




Board Date: 7/24/2014
Time: 10:30 AM

Central Florida Regional Transportation Authority
455 N. Garland Ave.
2nd Floor Conference Room
Orlando, FL 32801






As a courtesy to others, please silence all electronic devices during the meeting.

1. Call to Order

2. Approval of Minutes



-  Minutes from the May 22, 2014 Audit Committee Meeting Pg 2

3. Audit Agenda Items

- A.  Overview of FY2015 Capital Budget Pg 7
 - Attachment 
- B.  Audit Committee Planning Communications Pg 16
 - Attachment 
- C.  Discussion of New LYNX Committee Structure Pg 34

4. Information Items

(For Review Purposes Only - No action required)

- i.  Comparison of LYNX Reserve requirements to Funding Partners and Other Transit Agencies Pg 36
 - Attachment 

LYNX
Central Florida Regional Transportation Authority
Audit Committee Meeting Minutes

PLACE: **LYNX Central Station**
 455 N. Garland Avenue
 Conference Room, 2nd Floor
 Orlando, FL 32801

DATE: **May 22, 2014**

TIME: **10:30 a.m.**

Members in Attendance:

Osceola County Commissioner, Frank Attkisson, Vice-Chairman
Orange County, Assistant County Administrator, Jim Harrison
City of Orlando, Deputy Director Economic Development, F.J. Flynn

Members Absent:

Seminole County Commissioner, Carlton Henley, Chairman
FDOT District 5 Secretary, Noranne Downs

1. Call to Order

The Vice-Chairman, Commissioner Frank Attkisson, called the meeting to order at 10:30 a.m.

2. Approval of Minutes

The Chairman asked the Committee if there were any additions or deletions to the March 27, 2014 Minutes as presented.

Motion was made and seconded to approve the Minutes of the March 27, 2014 Audit Committee meeting. The motion passed unanimously.

3. Audit Agenda Items

A. Compressed Natural Gas (CNG) Unsolicited Proposal Financial Analysis Update

The Chairman recognized Margaret Lezcano, Managing Director, Stifel Nicolaus, to make the presentation.

Ms. Lezcano noted that an update on the review of the proposal was provided to the Committee at its January 29th, and March 27th, meetings. Over the past two months LYNX' staff has worked closely with Stifel to perform the operations evaluation of the proposal.

➤ Initial Construction, Engineering and Maintenance Review

✓ Review of Proposed Maintenance Facility Changes

- Committee of LYNX Senior Managers hosted a site visit with the Proposer, NoPetro, to walk through the maintenance facility and diligence the scope of work from construction, maintenance, transportation, safety and risk perspectives
- NoPetro confirmed that the walk through session, including associated technical discussions, did not alter the proposed pricing or scope of work needed for the maintenance facility

Discussion ensued regarding the risk to LYNX from modifications made to LYNX' facility by the Proposer and insurance coverage. Mr. Lewis noted that the issue can be raised during contract negotiations.

Mr. Lewis stated that staff will be requesting authorization from the Board to begin contract negotiations with NoPetro and bring a contract back to the Board for consideration in the future.

Without objection, the Committee's recommendation to the Board will be to authorize staff to begin contract negotiations with the Proposer, NoPetro.

B. Update on LYNX' Reserves

The Vice-Chairman recognized Jim Harrison.

Mr. Harrison recognized that Ray Walls, Management and Budget Administrator, Orange County, was present and asked that he be permitted to join the conversation on the matter before the Committee.

The Vice-Chairman invited Mr. Walls to join the Committee in conversation.

The Chairman recognized Blanche Sherman, LYNX' Director of Finance, to make the presentation.

Ms. Sherman noted that staff was requested to provide an update on LYNX' Reserves during the Committee's last meeting.

Ms. Sherman stated that in January, 2014 the Board adopted LYNX' Reserve Policy which was reviewed by LYNX' funding partners prior to its adoption.

