

POLK TRANSIT AUTHORITY
Polk County, Florida

FINANCIAL STATEMENTS
September 30, 2014 and 2013

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CONTENTS

INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-5
FINANCIAL STATEMENTS	
STATEMENTS OF NET POSITION	6
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	7
STATEMENTS OF CASH FLOWS.....	8
NOTES TO FINANCIAL STATEMENTS	9-13
SUPPLEMENTAL INFORMATION	
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 <i>GOVERNMENT AUDITING STANDARDS</i>	14-15
SCHEUDLE OF FINDINGS.....	16
MANAGEMENT LETTER.....	17-18
INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, <i>FLORIDA STATUES</i>	19

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Polk Transit Authority
Lakeland, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Polk Transit Authority ("PTA"), as of and for the years ended September 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the PTA'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 an opinion on these financial statements based on our audits. We conducted our audits 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 PTA'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 PTA'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 opinion.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the PTA, as of September 30, 2014 and 2013, and the changes in its financial position and its cash flows thereof for the years 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* on pages 3 through 5 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by 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 March 17, 2015 on our consideration of PTA'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 PTA's internal control over financial reporting and compliance.



Crowe Horwath LLP

Lakeland, Florida
March 17, 2015

POLK TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION ANALYSIS
September 30, 2014 and 2013

The Polk Transit Authority's ("PTA") Management Discussion and Analysis (MD&A) provides a financial performance review that is designed to focus on the financial activities, resulting changes, and currently known facts for the fiscal years ended on September 30, 2014 and 2013. Please read it in conjunction with the accompanying presented financial statements.

Financial Highlights

- The PTA is a special taxing district created by Florida Statute. The PTA was awarded a Section 5317 Job Access and Reverse Commute ("JARC") grant in 2010 for the operation of one fixed-route in the Winter Haven service area. The PTA contracted with the Lakeland Area Mass Transit District ("District") to operate the route, collect fares, and provide all services. This service ended in fiscal 2013.

- The PTA received limited initial funding in fiscal 2009 to commence certain start-up activities.

Capital Assets

Because the PTA contracts for service through the Lakeland Area Mass Transit District (the District), the capital assets are limited in scope and dollar value.

Operating Revenues

The PTA had no operating revenues for fiscal 2014 or 2013.

Operating Expenses

Because the PTA does not directly operate service, no salaries / wages expense was incurred in fiscal 2014. All PTA efforts are accomplished through in-kind contributions from the staff of the District, the Polk County Board of County Commissioners, and the Polk Transportation Planning Organization.

The professional services expense consists primarily of costs associated with the annual audit, and the cost of service contracted through the District for the operation of one fixed route in the Winter Haven area.

Non-operating Revenues and Expenses and Capital Contributions

In fiscal 2014, the PTA recognized \$50,000 in reimbursement revenue. In fiscal 2013, the PTA recognized \$229,006 in grant revenue and \$6,146 in pre-operational government support.

The PTA had no non-operating expenses for 2012, 2013 or 2014.

There were no capital contributions for 2012, 2013, or 2014.

(Continued)

POLK TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION ANALYSIS
September 30, 2014 and 2013

Required Financial Statements

The financial statements of the PTA offer financial information about its activities.

The statements of net position includes all of the PTA's assets and liabilities, which provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities).

All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the performance of the PTA operation over the past year.

These two statements report the net position of the PTA and changes in them. You can think of the PTA's net position – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in the PTA's net position is one indicator of whether its financial health is improving or deteriorating. However, because PTA currently lacks a dedicated funding source, the ability of PTA to earn revenue is limited. As such, PTA will continue to experience deterioration in its financial condition until such time that funding is secured.

The final required financial statement is the statements of cash flows. The primary purpose of this statement is to provide information about the PTA's cash receipts and cash payments during the fiscal year.

