

Comprehensive Annual Financial Report

For Fiscal Year 2013
(October 1, 2012 through September 30, 2013)

Pinellas Suncoast Transit Authority, Florida



Pinellas Suncoast Transit Authority St. Petersburg, Florida

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(October 1, 2012 through September 30, 2013)

Vision Statement

“Quick, affordable transportation from where you are to where you want to go.”

Mission Statement

PSTA provides safe, affordable public transit to our community. We help guide land use decisions and support economic vitality to enhance our quality of life.

Guiding Principles

- ◆ Increase ridership.
- ◆ Expand public transit through educating, partnering and collaborating with our entire community.
- ◆ Provide good stewardship of public funding.
- ◆ Demonstrate environmental leadership.
- ◆ Conduct business and activities with transparency, integrity and high ethical standards.
- ◆ Lead the public transit industry with innovative projects and operating practices.
- ◆ Integrate public transit with land use and economic development goals to enhance the community's livability.
- ◆ Focus on continuous customer service improvement.
- ◆ Provide a safe and secure public transit environment.
- ◆ Value the ideas and contributions of all PSTA employees.
- ◆ Foster a spirit of teamwork throughout the entire organization.
- ◆ Increase PSTA diversity by attracting, training and retaining employees who reflect our community.

Prepared by the Finance Department

PINELLAS SUNCOAST TRANSIT AUTHORITY

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SECTION I
INTRODUCTORY SECTION

Transmittal Letter

March 19, 2014

Mr. Ken Welch, Board Chair and
Members of the Board of Directors of the Pinellas Suncoast Transit Authority and
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 of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Pinellas Suncoast Transit Authority (PSTA or the Authority), for the fiscal year ended September 30, 2013.

This CAFR is indicative of 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 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 have been audited by Mayer Hoffman McCann P.C., 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, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; 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, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is located at the front of the financial section of this report.

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 over financial reporting 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 regulatory 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 the MD&A and should be read in conjunction with it. This year's MD&A can be found immediately following the report of the independent auditors.

Profile of the Authority

The Pinellas Suncoast Transit Authority was created in 1984 via a merger of the St. Petersburg Municipal Transit System and the Central Pinellas Transit Authority to provide Pinellas County with a cohesive public transit system. A fleet of 178 buses and 16 trolleys serve 30 fixed routes, 3 commuter routes and 2 trolley routes throughout Pinellas County. In addition, the Route 100X provides express service between St. Petersburg and downtown Tampa 13 times a day, the Route 300X provides express service between Largo and downtown Tampa 10 times a day, and 3 new North County Connector routes were added during the course of the year.

Pinellas County is 280 square miles with approximately 916,542 residents (2010 Census). Pinellas County is located along the west coast of Florida and includes a corridor of smaller beach communities along the Gulf of Mexico. Pinellas County is the second smallest county in the state of Florida; however, it is the most densely populated county in the state and is nearly three times more densely populated than the next closest county.

The Authority serves most of the unincorporated area and 19 of the County's 24 municipalities. This accounts for 98% of the county's population and 97% of its land area. The cities of St. Pete Beach, Treasure Island, Kenneth City, Belleair Beach, and Belleair Shore are not members of the Authority; however, St. Pete Beach and Treasure Island do contract for trolley service.

During fiscal year 2013, Authority vehicles traveled a total of 8.6 million revenue miles, providing approximately 606,000 hours of service, and 14.5 million passenger trips.

Officials

The Authority is governed by a board of directors comprised of thirteen elected officials, and two non-elected officials, one of which is appointed by the Pinellas County Board of Commissioners and the other by the St. Petersburg City Council. Operating expenses are covered through state and federal funds, passenger fares, and ad valorem taxes.

Services and Service Delivery

The Authority provides virtually all public transportation services in this area. These services include fixed route, demand response, and specialized services. The Authority maintains over 5,115 bus stops, 708 shelters, 14 transfer hubs, 3 customer service centers, and a fleet of 194 fixed route vehicles. For FY 2013, the total passenger trips were 14.5 million.

A major initiative of PSTA is Greenlight Pinellas. This project employs strong grass roots techniques such as participation in a cross-section of community events, and informative presentations to various organizations to educate the residents of Pinellas County about the benefits of public transit. These conversations are a forum to discuss what the public would like to see in the future from public transit and how it can be achieved. A more stable funding source that would finance improved and expanded public transit has been identified as the most effective way to achieve this goal.