- Reserves for Operations (Cash Reserves)

Ms. Sherman provided that the federal shutdown effected LYNX' grant reimbursements. She also explained that the months of October and November of each fiscal year are critical months for LYNX. During this period, staff is working with the funding partners to finalize funding agreements and invoices submitted.

- Reserves for Contingency (Emergencies)
This Reserve is based on 5% of the FY2014 Adopted Operating Budget.
- Reserves for Capital Funds and Debt Service
The Capital Reserve was utilized for the 21 bus lease payoff and to fund LYNX' debt service on the SIB Loan.
- Reserves for Self-Insurance Programs
This Reserve is to maintain the financial viability for Workers Compensation, General Liability, Pending Claims, and for Medical Insurance set-aside.
- Reserves for Fuel Stabilization
The Fuel Stabilization Reserve established LYNX' fuel hedging program to curtail some of the extreme volatility experienced in the price of fuel.

The Vice-Chairman recognized Ray Walls for comment.

Mr. Walls stated that the total of LYNX' Reserves equals 30% (minimum) to 40% (maximum) of the overall Operating Budget which, by governmental standards, is very high. Orange County carries about 8%. He recommended the Committee review the realistic opportunity to utilize the funds. The Funding Partners continues to fund LYNX even when the Funding Agreements have not been executed for the next fiscal year. He recommended a conversation by the Committee on what other transportation authorities are carrying in reserve.

Mr. Lewis noted the conversation Mr. Walls' is recommending was held when the Policy was being established.

Mr. Wall's recommended a review of LYNX' historical Reserve experience and making Reserve reports available for the funding partners to see at any given time. He suggested creating a reporting structure such as quarterly reports.

C. Discussion of New LYNX Committee Structure

The Vice-Chairman recognized Pat Christiansen, LYNX' General Counsel, to make the presentation.

Mr. Christiansen provided an over of the proposed Amendment to Administrative Rule 2. He noted that the amendment was drafted in response to input received from LYNX staff and from input from certain of LYNX' funding partners. The amendment is intended to enable LYNX to operate more efficiently and to give LYNX' funding partners greater participation in financial and risk management matters.

The amendment seeks to achieve these objectives by:

- Recreating the Audit and Oversight Committee as the Oversight Committee and delegating to the Oversight Committee the authority to undertake certain actions on behalf of the Governing Board when there is not adequate time to present the matters to the full Board and the authority to oversee the actions of the newly established Finance and Audit and Risk Management Committees. The membership of the Oversight Committee would be comprised of the members of the Governing Board, however, such members may appoint staff designees. The foregoing notwithstanding, all meetings of the Oversight Committee would be chaired by a member of the Governing Board.
- Establishing a Finance and Audit Committee which will make recommendations to the Governing Board, the Oversight Committee and LYNX staff with respect to financial policies, goals and budgets that support the mission, values and strategic goals of LYNX. The Finance and Audit Committee would also oversee the annual audit of LYNX's financial statements. The membership of the Finance and Audit Committee would be comprised of a staff member from each of the funding partners with expertise in financial matters. LYNX's Director of Finance/Chief Financial Officer would not be a member of the committee but would provide it with support.
- Establish a Risk Management Committee which will review and provide recommendations to LYNX with respect to LYNX's safety, insurance and risk management programs. The Risk Management Committee would also have the authority to, if appropriate, settle tort and worker's compensation based claims on behalf of LYNX up to the limits of the waiver of sovereign immunity set forth in Section 768.28, Fla. Stat. (currently \$200,000/\$300,000), and to make recommendations to the Governing Board and the Oversight Committee with respect to settlements in excess of such amount. The membership of the Risk Management Committee would be comprised of a staff member from each of the funding partners with expertise in risk management matters. The LYNX Director of Risk Management would not be a member of the committee but would provide it with support.

The Committee discussed the challenges of bi-monthly meetings and the opportunity to have a team of subject matter experts from the funding partners who would be able to provide support and assistance to LYNX staff.

Discussion ensued regarding creating additional committees and monthly meetings without understanding the focus.

Without objection, the Committee's recommendation to the Board will be to defer the approval of the Amendment to Administrative Rule 2 to a later date.