Table A - 1
Summary of Net Position (Balance Sheet)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Current assets	\$ 87,602	\$ 417,777	\$ 285,455
Total assets	<u>87,602</u>	<u>417,777</u>	<u>285,455</u>
Current liabilities	<u>18,997</u>	<u>352,625</u>	<u>180,488</u>
Total liabilities	<u>18,997</u>	<u>352,625</u>	<u>180,488</u>
Net position:			
Unrestricted	<u>68,605</u>	<u>65,152</u>	<u>104,967</u>
Total net position	<u>\$ 68,605</u>	<u>\$ 65,152</u>	<u>\$ 104,967</u>

(Continued)

POLK TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION ANALYSIS
September 30, 2014 and 2013

Table A - 2
Summary of Statement of Revenues, Expenses and Changes in Net Position

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Total operating expenses	\$ 46,547	\$ 274,966	\$ 280,603
Operating loss	<u>(46,547)</u>	<u>(274,966)</u>	<u>(280,603)</u>
Total non-operating revenues	<u>50,000</u>	<u>235,151</u>	<u>259,539</u>
Change in net position	<u>3,453</u>	<u>(39,815)</u>	<u>(21,064)</u>
Net position at beginning of year	<u>65,152</u>	<u>104,967</u>	<u>126,031</u>
Net position at end of year	<u>\$ 68,605</u>	<u>\$ 65,152</u>	<u>\$ 104,967</u>

Financial Plan

The PTA was formed in 2007 by Florida Statute to act as the single provider of public mass transit in Polk County, Florida. Currently, fixed-route service exists in and around Lakeland and Winter Haven only, with complementary paratransit service being provided in these areas. Medicaid and Transportation-Disadvantaged transit services are provided throughout the county. Currently, mass transit service in Polk County is being provided by the District, the Winter Haven Area Transit, and the Polk County Transit Services.

The PTA received initial funding in the amount of \$425,000 from the Polk County Board of County Commissioners, and \$25,000 from the District. This funding was used to develop a master strategic plan and a public communications program for the PTA. A comprehensive operational analysis was independently prepared for the PTA by the Center for Urban Transportation Research at the University of South Florida.

The enabling legislation for the PTA allows for the levying and collection of a tax to provide county-wide transit service. A ballot measure was placed on the November 2010 general election that would have imposed a half-cent sales surtax in Polk County, which would have provided a dedicated funding base for PTA.

Because the ballot measure was not successful, the PTA is currently measuring the level of need for, and support of, a county-wide mass transit system in order to determine the most appropriate course of action for the entity. In that regard, the PTA is currently working with partner agencies to outline a strategy to provide the identified mass transit needs within the county, and to identify a range of funding possibilities.

Requests for Information

This financial report is designed to provide a general overview of PTA's finances and to demonstrate the PTA's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, Polk Transit Authority, 1212 George Jenkins Blvd, Lakeland, Florida, 33815.

POLK TRANSIT AUTHORITY
STATEMENTS OF NET POSITION
September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current assets		
Cash (Note 2)	\$ 87,602	\$ 9,689
Due from other governments	-	408,088
Total current assets	<u>87,602</u>	<u>417,777</u>
Property and Equipment		
Office furnishings and equipment	835	835
Less accumulated depreciation (Note 4)	<u>(835)</u>	<u>(835)</u>
Net property and equipment	<u>-</u>	<u>-</u>
Total assets	<u>87,602</u>	<u>417,777</u>
LIABILITIES		
Accrued liabilities	18,997	352,625
Total current liabilities	<u>18,997</u>	<u>352,625</u>
Total liabilities	<u>18,997</u>	<u>352,625</u>
NET POSITION		
Unrestricted	<u>68,605</u>	<u>65,152</u>
Total net position	<u>\$ 68,605</u>	<u>\$ 65,152</u>