PSTA applied for, and received, a grant from the Department of Homeland Security to create a campaign that would invite passengers to participate in ensuring that public transit is a safe and secure mode of travel. While focused on safety and security, the CARES - Community Awareness Results in Everyone's Security - campaign promotes PSTA as an integral community partner, and a safe, green form of alternative transportation. The messaging works in tandem with the Greenlight efforts, showcasing PSTA as a catalyst to improving the quality of life in Pinellas County. Enhanced public transit can mean improved land use, more jobs, and greater and more affordable travel options.

A state-of-the art Real Time Bus Information system is now available throughout the PSTA service area. Passengers can use a phone, computer, or handheld device to find out exactly when the next bus will be serving their stop. This service makes it easy for people to keep track of when their bus is going to arrive, making travel more reliable and convenient.

Persons with disabilities who are unable to use regular bus service may be eligible for an ADA paratransit specialized service or Demand Response Transportation (DART). Since DART offers vehicles that are equipped with wheelchair lifts they are accessible to passengers in both wheelchairs and electric carts. DART service is a complement to the Authority's fixed routes with service available to certified customers during the same days and hours as the fixed route bus service at a fare of not more than twice the regular bus fare.

The FY 2013 ridership for each mode compared to FY 2012 National Transit Database (NTD) data is presented below:

Mode	September 30, 2013	September 30, 2012	Percent of Change
Bus Operations	14,150,969	13,713,027	3.2%
DART	316,541	305,398	3.6%
Total	14,467,510	14,018,425	3.2%

Tables in the Statistical Section contain service delivery statistics for the current and prior 9 years.

Budget

The Board is required to adopt an annual operating budget before the beginning of the fiscal year. The budget serves as a policy document, an operations 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 from June through September, results in a balanced operating budget and a prioritized capital budget.

The PSTA Board adopted FY 2014 fiscal year operating and capital budget totaling \$86.5 million. This financial plan allows the Authority to continue to provide the same level of transit service in FY 2014 consistent with FY 2013. The passage of the FY 2014 budget totaling \$86.5 million is \$8.4 million or 8.9% under the FY 2013 budget, due to a decrease in capital project costs.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Authority operates.

Local economy. The regional economy currently enjoys a slightly favorable economic environment compared with other cities in Florida and local indicators point to continued stability. The regional economy has a diverse economic base that includes tourism, agriculture, construction, finance, healthcare, technology, and the Port of Tampa. Major industries with headquarters or divisions located within the regional area's boundaries or in close proximity include telephone and electric service companies, computer hardware and electrical controls manufacturers, tourist attractions, fertilizer manufacturers, MacDill Air Force Base, and the Port of Tampa. Institutions of higher learning located in the regional area include the University of South Florida, the University of Tampa, St. Petersburg College, Eckerd College and the Stetson University College of Law.

The area's Metropolitan Statistical Area unemployment rate is currently 6.7%, lower than the national rate of 7.2% and slightly lower than the statewide rate of 6.8%. The region's growth and economic diversity are expected to be the basis for continued health of the local economy in coming years.

The Authority's ability to fund its operations is heavily dependent on a millage levy generated from property taxes. The property tax revenues have declined by \$5.7 million or 15.0% since 2007. The millage rate for 2007 was 0.6074 compared to the 2013 millage rate of 0.7305. For FY 2013 and 2014, the PSTA Board approved a millage rate of 0.7305 with a statutory limit of 0.7500 mills.

As with the global economy, local fuel prices have risen over time. This occurrence has a two-sided affect on public transportation providers. Higher fuel prices at the pump tend to encourage higher utilization of public transportation by citizens as evidenced by the 3.2% increase in PSTA ridership. However, these same rising costs also impact the Authority's expenses.

Long-Range Financial Planning

Due to the significant investment in buses and bus facilities used for service delivery and the necessary funding required to refurbish and to replace those assets when needed, the Authority has been building up resources. As of September 30, 2013, the Authority's unrestricted net assets totals \$37.9 million. Long-term financial projections are maintained and updated when significant events occur that warrant changes to the underlying assumptions.

Cash management policies and practices. Cash temporarily idle during the year was invested in the Florida State Board of Administration (SBA) Florida PRIME Account. The investment returns through fiscal year end September 30, 2013, totaled an average of 22 basis points compared to an average of 31 basis points for FY 2012. The SBA investment pool allocation consists of U.S. Treasury Bills/Bonds, Federal Agency Obligations, REPO Agreements, Commercial Paper, Certificates of Deposit, and Asset-Backed Securities. This mix of asset allocation provides a strong diversity for a balanced portfolio.