The Chairman recognized Pat Christiansen, LYNX' General Counsel for an update on legal matters.

4. Review of Board Package

The Chairman recognized John Lewis, Chief Executive Officer, to provide an overview of items that will come before the Board.

Mr. Lewis noted that Staff will present two Blue Sheet items:

- 1) Authorization to Ratify the Submittal of FY2015/2016 Services Development Grant Proposals to the Florida Department of Transportation (FDOT) and the Authority to Execute Upon Notification of Funding by Resolution No. 14-003
- 2) Confirmation of the Appointment of Susan Black as General Manager.

The meeting adjourned at 12:05 p.m.

Audit Committee Agenda Item #3.A

To: LYNX Board of Directors

From: Blanche Sherman
DIRECTOR OF FINANCE
Salawu Ajala
(Technical Contact)

Phone: 407.841.2279 ext: 6100

Item Name: Overview of FY2015 Capital Budget

Date: 7/24/2014

BACKGROUND:

At the March 27, 2014 Board meeting, staff presented the Amended FY2014 Capital Budget in the total amount of \$99,484,058. Since then, staff discussed capital priorities for FY2015 and the corresponding funding sources available. The Preliminary FY2015 Capital Budget has been developed for Board review and input.

LYNX staff will present the FY2015 Capital Budget in the amount of \$88,911,512.

The FY2015 Operating and Capital Budgets, will be presented to the Board of Directors for final consideration and approval at the September 25, 2014 Board meeting.

OVERVIEW:

The proposed Capital Budget for FY2015 is \$88,911,512, which is a decrease of \$10,572,546 or approximately 10.6% less than the FY2014 Amended Capital Budget. The decrease in the capital budget from the FY2014 Amended Capital Budget results from progress in moving forward the downtown LYMMO expansion projects and the ARRA funded projects and a reduction in LYNX' need for facility and technological improvements.

The capital budget is funded from a combination of federal, state and local sources, and includes items such as the planned purchase of replacement buses and vans, bus shelters, and the use of technology to assist in service delivery and improvements. The majority of the capital budget, 93.4% is funded through federal grants, 0.5% is funded through state grants, and the remaining 6.1% through local funds. The local contribution from the funding partners covers the capital bus lease and LYMMO BRT expansion projects. In addition, funding through LYNX negotiated agreements will contribute to passenger shelter costs.

Specifically, this budget includes funds from the following areas:

Federal	\$83,000,048
State	411,879
Local	<u>5,499,585</u>
Total	<u>\$88,911,512</u>

The table below identifies capital expenditures by program:

Capital Program		FY2015 Requests
1)	Vehicles	\$ 46,068,416
2)	BRT	16,786,113
3)	Facilities	2,954,937
4)	Passenger Amenities / Related Enhancements	13,075,901
5)	Technology	4,547,012
6)	Security	1,024,361
7)	Support Equipment	2,410,663
8)	ARRA	<u>2,044,109</u>
	Total	<u>\$88,911,512</u>

Notes:

- 1) Vehicles include expansion and replacement vehicles for fixed-route, vanpool, and paratransit services and support vehicles.
- 2) BRT includes the Orange, Lime, and Grapefruit LYMMO line capital activities, as well as, the FlexBus project.
- 3) Facilities include funds for LCS, LOC, Osceola, and LB McLeod improvements.
- 4) Passenger amenities include shelters, transfer centers, solar power, benches, and trash receptacles.
- 5) Technology includes items to improve communication and information delivery such as network improvements, servers, and software upgrades.
- 6) Security includes equipment to enhance security and surveillance.
- 7) Support equipment includes items such as copiers, printers, shop tools, furniture, and storage cabinets.
- 8) The Federal Transit Administration (FTA) is allowing LYNX to complete existing projects currently funded by ARRA through September 20, 2015.

The fare payment system upgrade is the only ARRA project in the FY2015 Capital Budget and represents 2% of the total FY2015 Capital Budget.