See accompanying notes to financial statements

POLK TRANSIT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating revenues	\$ -	\$ -
Operating expenses		
Professional services	42,001	272,571
Office expense	4,231	2,395
Travel and meetings	140	-
Taxes and licenses	175	-
Total operating expenses	<u>46,547</u>	<u>274,966</u>
Operating Loss	(46,547)	(274,966)
Non-operating revenues		
Federal and state operating grants	50,000	229,006
Pre-operational government support	-	6,145
Total non-operating revenues	<u>50,000</u>	<u>235,151</u>
Change in net position	3,453	(39,815)
Net position at beginning of year	<u>65,152</u>	<u>104,967</u>
Net position at end of year	<u>\$ 68,605</u>	<u>\$ 65,152</u>

See accompanying notes to financial statements

POLK TRANSIT AUTHORITY
 STATEMENTS OF CASH FLOWS
 Years ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Cash paid for operating goods and services	\$ (380,175)	\$ (96,684)
Net cash used in operating activities	(380,175)	(96,684)
 Cash flows from noncapital financing activities		
Proceeds from other governments	458,088	96,812
Net cash provided by noncapital financing activities	458,088	96,812
 Net change in cash and cash equivalents	77,913	128
 Cash at beginning of year	9,689	9,561
 Cash and cash equivalents at end of year	<u>\$ 87,602</u>	<u>\$ 9,689</u>
 Classified in statements of net position as		
Current assets	<u>\$ 87,602</u>	<u>\$ 9,689</u>
 Reconciliation of operating loss to net cash used in operating activities		
Net loss	\$ (46,547)	\$ (274,966)
Adjustments to net operating loss to net cash used in operating activities		
In-kind service	-	6,145
Increase (decrease) in accrued liabilities	(333,628)	172,137
Cash flows from operating activities	<u>\$ (380,175)</u>	<u>\$ (96,684)</u>
 Noncash investing, capital, or financing transactions		
Increase in Fixed Assets	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements

POLK TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: The Polk Transit Authority (“PTA”) was created by Florida Statute, Chapter 2007-275, Substitute for House Bill No. 777. It is a special taxing district created for the purpose of operating a public mass transit system in Polk County.

The accounting policies of the PTA conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The summary of significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the accompanying financial statements.

The PTA is accounted for as an enterprise fund. An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the stated intent is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

There are no component units of the PTA. The PTA is not included as a component unit in any other government entity’s annual financial report.

The PTA uses the accrual basis of accounting. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Revenues are recognized in the period in which they are earned and expenses are recognized in the period incurred. The PTA has adopted the uniform system of accounts prescribed by the Federal Transit Administration, U.S. Department of Transportation.

The significant accounting policies followed are described below.

Cash and Cash Equivalents: The amounts reported consist only of cash held in a Qualified Public Depository account.

Property and Equipment: Property and equipment acquired by the PTA are recorded at historical cost. Property and equipment purchased with an original value of \$500 or more is capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Office furnishings and equipment	3 - 15 years
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Upon sale or retirement of property and equipment, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in operations.

Federal and State Operating Grants: Proceeds from federal and state operating grants to assist in financing operating deficits are recognized as revenue in the fiscal year to which they apply. Accordingly, revenues are recognized when the related costs are incurred as opposed to when the funds are actually received.

Federal and state operating grants are subject to special audit. Such audits could result in claims against the District for disallowed costs or noncompliance with grantor restrictions.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Non-Operating Revenues (Expenses): The PTA classifies revenues and expenses as operating and non-operating. At this time, the PTA does not currently operate any services; therefore, all current revenues are classified as non-operating; however, all expenses are classified as operating.

New Accounting Pronouncements: In March 2012, the GASB issued Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB No. 10 and No. 62*, which establishes accounting and financial reporting standards that improve governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement also amends Statement 62 by modifying the specific guidance on accounting for operating lease payments that vary from a straight-line basis. Adoption of this statement did not have an impact on the financial statements.

