

Exhibit A2 - Financial Statement

**POLK TRANSIT AUTHORITY**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2018**

**POLK TRANSIT AUTHORITY**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

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## **INTRODUCTORY SECTION**

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1290 Golfview Avenue  
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February 15, 2019

Board Chairman, and  
Members of the Board of Directors of the Polk Transit Authority (PTA)  
Citizens of our Service Area

Dear Board Chair, Board Members and Citizens:

State law requires that all independent special districts publish each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with auditing standards generally accepted in the United States by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Financial Report for the Polk Transit Authority (PTA), for the fiscal year ended September 30, 2018.

This Financial Report is indicative of the Authority management's continued commitment to provide high quality, complete, concise, and reliable financial information of the Authority.

This report consists of management's representations concerning the finances of the Authority. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Authority has established a comprehensive internal control framework that is designed both to protect the Authority's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Authority's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Authority's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Authority's basic financial statements for the fiscal year ended September 30, 2018, have been audited by Mauldin & Jenkins, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority, for the fiscal year ended September 30, 2018, are free from material misstatement. The independent audit involved performing

procedures to obtain audit evidence about the amounts and disclosures in the financial statements; evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made and evaluating the overall financial statement presentation. The independent auditor concluded, based upon their audit, that there was reasonable basis for rendering an unmodified, “clean” opinion that the Authority’s financial statements for the fiscal year ended September 30, 2018, are fairly presented in conformity with GAAP. The independent auditor’s report is located at the front of the financial section of this report for fiscal year ended September 30, 2018.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. This year’s MD&A can be found immediately following the independent auditor’s report.

### **Profile of the Authority**

The Polk Transit Authority, was created as a body politic and corporate under Chapter 163, Part V, Sections 163.567, et seq., Florida Statutes, on June 27, 2007. It was chartered for the purpose of providing mass transit service to the City of Lakeland (the “City”), Florida.

The Authority’s Board of Directors is comprised of 9 directors appointed by the Governmental entity of the Polk County, City of Lakeland and the other cities in Polk County. The Authority is governed by its 9 member Board of Directors (“Board”). The Board makes decisions, designates management, significantly influences operations and maintains primary fiscal responsibility.

The Authority has been determined to be an “Independent Special District” as described in Section 189.403, *Florida Statutes*, and is authorized to levy an ad valorem tax of up to three mill (3.0) on the taxable value of real and tangible personal property within the jurisdiction of its members. Chapter 165.570, *Florida Statutes*, allows the Authority to levy up to a three mill levy, subject to public referendum. The Authority’s ad valorem taxes are assessed as part of the annual assessment of Hillsborough County, which levies its taxes on November 1 of each year.

Located in Polk County, Florida, on the west coast of Florida, the Authority could be a regional provider of mass transportation services primarily within Polk County.

Preparation of this report would not have been possible without the dedicated and efficient service of the entire staff of the Finance Department and the LAMTD organization. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit must also be given to the Governing Board of Directors for their unfailing support for maintaining the highest standards of professionalism in the management of the Authority’s finances.

## **Budget**

The Board is required to adopt an annual operating budget before the beginning of each fiscal year. The budget serves as a policy document, an operation's guide, a financial plan and a communication device. The process for developing the Authority's budget begins with budget review and planning in March through May; and through a series of meetings and analysis, results in a balanced operating budget and a prioritized capital budget. The Authority may not spend more than the approved operating budget, with the Board having to approve increases to the budget. The Executive Director and the Chief Financial Officer may permit movement of funds within the approved budget.

The Authority's Board adopted fiscal year 2019 operating and capital budget total \$8,300. This adopted budget allows the Authority to continue to provide the same level of service in fiscal year 2019 as was delivered in fiscal year 2018, essentially for administration.

Respectfully submitted,



Tom Phillips  
Executive Director



David Persaud, MPA, CGFM, CPE  
Chief Financial Officer

## FINANCIAL SECTION

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## INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors of the  
Polk Transit Authority  
Lakeland, Florida

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

We have audited the accompanying financial statements of the **Polk Transit Authority** (the "Authority") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority'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 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 opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2018, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



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**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 basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Transmittal Letter is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The Transmittal Letter has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2019, on our consideration of the Authority'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 Authority's internal control over financial reporting and compliance.



