

**RFP 17-021 - Exhibit B**  
**2016 Unaudited Financial Statement**

**POLK TRANSIT AUTHORITY**  
Polk County, Florida

**UNAUDITED FINANCIAL STATEMENTS**  
September 30, 2016 and 2015

POLK TRANSIT AUTHORITY  
September 30, 2016 and 2015

---

POLK TRANSIT AUTHORITY  
Polk County, Florida  
UNAUDITED FINANCIAL STATEMENTS  
September 30, 2016 and 2015

CONTENTS

---

TRANSMITTAL LETTER.....	1-4
INDEPENDENT AUDITOR’S REPORT-NOT PRESENTED.....	
MANAGEMENT’S DISCUSSION AND ANALYSIS .....	5-8
FINANCIAL STATEMENTS	
STATEMENTS OF NET POSITION.....	9
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION .....	10
STATEMENTS OF CASH FLOWS.....	11
NOTES TO FINANCIAL STATEMENTS .....	12-17

POLK TRANSIT AUTHORITY  
UNAUDITED FINANCIAL STATEMENT  
FOR  
FY SEPTEMBER 30, 2016

The Authority's annual financial report for fiscal year ending September 30, 2016 is unaudited.

Generally, Unaudited Financial Statements are used internally by companies so as to save on auditors' professional fees and based on the financial contents of the audit. These financial statements are also regarded as being less accurate than audited ones. One must note, however, that unaudited reports do contain the same set of data, which includes income statement, cash flow, and balance sheet. Such report is also prepared by the duly appointed Authority's Chief Financial Officer. The process usually stops there though, without the need for an auditor to counter-check.

If audited financial reports are used for maximum transparency, unaudited reports are used for maximum cost-efficiency within a business entity.

Please see the Transmitted Letter in the report for more information on the Authority's audit requirements as required under the Florida Statutes and Financial Section 218.39 and the provisions for unaudited financial statements.

POLK TRANSIT AUTHORITY  
MANAGEMENT'S DISCUSSION ANALYSIS  
September 30, 2016 and 2015



BOARD OF DIRECTORS  
POLK CO. COMMISSIONERS: John Hall and George Lindsey  
CITY OF LAKELAND COMMISSIONERS: Don Salvage, Philip Walker and Jim Malless  
EXECUTIVE DIRECTOR: Tom Phillips

1212 GEORGE JENKINS BLVD., LAKELAND, FL 33815 | 855-POLKBUS (765-5287) | WWW.RIDECITRUS.COM

April 25, 2017

Mr. Steven Hunnicut, Board Chair 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, 2016 and FY 2015 both unaudited.

This Financial Report is indicative of the Authority management's continued commitment to provide high quality, complete, concise, and reliable financial information on 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 of 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 its 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 fiscal year ended September 30, 2014 have been audited by Crowe Horwath LLP, 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, 2014, are free of 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 the 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, 2014 are fairly presented in conformity with GAAP. The independent auditors' report is located at the front of

the financial section of this report for fiscal year ending September 30, 2014.

The independent audit of the financial statements of the Authority was part of a broader, mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are included in the Single Audit section of this report.

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 MD&A and should be read in conjunction with it. This year's MD&A can be found immediately following the transmittal letter,

**Florida Statutes Taxation and Financial Section 218.39**

The Polk Transit Authority (PTA) is not required to provide for an audited financial report pursuant to Florida Statutes 218.39(1) which states that "Each Special District with revenues or the total of expenditures and expenses between \$50,000 and \$100,000 as reported on the fund financial statement, which has not been subject to a financial audit pursuant to this subsection for the past 2 preceding fiscal years". However, the Authority would still be required to file an annual financial report with the Florida Department of Financial Services no later than June 30, 2017 pursuant to Section 218.32(1) of the Florida Statutes. This applies to the Authority fiscal year ending September 30, 2017 and FY 2015. Therefore the Authority did not conduct an annual audit for fiscal year ended September 30, 2016 and FY 2015 and the unaudited financial report has been prepared by the Lakeland Area Mass Transit District Finance Staff to meet the requirements of the Florida Statutes.

**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 nine 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 November 1 of each year.