Risk management. Commercial insurance is carried for damage to buildings with a deductible that varies with the cause of loss. The Authority is self-insured for worker's compensation and general liability up to \$250,000 and \$100,000 respectively. Additional information regarding the Authority's risk management activity can be found in Note 6 of the notes to the financial statements.

Pension and other post-employment benefits. Substantially, all full-time Authority employees are participants in the Florida Retirement System ("the System"), a multiple-employer, cost-sharing public retirement system. The System, which is controlled by the State Legislature, covers approximately 1,101,286 (as of June 30, 2012) full-time employees of various governmental units within the State of Florida.

For employees who were hired before July 1, 2011, the System provides for vesting benefits after six years of creditable service. Normal retirement benefits are available to employees who retire at or after 62 years with six or more years of service. Early retirement is available after six years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based on age, average compensation and years of service credit where the average compensation is computed as the average of an individual's highest five years of earnings.

For employees who were hired on or after July 1, 2011, the System provides for vesting benefits after eight years of creditable service. Normal retirement benefits are available to employees who retire at or after 65 years with eight or more years of service. Early retirement is available after eight years of service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based on age, average compensation and years of service credit where the average compensation is computed as the average of an individual's highest eight years of earnings.

The most recent Florida Retirement System (FRS) Annual Report published is for FY 2012 (July 1, 2011 through June 30, 2012). According to this report, the FRS actuarial value of assets totaled \$127.9 billion with an actuarial accrued liability of \$148.0 billion resulting in a funded ratio of 86.4%.

Prior to June 30, 2011 the Authority had no responsibility to the System other than to make the periodic payments required by State Statutes. However, effective July 1, 2011 with the passage of Senate Bill 2100, the bill made a number of substantial changes to the Florida Retirement System (FRS) including requiring 3% employee contributions on all compensation. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System.

Participating employer contributions are based upon statewide rates established by the State of Florida.

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Finance Department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the governing Board of Directors for their unfailing support for maintaining the highest standards of professionalism in the management of the Pinellas Suncoast Transit Authority's finances.

