

**SCHEDULE OF EXPENDITURES AND STATE
FINANCIAL ASSISTANCE**

**PENSACOLA BAY TRANSPORTATION
COMPANY, LLC**

DECEMBER 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Member
Pensacola Bay Transportation Company, LLC
Mobile, Alabama

Report on the Schedule of Expenditures of State Financial Assistance

We have audited the accompanying schedule of expenditures of state financial assistance for the Commission of the Transportation Disadvantaged Trip and Equipment Grant Program, State C5FA No. 55.001 for Pensacola Bay Transportation Company, LLC (the Company) for the year ended December 31, 2014, and related note.

Management's Responsibility

Management is responsible for the preparation and fair presentation of the financial statement 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 the schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit.

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 10.650, Rules of the Auditor General. Those standards and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statement 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 Company'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 statement.

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 schedule of expenditures of state financial assistance referred to above presents fairly, in all material respects, the expenditures of state financial assistance under the Commission of the Transportation Disadvantaged Trip and Equipment Grant Program, State C5FA No. 55.001 for the year ended December 31, 2014, in accordance with accounting principles generally accepted in the United States of America.

Braun Thornton Parente & Company, P.A.

Pensacola, Florida
January 21, 2016

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
AND NOTE TO THE SCHEDULE OF EXPENDITURES
OF STATE FINANCIAL ASSISTANCE**

PENSACOLA BAY TRANSPORTATION COMPANY, LLC

Year Ended December 31, 2014

State Agency, State Direct Projects	CSFA No.	Grant No.	Expenditures
DEPARTMENT OF TRANSPORTATION			
Florida Commission for the Transportation Disadvantaged:			
Trip and Equipment Grant Program	55.001	AR165	\$ 300,107
Trip and Equipment Grant Program	55.001	AR210	186,420
Trip and Equipment Grant Program	55.001	ARH24	<u>192,001</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u><u>\$ 678,528</u></u>

Basis of Presentation - The accrual basis of accounting was used to prepare this financial statement. The information in this financial statement is presented in accordance with the requirements of Chapter 10-650, Rules of the State of Florida, Office of the Auditor General.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY CHAPTER 10.650, RULES OF THE AUDITOR GENERAL**

To the Member
Pensacola Bay Transportation Company, LLC
Mobile, Alabama

Report on Compliance for Each Major State Project

We have audited Pensacola Bay Transportation Company, LLC's (the Company's) compliance with the types of compliance requirements described in the Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on the Commission of the Transportation Disadvantaged Trip and Equipment Grant Program, State C5FA No. 55.001 (State Project), for the year ended December 31, 2014.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State Project.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of the Company's State Project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 10.650, Rules of the Auditor General. Those standards and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on State Project occurred. An audit includes examining, on a test basis, evidence about the Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the State Project. However, our audit does not provide a legal determination of the Company's compliance.

Opinion on Each State Project

In our opinion, the Company's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its State Project for the year ended December 31, 2014.

Report on Internal Control over Compliance

Management of the Company is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Company's internal control over compliance with the types of requirements that could have a direct and material effect on the State Project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the State Project and to test and report on internal control over compliance in accordance with Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of the State Project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the State Project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the type of compliance requirement of the State Project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs - State Project as 14-1 to be a significant deficiency.

The Member's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned cost – state project and corrective action plan – State Project. The Member's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Brown Shornton Parenta & Company, P.A.

Pensacola, Florida
January 21, 2016

SCHEDULE OF FINDING AND QUESTIONED COSTS - STATE PROJECT

PENSACOLA BAY TRANSPORTATION COMPANY, LLC

Year Ended December 31, 2014

A. SUMMARY OF AUDIT RESULTS

1. The independent auditor's report expresses an unqualified opinion on Pensacola Bay Transportation Company, LLC's (the Company's) schedule of expenditures of state financial assistance.
2. No instances of noncompliance material to the financial statements of the Company were disclosed during the audit.
3. A significant deficiency in internal control over the State Project is reported in the Independent Auditor's Report on Compliance for Each Major State Project and on Internal Control over Compliance Required by Chapter 10.650, Rules of the Auditor General. This significant deficiency is not considered a material weakness.
4. The independent auditor's report on compliance with requirements that could have a direct and material effect on each state project for Pensacola Bay Transportation Company, LLC expresses an unqualified opinion.
5. Audit findings required to be reported relative to the State Project for Pensacola Bay Transportation Company, LLC are reported in Parts C and D of this Schedule.

The project tested as major projects included the following:

<u>State Project</u>	<u>State CSFA No.</u>	<u>Year</u>
Commission for the Transportation Disadvantaged Trip and Equipment Grant Program	55.001	2014

6. The threshold for distinguishing Type A and Type B projects was \$500,000 for the State Project.

SCHEDULE OF FINDING AND QUESTIONED COSTS - STATE PROJECT

PENSACOLA BAY TRANSPORTATION COMPANY, LLC

Year Ended December 31, 2014

B. FINDINGS - FINANCIAL STATEMENTS

**Finding
Number**

Finding

Not Applicable

SCHEDULE OF FINDING AND QUESTIONED COSTS - STATE PROJECT

PENSACOLA BAY TRANSPORTATION COMPANY, LLC

Year Ended December 31, 2014

C. FINDINGS AND QUESTIONED COSTS - MAJOR STATE PROJECTS

Finding

Number

14-1

Finding

Record Keeping

Criteria: Internal controls should be put in place to ensure that client files and applications are maintained for all clients.