Bradenton, Florida  
February 15, 2019

# POLK TRANSIT AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Polk Transit Authority's (the "Authority") 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 year ended September 30, 2018. Please read it in conjunction with the accompanying financial statements.

### **Financial Highlights**

- The Authority's assets exceeded its liabilities as of September 30, 2018, by \$47,702.
- The Authority's operating expenses for September 30, 2018, increased \$6,459 from those reported as of September 30, 2017.

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

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The notes to the financial statements contain more detail on some of the information presented in the financial statements. The financial statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. The Statement of Net Position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the Authority's net position changed during the fiscal year ended September 30, 2018. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are recorded in this statement for some items that will only result in cash flows in future fiscal periods.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided within the financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Financial Statements

**Net Position:** The following table summarizes the changes in net position for the fiscal years ended September 30, 2018 and 2017:

	2018	2017
Current assets	\$ <b>47,745</b>	\$ 54,840
Total assets	<b>47,745</b>	54,840
Current liabilities	<b>43</b>	-
Total liabilities	<b>43</b>	-
Net position		
Unrestricted	<b>47,702</b>	54,840
Total net position	<b>\$ 47,702</b>	\$ 54,840

The Authority's total current assets decreased by \$7,095 during the fiscal year ended September 30, 2018. This decrease was the result of the expenses incurred by the Authority during the fiscal year.

The Authority's total liabilities increased by \$43 during the fiscal year ended September 30, 2018. This increase is the result of a payable due to the Lakeland Area Mass Transit District in the current fiscal year, with no such payable due in the prior fiscal year.

**Revenues, Expenses and Changes in Net Position:** The following table summarizes the revenues, expenses and changes in net position for the fiscal years ended September 30, 2018 and 2017:

	2018	2017
Operating expenses		
Professional services	\$ <b>6,900</b>	\$ 623
Office expense	<b>238</b>	56
Total operating expenses	<b>7,138</b>	679
Operating loss	<b>(7,138)</b>	(679)
Net position, beginning of year	<b>54,840</b>	55,519
Net position, end of year	<b>\$ 47,702</b>	\$ 54,840

Fiscal year 2018 operating expenses increased \$6,459, which was a direct result of increased professional services expenses.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### **Capital Assets**

As the Authority contracts for service through the Lakeland Area Mass Transit District, the Authority's capital assets are limited in scope and dollar amount. Further information on the Authority's capital assets can be found in Note 3 of the financial statements.

### **Financial Plan**

The Authority 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 Authority 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 Authority by the Center for Urban Transportation Research at the University of South Florida.

The enabling legislation for the Authority 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 the Authority.

Because the ballot measure was not successful, the Authority 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 Authority is currently working with partner agencies to outline a strategy to provide the identified mass transit needs within Polk County, and to identify a range of funding possibilities.

### **Requests for Information**

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority'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

## STATEMENT OF NET POSITION SEPTEMBER 30, 2018

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<b>ASSETS</b>		
<b>Current assets</b>		
Cash		\$ 47,745
Total assets		<u>47,745</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Due to LAMTD		43
Total liabilities		<u>43</u>
<b>NET POSITION</b>		
Unrestricted		47,702
Total net position		<u>\$ 47,702</u>

The accompanying notes are an integral part of these financial statements.

# POLK TRANSIT AUTHORITY

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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<b>Operating expenses</b>	
Professional services	\$ 6,900
Office expense	238
Total operating expenses	<u>7,138</u>
<b>Change in net position</b>	(7,138)
<b>Net position, beginning of year</b>	<u>54,840</u>
<b>Net position, end of year</b>	<u><u>\$ 47,702</u></u>

The accompanying notes are an integral part of these financial statements.

# POLK TRANSIT AUTHORITY

## STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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### CASH FLOWS FROM OPERATING ACTIVITIES

Payments to suppliers	\$ (7,095)
Net cash used in operating activities	<u>(7,095)</u>

Change in cash	(7,095)
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### Cash and cash equivalents:

Beginning of year	<u>54,840</u>
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End of year	<u><u>\$ 47,745</u></u>
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### Reconciliation of operating loss to net cash used in operating activities:

Operating loss	\$ (7,138)
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Adjustments to reconcile operating loss to net cash used in operating activities:

Increase in due to LAMTD	<u>43</u>
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Net cash used in operating activities	<u><u>\$ (7,095)</u></u>
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The accompanying notes are an integral part of these financial statements.