Respectfully Submitted,

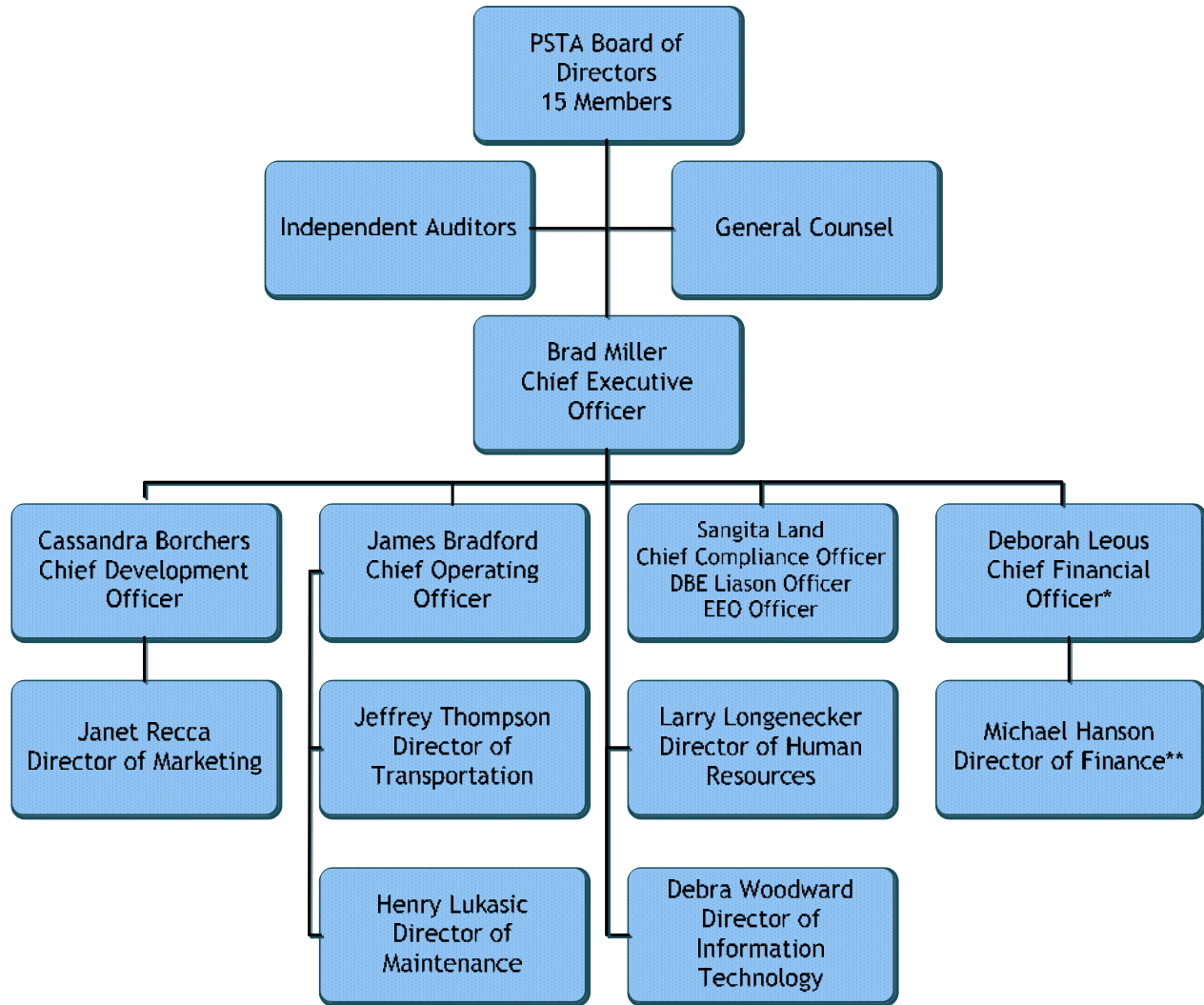


Deborah Leous
Chief Financial Officer



Brad Miller
Chief Executive Officer

ORGANIZATION CHART AS OF SEPTEMBER 30, 2013



* Hired on December 2, 2013

** Promoted on January 1, 2014

PINELLAS SUNCOAST TRANSIT AUTHORITY**ELECTED AND APPOINTED OFFICIALS****(As of 9/30/2013)****Board of Directors****Officers**

Jeff Danner, Chairperson
Kenneth T. Welch, Vice-Chairperson
Bill Jonson, Secretary/Treasurer

Pinellas County

Kenneth T. Welch
Janet Long
Susan Latvala
Norm Roche
Brian Scott

City of St. Petersburg

Jeff Danner
Wengay "Newt" Newton
Darden Rice

City of Clearwater

Bill Jonson

Town of Redington Beach

Mark Deighton

City of Dunedin

Julie Ward Bujalski

City of Safety Harbor

Cliff Merz

City of Largo

Michael Smith

City of Belleair Bluffs

Joseph Barkley

City of Pinellas Park

Patricia F. Johnson

Chief Executive Officer

Brad Miller

General Counsel

Bryant Miller Olive, P.A.

Auditors

Mayer Hoffman McCann P.C.

PINELLAS SUNCOAST TRANSIT AUTHORITY

Board of Directors

Chairperson



Jeff Danner
Councilmember
City of St. Petersburg

Vice-Chairperson



Kenneth T. Welch
Commissioner
Pinellas County

Secretary/Treasurer



Bill Jonson
Councilmember
City of Clearwater



Julie Ward Bujalski
Commissioner
City of Dunedin



Mark Deighton
Commissioner
Town of Redington
Beach



Susan Latvala
Commissioner
Pinellas County



Michael Smith
Commissioner
City of Largo



**Wengay "Newt"
Newton**
Councilmember
City of St. Petersburg



Joseph Barkley
Commissioner
City of Belleair
Bluffs



Darden Rice
Citizen
City of St. Petersburg



Janet Long
Commissioner
Pinellas County



Patricia F. Johnson
Councilwoman
City of Pinellas Park



Cliff Merz
Vice-Mayor
City of Safety Harbor



Norm Roche
Commissioner
Pinellas County



Brian Scott
Citizen
Pinellas County

DIRECTORY OF OFFICIALS
(As of September 30, 2013)

Brad Miller, Chief Executive Officer



Cassandra Borchers, Chief Development Officer

James Bradford, Chief Operating Officer

Sangita Land, Chief Compliance Officer, DBE Liaison Officer, EEO Officer

Deborah C. Leous, Chief Financial Officer*

Michael Hanson, Director of Finance**

Larry Longenecker, Director of Human Resources

Henry Lukasik, Director of Maintenance

Janet Recca, Director of Marketing

Jeffrey Thompson, Director of Transportation

Debra Woodward, Director of Information Technology

*** Hired on December 2, 2013**

**** Promoted on January 1, 2014**

SECTION II
FINANCIAL SECTION



Independent Auditor's Report

To the Members of the Board
Pinellas Suncoast Transit Authority:

Report on the Financial Statements

We have audited the accompanying statement of the business-type activities of the Pinellas Suncoast Transit Authority (the Authority) as of and for the years ended September 30, 2013 and 2012, and the related statements of revenues, expenses, and changes in fund net position, cash flows, and 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 opinions 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 opinions.