In June 2012, the GASB issued Statement 67, *Financial Reporting for Pension Plans*. This Statement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and Statement 50 as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. The Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement 67 enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. Statement 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. Adoption of this statement did not have an impact on the financial statements.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*, which establishes accounting and financial reporting standards requires a government that extends a non-exchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows related to the guarantee expected to be incurred. This Statement requires a government that has issued an obligation guaranteed in a non-exchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. Adoption of this statement did not have an impact on the financial statements.

(Continued)

POLK TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
September 30, 2014 and 2013

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

As of September 30, 2014 and 2013 the carrying amounts of the PTA's deposits were \$87,602 and \$9,689, respectively; and the bank balances were \$89,352 and \$9,689, respectively, of which \$250,000 was covered by Federal depository insurance.

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of bank failure, the PTA's deposits may not be returned to it. Florida Statutes require deposits by governmental units in a financial institution to be collateralized. The State of Florida maintains control over the collateral requirements and authorizes certain financial institutions to act as depositories for governmental units ("Qualified Public Depositories"). The PTA maintains all accounts in qualified public depositories. As a result, no deposits were subject to this risk due to the collateral requirements by the State.

NOTE 3 - PROPERTY AND EQUIPMENT

A summary of property and equipment and related accumulated depreciation consist of the following:

	Balance October 1, <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance September 30, <u>2014</u>
Office furnishings and equipment	\$ 835	\$ -	\$ -	\$ 835
Less accumulated depreciation	<u>835</u>	<u>-</u>	<u>-</u>	<u>835</u>
 Total capital assets, net	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>
	Balance October 1, <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance September 30, <u>2013</u>
Office furnishings and equipment	\$ 835	\$ -	\$ -	\$ 835
Less accumulated depreciation	<u>835</u>	<u>-</u>	<u>-</u>	<u>835</u>
 Total capital assets, net	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

NOTE 4 - ACCRUED LIABILITIES

Accrued liabilities for both 2014 and 2013 consist of amounts owed to the Lakeland Area Mass Transit District ("District") for expenses paid by the District on behalf of the Authority pursuant to an interlocal agreement between the parties, and for the cost of the fixed-route service in the Winter Haven area that is funded by the JARC grant. In addition, 2013 accrued liabilities include amounts due to vendors.

(Continued)

NOTE 5 - RELATED PARTIES

The PTA has interlocal agreements with both the District and Polk County. The interlocal agreements broadly define a cooperative relationship between PTA and the other entities to accomplish the goal of identifying the mass transit needs within the county and outlining a plan for providing the services to meet those needs. Included in the interlocal agreements are provisions that allow for shared costs to be reimbursed, responsibilities for the application and management of state and federal grants to be defined, and other provisions necessary for the eventual merging of the entities.

Additionally, the PTA entered into a Transit Operator Agreement in fiscal 2011 to provide fixed-route bus service pursuant to a Section 5317 Job Access and Reverse Commute grant that was awarded to the PTA. Under the terms of this Transit Operator Agreement, all revenues associated with this service are deemed to be the property of the District, and are used to reduce the operating cost charged to the PTA for providing the service.

As of September 30, 2014 and 2013, the amounts due to the Lakeland Area Mass Transit District were \$11,497 and \$342,406 respectively, attributed to the service provided under the terms of the Transit Operator Agreement.

The PTA incurred legal expenses in fiscal years 2014 and 2013 for various activities, including the providing of general legal advice and planning studies. For fiscal year ended 2013 \$6,416 of these legal fees were paid by the District as an in-kind contributions. In fiscal year ended 2014 \$7,266 of legal fees were paid by the District which were reimbursed by PTA.

NOTE 6 - FUTURE FUNDING

To secure adequate funding to commence providing services, the PTA requested that the Polk County Board of County Commissioners add a ballot measure to the November 2010 general election that would impose a half-cent sales surtax in Polk County, which would be remitted to the PTA. The estimated revenues from this tax would have allowed the PTA to acquire capital assets and operate sustainable services county-wide.