Located in Polk County, Florida, on the west coast of Florida, the Authority could be 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**

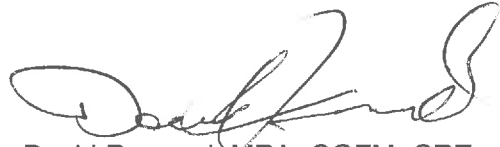
The Board is required to adopt an annual operating budget before the beginning of each fiscal year. The budget serves as a policy document, an operation's guide, a financial plan and a communication device. The process for developing the Authority's budget begins with budget review and planning in March 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 FY2015-16 operating and capital budget total \$10,100. This adopted budget allows the Authority to continue to provide the same level of service in FY2015-16 as was delivered in FY2014-15 essentially for administration.

Respectfully submitted,



Tom Phillips  
Executive Director



David Persaud, MPA, CGFM, CPE  
Chief Financial Officer

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, 2016 and 2015. 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 2014.
- 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 2016 or 2015.

### **Operating Expenses**

Because the PTA does not directly operate service, no salaries / wages expense was incurred in fiscal 2016. 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 in prior years.

### **Non-operating Revenues and Expenses and Capital Contributions**

In fiscal year 2015 and 2016 there were no non-operating revenue. In fiscal 2014, the PTA recognized \$50,000 in reimbursement revenue.

The PTA had no non-operating expenses for 2013, 2014, 2015 and 2016.

There were no capital contributions for 2013, 2014, 2015 and 2016.



POLK TRANSIT AUTHORITY  
MANAGEMENT'S DISCUSSION ANALYSIS  
September 30, 2016 and 2015

---

### Required Financial Statements

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

The statements of net position include 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>2016</u>	<u>2015</u>	<u>2014</u>
Current assets	\$ 56,839	\$ 59,880	\$ 87,602
Total assets	<u>                    </u>	<u>59,880</u>	<u>87,602</u>
Current liabilities	<u>1,320</u>	<u>2,865</u>	<u>18,997</u>
Total liabilities	<u>1,320</u>	<u>2,865</u>	<u>18,997</u>
Net position:			
Unrestricted	<u>55,519</u>	<u>57,015</u>	<u>68,605</u>
Total net position	<u>\$ 55,519</u>	<u>\$ 57,015</u>	<u>\$ 68,605</u>

POLK TRANSIT AUTHORITY  
MANAGEMENT'S DISCUSSION ANALYSIS  
September 30, 2016 and 2015

---

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total operating expenses	\$ 1,496	\$ 11,590	\$ 46,547
Operating loss	<u>(1,496)</u>	<u>(11,590)</u>	<u>(46,547)</u>
Total non-operating revenues	=	=	<u>50,000</u>
Change in net position	<u>(1,496)</u>	<u>(11,590)</u>	<u>3,453</u>
Net position at beginning of year	<u>57,015</u>	<u>68,605</u>	<u>65,152</u>
Net position at end of year	<u>\$ 55,519</u>	<u>\$ 57,015</u>	<u>\$ 68,605</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, 2016 and 2015

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>			
Current assets			
Cash (Note 2)	\$ 56,839	\$ 59,880	\$ 87,602
Due from other governments	-	-	-
Total current assets	<u>56,839</u>	<u>59,880</u>	<u>87,602</u>
Property and Equipment			
Office furnishings and equipment	835	835	835
Less accumulated depreciation (Note 4) Net property and equipment	<u>(835)</u>	<u>(835)</u>	<u>(835)</u>
Total assets	<u>56,839</u>	<u>59,880</u>	<u>87,602</u>
<b>LIABILITIES</b>			
Accrued liabilities	<u>1,320</u>	<u>2,865</u>	<u>18,997</u>
Total current liabilities	<u>1,320</u>	<u>2,865</u>	<u>18,997</u>
Total liabilities	<u>1,320</u>	<u>2,865</u>	<u>18,997</u>
<b>NET POSITION</b>			
Unrestricted	<u>55,519</u>	<u>57,015</u>	<u>68,605</u>
Total net position	<u>\$ 55,519</u>	<u>\$ 57,015</u>	<u>\$ 68,605</u>

POLK TRANSIT AUTHORITY  
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 Years ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Operating revenues</b>	\$ -	\$ -	\$ -
<b>Operating expenses</b>			
Professional services	1,263	11,324	42,001
Office expense	58	91	4,231
Travel and meetings	-	-	140
Taxes and licenses	175	175	175
Total operating expenses	<u>1,496</u>	<u>11,590</u>	<u>46,547</u>
<b>Operating Loss</b>	(1,496)	(11,590)	(46,547)
<b>Non-operating revenues</b>			
Federal and state operating grants	-	-	50,000
Pre-operational government support	-	-	-
Total non-operating revenues	<u>-</u>	<u>-</u>	<u>50,000</u>
<b>Change in net position</b>	(1,496)	(11,590)	3,453
Net position at beginning of year	<u>57,015</u>	<u>68,605</u>	<u>65,152</u>
<b>Net position at end of year</b>	<u>\$ 55,519</u>	<u>\$ 57,015</u>	<u>\$ 68,605</u>