Opinions

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, 2013 and 2012, and the changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funding progress for other post employment benefits on pages 17 - 23 and 45, respectively, 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 opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, *Rules of the Auditor General*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards and state financial assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2014, 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.

Maya Hoffman Mc Carr P.C.

March 19, 2014
Clearwater, Florida

Management's Discussion and Analysis
For the Year Ended September 30, 2013
(Unaudited)

INTRODUCTION

The following Management's Discussion and Analysis (MD&A) of the Pinellas Suncoast Transit Authority's ("The Authority") financial performance provides an overview of the financial activities for the fiscal year (FY) ended September 30, 2013. Information contained in this MD&A has been prepared by the Authority's management and should be considered in conjunction with the financial statements and the notes of the financial statements.

The notes are essential to a full understanding of the data contained in the financial statements. This report also presents certain required supplementary information regarding capital assets activity during the year, including commitments made for capital expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this annual report consists of three parts: MD&A, the basic financial statements, and the notes to the financial statements. The basic financial statements include The Statements of Net Position, the Statements of Revenues, Expenses and Changes in Fund Net Position, and the Statements of Cash Flows.

Analysis of the Statements of Net Position and the Statements of Revenues, Expenses and Changes in Fund Net Position illustrate whether the Authority's financial position has improved as a result of the year's activities. The Statements 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, the increases and decreases in net position may serve as an indicator of whether the financial position of the Authority is improving or deteriorating. The Statements of Revenues, Expenses and Changes in Net Position reflect how the operating and non-operating activities of the Authority affected changes in the net position of the Authority. These activities are recorded under the accrual basis of accounting reflecting the timing of the underlying event regardless of the timing of related cash flows. The Statements of Cash Flows presents information on the Authority's cash and cash equivalent activities for the fiscal year resulting from operating activities, capital and related financing activities, non-capital and related financing activities and investing activities. The net result of these activities added to the beginning of the year cash balance reconciles to the cash and cash equivalent balance at the end of the current fiscal year.

The financial statements also include notes that further explain certain information in the financial statements and provide more detailed data.

Although the financial statements provide useful information in assessing the financial health of the Authority, consideration of other factors not shown on the financial reports should be evaluated to assess the Authority's true financial condition. Factors such as changes in the Authority's tax base and the condition of the Authority's asset base are also important when assessing the overall financial condition of the Authority.

Government entities typically account for activities by utilizing "fund" accounting. A fund is a grouping of related accounts that is used to maintain control or restrict the use of resources that have been segregated for specific activities or objectives. The Authority uses only one fund, an enterprise fund, which reports all business type activities of the Authority.

Management's Discussion and Analysis - Continued

FINANCIAL ANALYSIS OF THE AUTHORITY

- For FY 2013 the assets of the Authority exceeded its liabilities by \$124.1 million. Of this amount, \$37.9 million is unrestricted and may be used to meet the Authority's ongoing obligations. The PSTA Board of Directors committed \$3.8 million for catastrophic event claims, \$10.5 million for two months of operating reserves, and \$23.6 million for capital asset replacement and other projects.
- Total assets increased by \$15.4 million or 12.5% in FY 2013. Current assets increased by \$5.9 million or 12.5%, Long-term assets decreased by \$175.6 thousand or 46.4% and capital assets increased by \$9.7 million or 12.8%. More details on the increases and decreases are reflected in the Statements of Cash Flows in this report.
- The Authority's total net position increased by \$10.1 million or 9.0% from FY 2012. The increases are attributable to an increase in capital assets.
- The change in liabilities at the close of the fiscal year reflects an increase of \$5.4 million or 53.9%. This change in liabilities is a result of an increase in accounts payable due to accruals for the purchase of buses.
- Based on the most recent actuarial valuation as of September 30, 2013, prepared by the Authority's independent actuary, PSTA risk management liabilities for general liability and workers' compensation increased by approximately \$158,000 or 4.4% to \$3.75 million.