Because the referendum was not successful, the My Ride a consolidated Transit Development Plan for Polk County was developed. The plan called for a referendum on November 4, 2014 for approval of a Charter county transportation surtax at a rate of one percent with one half (1/21) of the proceeds from the transportation surtax to the Transit Authority to be used for transit services in Polk County. The referendum failed on November 4, 2014, the vote was 72 percent against and 28 percent in favor of adding a 1 cent local sales tax for roads and transit.

NOTE 7 - RISK MANAGEMENT

The PTA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters and workers' compensation claims. These risks are covered by property and casualty insurance purchased from an independent third party. Settled claims from these risks have not exceeded the Authority's property and casualty coverage for the past three fiscal years.

NOTE 8 – FUTURE ACCOUNTING PRONOUNCEMENTS

In June 2012, the GASB issued Statement 68, Accounting and Financial Reporting for Pensions. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers and Statement No. 50, Pension Disclosures, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). The provisions of this Statement are effective for PTA's financial year ending September 30, 2015. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

In January 2013, the GASB issued Statement 69, Government Combinations and Disposals of Government Operations. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The distinction between a government merger and a government acquisition is based upon whether an exchange of significant consideration is present within the combination transaction. Government mergers include combinations of legally separate entities without the exchange of significant consideration. This Statement requires the use of carrying values to measure the assets and liabilities in a government merger. Conversely, government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. This Statement requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values as well as provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This Statement defines the term operations for purposes of determining the applicability of this Statement and requires the use of carrying values to measure the assets and liabilities in a transfer of operations. A disposal of a government's operations results in the removal of specific activities of a government. This Statement provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold as well as 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. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in fiscal year ending September 30, 2015, and should be applied on a prospective basis. Earlier application is encouraged. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

In November 2013, GASB released Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. This Statement is effective for fiscal years beginning after June 15, 2014 and is required to be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68 "Accounting and Financial Reporting for Pensions". The issue relates to the amounts associated with contributions to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement will be implemented for fiscal year ending September 30, 2015. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

SUPPLEMENTAL INFORMATION

**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
Polk Transit Authority
Lakeland, Florida

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 Polk Transit Authority ("PTA") as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise PTA's basic financial statements, and have issued our report thereon dated March 17, 2015.

Internal Control Over Financial Reporting

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

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether PTA's financial statements are free of 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 over financial reporting 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.


Crowe Horwath LLP

Lakeland, Florida
March 17, 2015

POLK TRANSIT AUTHORITY
SCHEDULE OF FINDINGS
September 30, 2014 and 2013

SECTION I – SUMMARY OF AUDITOR’S FINDINGS

FINANCIAL STATEMENTS

Type of auditor’s report issued	Unmodified
Internal control over financial reporting	
Material weakness identified?	None Reported
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	None

Board of Directors
Polk Transit Authority
Lakeland, FL

Report on the Financial Statements

We have audited the financial statements of the general fund of the Polk Transit Authority (the “PTA”), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise PTA’s financial statements, and have issued our report thereon dated March 17, 2015.

Auditor’s Responsibility

We conducted our audit 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.

Other Reports

We have issued our 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*; and Independent Accountant’s Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 17, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the financial statements.

(Continued)

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not PTA has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the PTA did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for PTA for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations. Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.


Crowe Horwath LLP

Lakeland, Florida
March 17, 2015

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH
SECTION 218.415, FLORIDA STATUTES**

Board of Directors
Polk Transit Authority
Lakeland, FL

We have examined the Polk Transit Authority (the "PTA") compliance with Section 218.415, *Florida Statutes*, concerning the investment of public funds during the year ended September 30, 2014. Management is responsible for PTA's compliance with those requirements. Our responsibility is to express an opinion on the PTA's compliance based on our examination.

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

In our opinion, PTA complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.


Crowe Horwath LLP

Tampa, Florida
March 17, 2015