FY2015 Overview of Capital Budget

Presented to the
LYNX Audit Committee
July 24, 2014

Key Capital Budget Assumptions

- ▶ Enhance LYNX facilities
- ▶ Fleet to support all service modes
- ▶ Continue LYMMO expansion activities
- ▶ Passenger Amenities Program improvements
- ▶ Continuation of security and surveillance
- ▶ Advance communications and technological capabilities

FY2015 Capital Budget Overview

	FY2014	FY2015	
	Amended	Preliminary	% Change
Capital Contributions	\$ 99,484,058	\$ 88,911,512	-10.63%
Capital Expenditures	99,484,058	88,911,512	-10.63%
Capital Gains/(Losses)	\$ -	\$ -	N/A

FY2015 Capital Budget by Category

Revenue Vehicles	\$	46,068,416
BRT		16,786,113
Facilities		2,954,937
Passenger Amenities / Related Enhancements		13,075,901
Technology		4,547,012
Security		1,024,361
Support Equipment		2,410,663
ARRA		2,044,109
TOTAL	\$	88,911,512

FY2015 Capital Budget Contributions

	FY2014	FY2015	
Capital Contributions	Amended	Preliminary	% Change
Federal Contributions	\$ 82,456,580	\$ 83,000,048	0.7%
State Contributions	4,440,423	411,879	-90.7%
Local Contributions	11,034,148	5,499,585	-50.2%
Reserves	1,552,907	-	-100.0%
Total	\$ 99,484,058	\$ 88,911,512	-10.6%

FY2015 Capital Budget – Local Contributions

Description	FY2015 Preliminary Budget Amount	Source
*LYMMO- East/West	\$ 658,694	City of Orlando
LYMMO- Parramore	4,101,825	City of Orlando, Orlando Utilities Commission, Other Utilities
Capital Bus Lease	696,536	Local
Passenger Amenities	42,530	Wal-Mart/Mills District
Total	\$ 5,499,585	

This amount has already been paid by the City of Orlando

FY2015 Budget Calendar

Final Board Action

September 25

Budget Year 14 – 15 Commences

October 1

Audit Committee Agenda Item #3.B

To: LYNX Board of Directors

From: Blanche Sherman
DIRECTOR OF FINANCE
Patricia Bryant
(Technical Contact)

Phone: 407.841.2279 ext: 6100

Item Name: Audit Committee Planning Communications

Date: 7/24/2014

Mr. Ron Conrad, Partner with the firm of Cherry, Bakeart, L.L.P. will present Audit Committee Planning Communications. Topics covered during the presentation will include the following:

- ✓ Conduct of the audit
- ✓ Communications
- ✓ Engagement team
- ✓ Areas of audit emphasis
- ✓ Audit status and timing
- ✓ Standards to be implemented in future years

Audit Committee Planning Communications

Year Ending September 30, 2014



CONTENTS

- ▶ Conduct of the audit
- ▶ Communications
- ▶ Engagement team
- ▶ Areas of audit emphasis
- ▶ Audit status and timing
- ▶ Standards to be implemented in future years

CONDUCT OF THE AUDIT

- ▶ Our engagement contract provides the nature, timing, and extent of planned testing and reporting and level of assurance provided, including reporting on the fairness of financial statement presentation, reporting on federal and state Single Audits, and reporting on agreed-upon procedures prescribed by the Federal Transit Administration for Federal Funding Allocation Statistics forms in the LYNX National Transit Database (“NTD”) report.
- ▶ Our audit includes collaboration with CB Government Services Group, industry specific programs and open, continuous discussions regarding matters associated with the audit.