THE AUTHORITY'S CONDENSED STATEMENTS OF NET POSITION

	<u>2013</u>	<u>2012</u>	<u>Dollar Increase (Decrease)</u>	<u>Percentage Change</u>	<u>2011</u>
Assets:					
Current and other assets	\$ 53,099,568	\$ 47,220,313	\$ 5,879,255	12.45%	\$ 39,958,355
Long-term assets	202,689	378,252	(175,563)	(46.41%)	365,027
Capital assets	<u>86,156,611</u>	<u>76,411,608</u>	<u>9,745,003</u>	<u>12.75%</u>	<u>78,170,420</u>
Total assets	<u>139,458,868</u>	<u>124,010,173</u>	<u>15,448,695</u>	<u>12.46%</u>	<u>118,493,802</u>
Liabilities:					
Current liabilities	<u>15,377,483</u>	<u>9,993,027</u>	<u>5,384,456</u>	<u>53.88%</u>	<u>8,977,913</u>
Net position:					
Invested in capital assets	86,156,611	76,411,608	9,745,003	12.75%	78,170,420
Unrestricted	37,862,802	37,554,309	308,493	0.82%	31,318,850
Restricted	<u>61,972</u>	<u>51,229 (1)</u>	<u>10,743</u>	<u>20.97%</u>	<u>26,619 (1)</u>
Total net position	<u>\$ 124,081,385</u>	<u>\$ 114,017,146</u>	<u>\$ 10,064,239</u>	<u>8.83%</u>	<u>\$ 109,515,889</u>

(1) This has been reclassified to conform to current year's classifications.

Management's Discussion and Analysis - Continued

THE AUTHORITY'S OPERATING FINANCIAL ACTIVITY

As noted earlier, PSTA uses only one fund, an enterprise fund, to comply with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) mandated reporting requirements. The Authority's operations consist of providing virtually all public transportation services in Pinellas County, Florida. These services include fixed route, demand response, and specialized services.

The Statements of Revenues, Expenses and Changes in Fund Net Position show how the Authority's net assets changed during the current and previous fiscal year as a result of operations. These changes are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, some revenues and expenses reported in this statement will only affect future cash flows.

The following summary represents the FY 2013 operating results compared to FY 2012:

Revenues

- Total operating and non-operating revenues for FY 2013 totaled \$62,751,000 or \$962,000 or 1.5% under FY 2012.
- Passenger fares, including demand response fares, decreased \$241,000 or 1.7% under FY 2012 due to a change in the funding source of the Transportation Disadvantaged Grant.
- Federal maintenance assistance decreased \$541,000 or 21.3% primarily due to a reallocation of grant funds from repair parts to capital projects.
- State operating assistance increased \$70,000 or 1.8%.
- Other Federal grants decreased \$1,355,000 or 20.6% primarily due to a reallocation of grant funds from maintenance labor to capital projects.
- Special project assistance - state grants increased \$1,880,000 or 167.1% over FY 2012 due to a change in the funding source of the Transportation Disadvantaged Grant.
- Special project assistance – local grants increased \$95,000 or 14.1%.
- Property tax revenues decreased \$726,000 due to a decline in property values.
- Investment income decreased \$75,000 or 33.8% due to a decreased net gain on the Local Government Surplus Trust Funds Investment Pool Fund B.
- Advertising income decreased \$22,000 or 4.9% due to a decrease in advertisement sales on buses.
- Other revenues decreased \$46,000 or 14.4% due to decreased gain on sale of assets.

Management's Discussion and Analysis - Continued

Expenses

- Total operating expenses increased \$3,895,000 or 7.0% over FY 2012.
- Operations expenses increased \$1,383,000 million or 4.3% due to increases for wages and fringe benefits, partially offset by decreases in fuel costs.
- Purchased transportation increased \$668,000 or 13.3% due to an increase in DART program costs and recognizes a full year of PSTA running the Transportation Disadvantaged program.
- Maintenance expenses increased \$916,000 or 12.6% due an increase in wages, fringe benefits and parts expense.
- Administration and finance expenses increased \$428,000 or 4.6% due to an increase wages and fringe benefits, offset by decreases in utility expenses and increased insurance recoveries.
- Marketing expenses increased \$500,000 or 29.4% due to an increase in wages, fringe benefits and an increase in advertising and promotion media expenses relating to the Greenlight Pinellas initiative.

Capital Grants

Capital grants increased \$11,200,000 or 258.1% due to capital acquisitions for the concrete replacement project, 16 hybrid buses, 8 cutaway buses, service vehicles and a revenue room addition.

OVERALL

The Authority experienced favorable operating results for FY 2013 with an increase of net position of \$10.1 million.