POLK TRANSIT AUTHORITY  
STATEMENTS OF CASH FLOWS  
Years ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Cash flows from operating activities</b>			
Cash paid for operating goods and services	\$	\$ (27,722)	\$ (380,175)
Net cash used in operating activities		(27,722)	(380,175)
<b>Cash flows from noncapital financing activities</b>			
Proceeds from other governments	=	=	458,088
Net cash provided by noncapital financing activities	-	-	458,088
Net change in cash and cash equivalents	(3,041)	(27,722)	77,913
Cash at beginning of year	59,880	87,602	9,689
<b>Cash and cash equivalents at end of year</b>	<u>\$ 56,839</u>	<u>\$ 59,880</u>	<u>\$ 87,602</u>
<b>Classified in statements of net position as</b>			
Current assets	<u>\$ 56,839</u>	<u>\$ 59,880</u>	<u>\$ 87,602</u>
<b>Reconciliation of operating loss to net cash used in operating activities</b>			
Net loss	\$ (1,496)	\$ (11,590)	\$ (46,547)
Adjustments to net operating loss to net cash used in operating activities			
In-kind service	-	-	-
Increase (decrease) in accrued liabilities	(1,545)	(16,132)	(333,628)
Cash flows from operating activities	<u>\$ (3,041)</u>	<u>\$ (27,722)</u>	<u>\$ (380,175)</u>
<b>Noncash investing, capital, or financing transactions</b>			
Increase in Fixed Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## 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
----------------------------------	--------------

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.

**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 District for disallowed costs or noncompliance with grantor restrictions.

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 2, 2015 the Governmental Accounting Standards Board (GASB) issued Statement No. 72, Fair Market Value Measurement and Application, which would generally require state and local governments to measure investments at fair value. The requirements are effective for financial statements for period's beginning after June 15, 2015 with early application encouraged. The implementation on this statement did not have a material impact on the District.

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

As of September 30, 2016 and 2015 the carrying amounts of the PTA's deposits were \$56,839 and \$59,880, respectively; and the bank balances were \$56,839 and \$59,880, 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.



POLK TRANSIT AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 Years ended September 30, 2016 and 2015

**NOTE 3 - PROPERTY AND EQUIPMENT**

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

	Balance October 1, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance September 30, <u>2016</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>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance September 30, <u>2016</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 2016 and 2015 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, 2014 accrued liabilities include amounts due to vendors.

#### **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, 2016 and 2015, the amounts due to the Lakeland Area Mass Transit District were \$1,320 and \$2,865 respectively, attributed to the service provided under the terms of the Transit Operator Agreement.

The PTA incurred legal expenses in fiscal years 2016 and 2015 for various activities, including the providing of general legal advice and planning studies. For fiscal year ended 2016 \$1,263 of legal fees were paid by the District which were reimbursed by PTA. In fiscal year ended 2015 \$2,774 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 ( 1/2) 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 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.

In June 6, 2015 the GASB issued Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement 68, and Amendments to contain Provisions of GASB Statements 67 and 68. The requests are effective beginning after June 15, 2016 with early application encouraged. Management has not determined what impact, if any, this GASB Statement might have on its financial statements.

In June 2015 the GASB issued Statement No. 74, Financial Reporting for Post-Employment Benefit Plans other than Pensions. This statement addresses reporting by OPEB plans that administer benefits on behalf of governments. This statement requires more extensive note disclosures and Required Supplemental Information (RSI) similar to GASB 67 related to the measurement of the OPEB liabilities for accumulated assets in addition to note disclosures. The requirements are effective beginning after December 15, 2016. With early application are encouraged. Management has not determined what impact, if any, this statement might have on its financial statements.

In June 2015, the GASB issued statements No. 75, Accounting and Financial reporting for Post-Employment Benefits other than Pensions. GASB 75 addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. This statement will require more extensive note disclosures and Required Supplementary Information (RSI) about their OPEB liabilities (similar to GASB 68). The requirements are effective beginning after December 15, 2017 with early applications encouraged. Management has not determined what impact, if any, this statements might have on its financial statements.

In June 2015, the GASB issued Statement 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.