COMMUNICATIONS

- ▶ Ongoing communication with LYNX accounting, grants and management personnel throughout the length of our services
- ▶ Exit during January 2015 with LYNX management to discuss audit results, our reports and the financial statements
- ▶ Communication with the Audit Committee and Board of Directors to present final results, anticipated during late March of 2015

AREAS OF AUDIT EMPHASIS

- ▶ Federal Transit Administration and Florida Department of Transportation compliance requirements
- ▶ National Transit Database information requirements, including follow-up on prior year findings
- ▶ Fuel hedge accounting and disclosures
- ▶ Self insurance obligations and related contingencies
- ▶ Accounting for federal, state and local funding
- ▶ New agreements or operational developments
- ▶ Other regulatory developments

AUDIT STATUS AND TIMING

- ▶ Internal control analysis testing and Single Audit procedures – July
- ▶ Information technology review and Single Audit procedures – September
- ▶ Year end procedures – January and March
- ▶ National Transit Database agreed-upon procedures and report – January
- ▶ Financial statements and related reports – mid-March
- ▶ Presentations to Audit Committee and Board of Directors – late March

STANDARDS TO BE IMPLEMENTED

▶ Fiscal 2014

- GASB No. 67 (no anticipated effect)

▶ Fiscal 2015

- GASB No. 68 (recording of employer set pension liability)
- GASB No. 69 (no anticipated effect)
- GASB No. 70 (no anticipated effect)
- GASB No. 71 (associated with accounting requirements under GASB 68)

GASB No. 67

- ▶ Financial Reporting for Pension Plans- an amendment of GASB Statement No. 25
 - Replaces the requirements of Statement No. 25 and 50, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria.
 - Provides for presentation of required supplementary information for each of the 10 most recent fiscal years, including the sources of changes in the net pension liability and information about the components of the liability and related ratios.

GASB No. 67 (continued)

- ▶ Financial Reporting for Pension Plans- an amendment of GASB Statement No. 25 (continued)
 - Provides for financial statements to be presented in accordance with Statement No. 63, which separates the deferred inflows and outflows and arrives at a net position, and requires disclosure of the pension plan's fiduciary net position, net pension liability, the pension plan's fiduciary net position as a percentage of total pension liability, and related assumptions used to calculate the pension liability.

GASB No. 68

- ▶ Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27
 - Replaces the requirements of Statement No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.
 - Requires more immediate recognition of annual service cost, interest and changes in benefits for pension expense, specifies requirements for discount rates and actuarial methods and changes disclosure requirements.

GASB No. 68 (continued)

- ▶ Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 (continued)
 - Requires government employers to recognize as a liability, for the first time, their long-term obligation for pension benefits. The employer liability is to be measured as the difference between the present value of projected benefit payments to be provided through the pension plan for past periods of service less the amount of the pension plan's fiduciary net position, with obligations for employers with cost sharing plans based on their proportionate share of contributions to the pension plan.

GASB No. 69

▶ Government Combinations and Disposals of Government Operations

- Establishes accounting and financial reporting standards related to government combinations and disposals of government operations.
- Requires the use of carrying values to measure the assets and liabilities in a government merger.
- Requires the measurements in an acquisition of assets acquired and liabilities assumed generally to be based upon their acquisition values.

GASB No. 69 (continued)

- ▶ **Government Combinations and Disposals of Government Operations (continued)**
 - Requires the use of carrying values to measure the assets and liabilities in a transfer of operations.
 - Requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions.

GASB No. 70

- ▶ Accounting and Financial Reporting for Nonexchange Financial Guarantees
 - Requires state or local government guarantors offering a no exchange financial guarantee to recognize a liability on its financial statements when the guarantor is more likely required to pay the obligation holders under the agreement.
 - A government guarantor to consider qualitative factors when determining if a payment on its guarantee is more likely than not to be required. Factors may include whether the issuer of the guaranteed obligation is experiencing significant financial difficulty, or initiating the process of entering into bankruptcy or financial reorganization.

GASB No. 70 (continued)

- ▶ Accounting and Financial Reporting for Nonexchange Financial Guarantees (continued)
 - An issuer government that is required to repay a guarantor for guarantee payments made to continue to report a liability, unless legally released. When a government is released, the government would recognize revenue as a result of being relieved of the obligation.
 - A government guarantor or issuer to disclose information about the amounts and nature of no exchange financial guarantees.

GASB No. 71

- ▶ Pension Transaction for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68
 - Addresses transition provisions of GASB 68, specifying that employer contributions to a defined benefit plan should be recorded as a deferred outflow if made after the net pension liability measurement date.