Management's Discussion and Analysis - Continued

THE AUTHORITY'S CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2013	2012	Dollar Increase (Decrease)	Percentage Change	2011
Operating revenues:					
Passenger fares	\$ 13,839,658	\$ 14,088,340	\$ (248,682)	(1.77%)	\$ 12,572,896
Demand response	253,712	245,620	8,092	3.29%	267,176
Total operating revenues	14,093,370	14,333,960	(240,590)	(1.68%)	12,840,072
Nonoperating revenues:					
Federal maintenance assistance	1,998,328	2,538,836	(540,508)	(21.29%)	2,453,338
State operating assistance	3,917,007	3,847,388	69,619	1.81%	3,567,209
Other federal grants	5,236,886	6,591,806	(1,354,920)	(20.55%)	5,898,891
Special project assistance - state grants	3,004,543	1,124,795	1,879,748	167.12%	777,813
Special project assistance - local grants	767,849	672,877	94,972	14.11%	638,668
Property tax revenues	32,282,955	33,009,275	(726,320)	(2.20%)	26,868,560
Investment income	146,824	221,905	(75,081)	(33.83%)	127,470
Advertising revenue	417,851	439,557	(21,706)	(4.94%)	395,847
Fuel tax refunds	610,172	610,910	(738)	(0.12%)	560,059
Other, net	275,397	321,745	(46,348)	(14.41%)	371,339
Total nonoperating revenues	48,657,812	49,379,094	(721,282)	(1.46%)	41,659,194
Total operating and nonoperating revenues	62,751,182	63,713,054	(961,872)	(1.51%)	54,499,266
Operating expenses:					
Operations	33,907,097	32,524,451	1,382,646	4.25%	30,351,762
Purchased transportation	5,711,448	5,043,284	668,164	13.25%	5,600,078
Maintenance	8,172,956	7,256,709	916,247	12.63%	7,604,823
Administration and finance	9,762,130	9,333,777	428,353	4.59%	10,299,271
Marketing	2,202,059	1,702,420	499,639	29.35%	1,826,406
Total operating expenses	59,755,690	55,860,641	3,895,049	6.97%	55,682,340
Depreciation	8,487,063	7,694,806	792,257	10.30%	8,156,263
Total operating expenses and depreciation	68,242,753	63,555,447	4,687,306	7.38%	63,838,603
(Loss) income before capital grants	(5,491,571)	157,607	(5,649,178)	(3584.34%)	(9,339,337)
Capital grants	15,555,810	4,343,650	11,212,160	258.13%	3,919,798
Increase (decrease) in net position	10,064,239	4,501,257	5,562,982	123.59%	(5,419,539)
Net position, beginning of year	114,017,146	109,515,889	4,501,257	4.11%	114,935,428
Net position, end of year	\$ 124,081,385	\$ 114,017,146	\$ 10,064,239	8.83%	\$ 109,515,889

Management's Discussion and Analysis - Continued

CAPITAL ASSETS

The Authority has invested \$86.2 million in capital assets (net of accumulated depreciation). Approximately 43% of the investment represents revenue-generating equipment and 31% represents the building and improvements at the close of fiscal year September 30, 2013.

Capital Assets, Net of Accumulated Depreciation

	2013	2012	Percent of Total		2011
			2013	2012	
Land	\$ 6,961,677	\$ 6,961,677	8%	9%	\$ 6,961,677
Buildings and improvements	27,053,098	27,947,267	31%	37%	29,173,251
Revenue equipment	36,344,621	37,293,082	43%	49%	37,717,567
Furniture and other equipment	1,704,238	1,663,343	2%	2%	1,338,054
Capital assets in progress	14,092,977	2,546,239	16%	3%	2,979,871
Total	\$ 86,156,611	\$ 76,411,608	100%	100%	\$ 78,170,420

Significant projects in fiscal year 2013 include the concrete replacement project, delivery of 16 hybrid buses, 8 cutaway buses, an addition to the revenue room, and new security fencing.

Additional information regarding capital assets can be found in Note 4 to the financial statements.

Long-Term Debt Administration

The Authority has no long-term debt.

Economic Factors and Next Year's Budget and Rates

The adopted fiscal year 2014 budget was based on a rate of 0.7305 mills which is unchanged from fiscal year 2013.