Condition: The Company requires applications for all passengers and writes the approved billing codes across the top of all approved applications. There were several applications that could not be located and, therefore, there was no evidence that the applications or billings codes were approved for certain individuals tested. Per Company management, certain applications were sent to First Transit in Escambia and to Tri-County in Santa Rosa, and were not able to be retrieved, but no list of these applications was made and retained. Management also stated certain boxes containing these applications may have been mislabeled or otherwise destroyed when the Company moved from the Pensacola location. Company management believes that applications existed for these individuals, or they would not have issued any rides to these recipients. During our testing, we did note the applications that were located were properly completed, approved, and had authorized billing codes that agreed to the rides that were selected for testing.

Context: During our compliance testing, we noted several missing applications and client files.

Effect: Passengers and the related billing codes used may not have been properly authorized, leading to the possibility to incorrect billing.

Cause: Recordkeeping issue.

Recommendation: We recommend that records be maintained in order to have reference for approved applications and billing codes for all clients. Further, copies or a detailed inventory list should be maintained of client files required to be turned over to another agency.

Views of member and planned corrective actions: Although the management of Pensacola Bay Transportation Company, LLC concurs with the recommendation, the Company no longer receives State funds, as of December 31, 2014. See the corrective action planned.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS - STATE PROJECT

PENSACOLA BAY TRANSPORTATION COMPANY, LLC

Year Ended December 31, 2014

D. OTHER ISSUES

- (a) Management letter is required and presented.
- (b) Schedule of Prior Audit Findings is required and presented.
- (c) Corrective Action Plan is required and presented.

PRIOR YEAR FINDINGS AND QUESTIONED COSTS - MAJOR STATE PROJECT

Finding Number	Finding
13-1	Mileage Billed

Condition: The Company has mileage limits set in its billing software for certain charge codes to avoid substantial overbillings. Management also spot checks odometer readings and mileage data entry; however, there are no formal procedures in place for the review of the data input for odometer readings.

Auditor's Recommendation: We recommend that review procedures be implemented to ensure the data input for odometer readings is accurate, and therefore, the amounts billed are accurate.

Current Status: The finding has been corrected.

MANAGEMENT LETTER

To the Member
Pensacola Bay Transportation Company. LLC
Mobile, Alabama

Report of the Financial Statements

We have audited the schedule of expenditures of state financial assistance of Pensacola Bay Transportation Company, LLC (the Company) as of and for the year ended December 31, 2014, and have issued our report thereon dated January 21, 2016.

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; the provisions of Section 215.97 Florida Statutes which prescribes the requirements for an audit conducted according to the Florida Single Audit Act; and Chapter 10.650, Rules of the Florida 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 *Independent Auditor's Report on Compliance for Each Major State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs*. Disclosures in those reports and financial statement, which are dated January 21, 2016, should be considered in conjunction with this management letter.

Other Matter

Section 10.654(1)(e), Rules of the Auditor General, required 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 statement or State Project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we had the following finding:

During our compliance testing, we noted several missing applications and client files. The Company requires applications for all passengers and writes the approved billing codes across the top of all approved client applications. There were several applications that could not be located and, therefore, there was no evidence that applications or billing codes were approved for certain individuals tested. Passengers and the related billing codes used may not have been properly authorized, leading to the possibility to incorrect billing.

Per Company management, certain applications were sent to First Transit in Escambia and to Tri-County in Santa Rosa, and were not able to be retrieved, but no list of these applications was made and retained. Management also stated certain boxes containing these applications may have been mislabeled or otherwise destroyed when the Company moved from the Pensacola location. Company management believes that the applications existed for these individuals, or they would not have issued any rides to these recipients. During our testing, we did note the applications that were located were properly completed, approved, and had authorized billing codes that agreed to the rides that were selected for testing.

The Company no longer receives State funds, as of December 31, 2014. We recommend that records be maintained in order to have reference for approved applications and billing codes for all clients. Further, copies or a detailed inventory list should be maintained of client files required to be turned over to another agency.

Purpose of this Letter

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

Braun Thornton Paculla & Company, P.A.

January 21, 2016

CORRECTIVE ACTION PLAN - STATE PROJECT

PENSACOLA BAY TRANSPORTATION COMPANY, LLC

Year Ended December 31, 2014

Finding: During our compliance testing, we noted several missing applications and client files. The Company requires applications for all passengers and writes the approved billing codes across the top of all approved applications. There were several applications that could not be located and, therefore, there was no evidence that the applications or billing codes were approved for certain individuals tested. Per Company management, certain applications were sent to First Transit in Escambia and to Tri-County in Santa Rosa, and were not able to be retrieved, but no list of these applications was made and retained. Management also stated certain boxes containing these applications may have been mislabeled or otherwise destroyed when the Company moved from the Pensacola location. Company management believes that applications existed for these individuals or they would not have issued any rides to these recipients. During our testing, we did note the applications that were located were properly completed, approved, and had authorized billing codes that agreed to the rides that were selected for testing. Passengers and the related billing codes used may not have been properly authorized, leading to the possibility to incorrect billing.

Recommendation: We recommend that records be maintained in order to have reference for approved applications and billing codes for all clients. Further, copies or a detailed inventory list should be maintained of client files required to be turned over to another agency.

Management Response: While the management of Pensacola Bay Transportation Company, LLC concurs with the auditor's recommendation, the Company no longer receives funds from the State, as of December 31, 2014.

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