)	\$1,489,337

Recommendation

Authorize the CEO to further investigate ways to save on occupancy costs and report back.

125.35 County authorized to sell real and personal property and to lease real property.—

(1)(a) The board of county commissioners is expressly authorized to sell and convey any real or personal property, and to lease real property, belonging to the county, whenever the board determines that it is to the best interest of the county to do so, to the highest and best bidder for the particular use the board deems to be the highest and best, for such length of term and such conditions as the governing body may in its discretion determine.

(b) Notwithstanding paragraph (a), under terms and conditions negotiated by the board, the board of county commissioners may:

1. Negotiate the lease of an airport or seaport facility;
2. Modify or extend an existing lease of real property for an additional term not to exceed 25 years, where the improved value of the lease has an appraised value in excess of \$20 million; or
3. Lease a professional sports franchise facility financed by revenues received pursuant to s. [125.0104](#) or s. [212.20](#) which may include commercial development that is ancillary to the sports facility if the ancillary development property is part of or contiguous to the professional sports franchise facility. The board's authority to lease the above described ancillary commercial development in conjunction with a professional sports franchise facility lease applies only if at the time the board leases the ancillary commercial development, the professional sports franchise facility lease has been in effect for at least 10 years and such lease has at least an additional 10 years remaining in the lease term.

(c) No sale of any real property shall be made unless notice thereof is published once a week for at least 2 weeks in some newspaper of general circulation published in the county, calling for bids for the purchase of the real estate so advertised to be sold. In the case of a sale, the bid of the highest bidder complying with the terms and conditions set forth in such notice shall be accepted, unless the board of county commissioners rejects all bids because they are too low. The board of county commissioners may require a deposit to be made or a surety bond to be given, in such form or in such amount as the board determines, with each bid submitted.

(2) When the board of county commissioners finds that a parcel of real property is of insufficient size and shape to be issued a building permit for any type of development to be constructed on the property or when the board of county commissioners finds that the value of a parcel of real property is \$15,000 or less, as determined by a fee appraiser designated by the board or as determined by the county property appraiser, and when, due to the size, shape, location, and value of the parcel, it is determined by the board that the parcel is of use only to one or more adjacent property owners, the board may effect a private sale of the parcel. The board may, after sending notice of its intended action to owners of adjacent property by certified mail, effect a sale and conveyance of the parcel at private sale without receiving bids or publishing notice; however, if, within 10 working days after receiving such mailed notice, two or more owners of adjacent property notify the board of their desire to purchase the parcel, the board shall accept sealed bids for the parcel from such property owners and may convey such parcel to the highest bidder or may reject all offers.

(3) As an alternative to subsections (1) and (2), the board of county commissioners may by ordinance prescribe disposition standards and procedures to be used by the county in selling and conveying any real or personal property and in leasing real property owned by the county. The standards and procedures must provide at a minimum for:

- (a) Establishment of competition and qualification standards upon which disposition will be determined.
- (b) Reasonable public notice of the intent to consider disposition of county property and the availability of copies of the standards. Reasonableness of the notice is to be determined by the efficacy and efficiency of the means of communication used.
- (c) Identification of the form and manner by which an interested person may acquire county property.
- (d) Types of negotiation procedures applicable to the selection of a person to whom county properties may be disposed.
- (e) The manner in which interested persons will be notified of the board's intent to consider final action at a regular meeting of the board on the disposition of a property and the time and manner for making objections.
- (f) Adherence in the disposition of real property to the governing comprehensive plan and zoning ordinances.

History.—s. 1, ch. 23829, 1947; s. 1, ch. 70-388; s. 1, ch. 77-475; s. 1, ch. 81-87; s. 1, ch. 83-100; s. 1, ch. 86-105; s. 2, ch. 89-103; s. 2, ch. 95-416; ss. 1, 2, ch. 99-190; s. 1, ch. 2001-252; ss. 56, 79, ch. 2002-402; s. 8, ch. 2013-213.