QUESTIONS?



Audit Committee Agenda Item #3.C

To: LYNX Board of Directors

From: John Lewis
CHIEF EXECUTIVE OFFICER
John Lewis
(Technical Contact)

Phone: 407.841.2279 ext: 6017

Item Name: Discussion of New LYNX Committee Structure

Date: 7/24/2014

LYNX' General Counsel will provide an overview of the proposed Amendment to Administrative Rule 2.

Amendment to Administrative Rule 2

An amendment to Administrative Rule 2 is being presented to the Audit and Oversight Committee and to the Governing Board. The amendment was drafted in response to input received from LYNX staff and from input from certain of LYNX's funding partners. The amendment is intended to enable LYNX to operate more efficiently and to give LYNX' funding partners greater participation in financial and risk management matters. The amendment seeks to achieve these objectives by:

- Recreating the Audit and Oversight Committee as the Oversight Committee and delegating to the Oversight Committee the authority to undertake certain actions on behalf of the Governing Board when there is not adequate time to present the matters to the full Board and the authority to oversee the actions of the newly established Finance and Audit and Risk Management Committees. The membership of the Oversight Committee would be comprised of the members of the Governing Board, however, such members may appoint staff designees. The foregoing notwithstanding, all meetings of the Oversight Committee would be chaired by a member of the Governing Board.
- Establishing a Finance and Audit Committee which will make recommendations to the Governing Board, the Oversight Committee and LYNX staff with respect to financial policies, goals and budgets that support the mission, values and strategic goals of LYNX. The Finance and Audit Committee would also oversee the annual audit of LYNX's financial statements. The membership of the Finance and Audit Committee would be comprised of a staff member from each of the funding partners with expertise in financial matters. LYNX's Director of Finance/Chief Financial Officer would not be a member of the committee but would provide it with support.

- Establish a Risk Management Committee which will review and provide recommendations to LYNX with respect to LYNX's safety, insurance and risk management programs. The Risk Management Committee would also have the authority to, if appropriate, settle tort and worker's compensation based claims on behalf of LYNX up to the limits of the waiver of sovereign immunity set forth in Section 768.28, Fla. Stat. (currently \$200,000/\$300,000), and to make recommendations to the Governing Board and the Oversight Committee with respect to settlements in excess of such amount. The membership of the Risk Management Committee would be comprised of a staff member from each of the funding partners with expertise in risk management matters. The LYNX Director of Risk Management would not be a member of the committee but would provide it with support.

Audit Committee Information Item #.i

To: LYNX Board of Directors

From: John Lewis
CHIEF EXECUTIVE OFFICER
Blanche Sherman
(Technical Contact)

Phone: 407.841.2279 ext: 6017

Item Name: Comparison of LYNX Reserve requirements to Funding Partners and Other Transit Agencies

Date: 7/24/2014

During the development of LYNX' Reserve Policy, LYNX staff consulted with the appropriate staff of our Funding Partners and other Transit Agencies to ascertain the reasonableness and to perform a comparison of LYNX' reserve levels.

Overall, LYNX' reserves are reasonable and comparable to our funding partners and peers; considering we do not have a dedicated funding source, we are a highly subsidized transit agency.

The attached document is a matrix of the information obtained during this effort.