# POLK TRANSIT AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: The Polk Transit Authority (the "Authority") 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 Authority 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 Authority 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 Authority. The Authority is not included as a component unit in any other government entity's annual financial report.

The Authority 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 Authority 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 Authority 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.



**POLK TRANSIT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 Authority for disallowed costs or noncompliance with grantor restrictions.

Management Estimates: The preparation of 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 Authority classifies revenues and expenses as operating and non-operating. At this time, the Authority does not currently operate any services; therefore, all current revenues are classified as non-operating; however, all expenses are classified as operating.

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

As of September 30, 2018, the carrying amount and bank balance of the Authority's deposits was \$47,745, all of which was covered by federal depository insurance.

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that in the event of bank failure, the Authority'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 Authority 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. CAPITAL ASSETS**

Capital assets activity for the fiscal year ended September 30, 2018, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Office furnishings and equipment	\$ 835	\$ -	\$ -	\$ 835
Less accumulated depreciation for:				
Office furnishings and equipment	(835)	-	-	(835)
Total capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# POLK TRANSIT AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 4. RELATED PARTIES**

The Authority has interlocal agreements with both the Lakeland Area Mass Transit District and Polk County. The interlocal agreements broadly define a cooperative relationship between the Authority and the other entities to accomplish the goal of identifying the mass transit needs within Polk 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 Authority 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 Authority. 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 costs charged to the Authority for providing the service.

The Authority incurred expenses in the amount of \$7,138 for fiscal year 2018, which included professional services and office expenses.

### **NOTE 5. FUTURE FUNDING**

To secure adequate funding to commence providing services, the Authority 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 Authority. The estimated revenues from this tax would have allowed the Authority 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 remitted at a rate of 1% with one half (1/2) 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% against and 28% in favor of adding a 1 cent local sales tax for roads and transit.

### **NOTE 6. RISK MANAGEMENT**

The Authority 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.

**COMPLIANCE SECTION**

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**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**

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**To the Board of Directors of the  
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 the Polk Transit Authority (the "Authority") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 15, 2019.

**Internal Control Over Financial Reporting**

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

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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority'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.

Bradenton, Florida  
February 15, 2019

*Mauldin & Jenkins, LLC*

**POLK TRANSIT AUTHORITY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

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**SECTION I**  
**SUMMARY OF AUDIT RESULTS**

**Financial Statements**

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

\_\_\_ Yes  X  No

Significant deficiency identified not considered

to be material weaknesses?

\_\_\_ Yes  X  None reported

Noncompliance material to financial statements noted?

\_\_\_ Yes  X  No

**Federal Awards**

Federal and state single audits were not required as the Authority did not expend greater than \$750,000 of federal funds or state financial assistance during its fiscal year ended September 30, 2018.

**SECTION II**  
**FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None reported

**SECTION III**  
**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

Not applicable.



## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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**To the Board of Directors of the  
Polk Transit Authority  
Lakeland, Florida**

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

We have audited the financial statements of the Polk Transit Authority (the "Authority") as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated February 15, 2019.

### **Auditor's Responsibility**

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

### **Other Reports and Schedule**

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 Schedule of Findings and Responses. Disclosures in those reports, which are dated February 15, 2019, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

### **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. See Note 1 in the notes to the financial statements.

### **Financial Condition and Management**

Section 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Authority has met one or more of the conditions described in Section 218.503(1), *Florida Statutes*, and to identify the specific condition(s) met. In connection with our audit, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*.

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

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

**Annual Financial Report**

Sections 10.554(1)(i)5.b. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the Authority for the fiscal year ended September 30, 2018, 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, 2018. In connection with our audit, we determined that these two reports were in agreement.

**Additional Matters**

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note 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, federal and other granting agencies, the Board of Commissioners and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Bradenton, Florida  
February 15, 2019