Contingency Reserve Comparison Matrix – Cities & Counties

	City of Orlando Self Supporting	City of Orlando Non-Self Supporting	City of Sanford	City of St Cloud	Lake County	Orange County	Osceola County	Seminole County	Volusia County
Reserve Level	10% to 20% of budgeted expenditures	0% to 20% of budgeted expenditures	16%	None stated	None stated	5%	Min of 2 months of operating budget plus transfers	None stated	None stated
Min/Max Range	10% to 20%	0% to 10%	16% to no max stated	0% to 10%	0%	0% to 10%	See above	5% to 10%	5% to 10%
Purpose	To maintain reserves that are adequate to protect against unforeseen events	To avoid volatility in the annual budgeted subsidy & to address unanticipated renewal & replacement repairs	To maintain reserves that are adequate to protect against unforeseen events as related to services, for solid waste collection, storm water management and water and wastewater treatment	To expand the utility system or replace capital equipment in the system. Can include set aside funds for capital investment (based on estimated annual depreciation) not covered under specific bond covenants	Used to indicate a portion of a fund's balance is legally restricted or designated for a specific purpose & therefore unavailable for general appropriation	To ensure funds are available to provide citizens with services and help in the event of natural disaster and for a safety net	Reserves shall exist in addition to other reserves for contingencies, debt services, etc.	To fund unforeseen expense needs & to provide an offset to revenue fluctuations	To provide a safety net to respond to unanticipated changes in revenue or expenses

Contingency Reserve Comparison Matrix – Transit Authorities

	Jacksonville Transportation Authority	Hillsboroug h Area Regional Transit	Miami-Dade Transit Department	Metro Atlanta Rapid Transit Authority	Washington Metro Transit Authority	Chicago Transit Authority	San Francisco County Transit Authority
Reserve Level	1 year of gasoline tax revenue	3 months operating expenses	None	None stated	1%	None stated	None stated
Min/Max Range	3 months/1 year	None stated	None	None stated	1%	None stated	5% to 15%
Dedicated Funding Source	Local Option Sales Tax & Local Option Gas Tax	Ad Valorem	For CIP only, funded via \$.05 Sales Tax	55% of 1% Sales Tax for five years	Bond referendums and regional formula funding	Sales tax and can impose .3% real estate transfer tax	.50 sales tax for transportation and \$10 motor vehicle registration fee
Purpose	The Sales Tax (1/2% of taxable Duval County sales) is used for multiple purposes (i.e., road construction & mass transit). The Gas Tax is voter approved & sunsets in 5 years.	To avoid short-term borrowing	MDT is a county department. Therefore, all reserves, other than for CIP , are maintained at the county level. MDT's funding for operations comes from the county's General Fund.	Reserves set aside for operations. Enterprise funds are used to account for specific operating activities. Enterprise funds are financed and operated similar to a private business entity where a fee is levied for the use of the product or service.	To ensure that the Authority can adjust to economic downturns, extraordinary cost increases, and other financial emergencies to preserve WMATA's ongoing ability to deliver safe and reliable service to its customers	None stated	To fund unforeseen expenditure requirements and to provide an offset to revenue fluctuations

LYNX Reserve Needs

Reserve for Operations	Reserve for Contingencies	Reserve for Capital and Debt Service	Reserve for Self-Insurance Programs	Reserve for Fuel Stabilization
<ul style="list-style-type: none"> ▪ Goal is forty-five to sixty days or fifteen to twenty percent of regular operating expenditure ▪ Short-term cash flow purposes ▪ To ensure adequate resources for operating purposes at the beginning of the fiscal year ▪ One-time capital outlay ▪ Not for non-recurring expenses. 	<ul style="list-style-type: none"> ▪ Not to exceed 5% of the total budget ▪ To help LYNX adjust temporarily to economic downturns, extraordinary cost increases & other financial emergencies to preserve its ongoing ability to deliver safe & reliable service to its customers. ▪ Used for unanticipated expenditures of a non-recurring expenses. 	<ul style="list-style-type: none"> ▪ To fund future infrastructure for items &/or projects that are listed within the annual capital budget. ▪ Debt Service funded with federal funds and/or \$2 capital ▪ Funded via unreserved, undesignated reserve balance exceeds the amount set forth in this policy, the excess will be transferred to Reserves for Capital. 	<ul style="list-style-type: none"> ▪ Minimum reserve 80% to 90% of annual actuarial level for Workers Compensation and General Liability claims ▪ To assist in offsetting LYNX' share of employee health insurance. ▪ Funded via reserving excess revenues to the fund as determined by LYNX' independent annual audit. 	<ul style="list-style-type: none"> ▪ To curtail some of the extreme volatility experienced in the price of fuel ▪ Funded via reserving excess revenue