FY 2014 BUDGET

The PSTA Board approved the FY 2014 budget on September 11, 2013. The FY 2014 budget totaled \$86,486,101 compared to the FY 2013 budget of \$94,933,883 or \$8,447,782 (8.9%) less than the FY 2013 budget. The Operating budget totaled \$63,294,731 and the Capital budget totaled \$23,191,370 in FY 2014. In FY 2014, total operating budget expenses of \$63,294,731 are estimated to grow 4.5%, creating a deficit of \$1,000,000 that will be funded by a transfer from reserves. The FY 2014 millage remained at 0.7305 which will generate an estimated \$33.1 million of property tax revenues in FY 2014.

The Authority also developed a multi-year operating plan covering FY 2014 through FY 2016. With moderate revenue assumptions and controlled expenses, FY 2014 through FY 2016 is balanced using an estimated \$12.9 million in reserves.

In addition, the Authority developed a five-year Capital Improvement Program Budget covering FY 2014 through FY 2018 with available funding for capital acquisition of vehicles and equipment.

Management's Discussion and Analysis - Continued

Requests for Information

This financial report is designed to provide a general overview of the Pinellas Suncoast Transit Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the office of the Chief Financial Officer, Pinellas Suncoast Transit Authority, 3201 Scherer Drive, St. Petersburg, Florida 33716.

PINELLAS SUNCOAST TRANSIT AUTHORITY

Statements of Net Position

September 30, 2013 and 2012

Assets	2013	2012
Current assets:		
Cash and cash equivalents	\$ 43,567,490	\$ 40,540,643
Accounts receivable, net of allowance of \$50,792 and \$79,832	937,363	1,700,113
Grants receivable	6,449,370	2,226,606
Inventories	1,042,399	1,175,155
Prepaid expenses	1,102,946	1,577,796
	<hr/>	<hr/>
Total current assets	53,099,568	47,220,313
	<hr/>	<hr/>
Long-term assets:		
Investments	202,689	378,252
	<hr/>	<hr/>
Total Long-term assets	202,689	378,252
	<hr/>	<hr/>
Capital assets:		
Land	6,961,677	6,961,677
Buildings and improvements	42,170,189	42,025,163
Revenue equipment	76,902,260	77,002,510
Furniture and other equipment	8,131,565	7,765,218
Capital assets in progress	14,092,977	2,546,239
	<hr/>	<hr/>
	148,258,668	136,300,807
Less accumulated depreciation	62,102,057	59,889,199
	<hr/>	<hr/>
Total capital assets	86,156,611	76,411,608
	<hr/>	<hr/>
Total assets	139,458,868	124,010,173
	<hr/>	<hr/>
Liabilities		
Current liabilities:		
Accounts payable	7,866,944	2,877,148
Accrued expenses	7,505,739	7,100,879
Unearned revenue	4,800	15,000
	<hr/>	<hr/>
Total current liabilities	15,377,483	9,993,027
	<hr/>	<hr/>
Net Position		
Invested in capital assets	86,156,611	76,411,608
Unrestricted	37,862,802	37,554,309
Restricted	61,972	51,229
	<hr/>	<hr/>
Total net position	\$ 124,081,385	\$ 114,017,146
	<hr/>	<hr/>

See accompanying notes to financial statements.

PINELLAS SUNCOAST TRANSIT AUTHORITY

Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues:		
Passenger fares	\$ 13,839,658	\$ 14,088,340
Demand response	<u>253,712</u>	<u>245,620</u>
Total operating revenues	<u>14,093,370</u>	<u>14,333,960</u>
Operating expenses:		
Operations	33,907,097	32,524,451
Purchased transportation	5,711,448	5,043,284
Maintenance	8,172,956	7,256,709
Administration and finance	9,762,130	9,333,777
Marketing	<u>2,202,059</u>	<u>1,702,420</u>
Total operating expenses, before depreciation	<u>59,755,690</u>	<u>55,860,641</u>
Operating loss before depreciation	(45,662,320)	(41,526,681)
Depreciation	<u>8,487,063</u>	<u>7,694,806</u>
Operating loss	<u>(54,149,383)</u>	<u>(49,221,487)</u>
Nonoperating revenues:		
Federal maintenance assistance grants	1,998,328	2,538,836
State operating assistance grants	3,917,007	3,847,388
Other federal grants	5,236,886	6,591,806
Special project assistance – state grants	3,004,543	1,124,795
Special project assistance – local grants	767,849	672,877
Property tax revenues	32,282,955	33,009,275
Investment income	146,824	221,905
Advertising revenue	417,851	439,557
Fuel tax refunds	610,172	610,910
Other, net	<u>275,397</u>	<u>321,745</u>
Total nonoperating revenues	<u>48,657,812</u>	<u>49,379,094</u>
(Loss) income before capital grants	(5,491,571)	157,607
Capital grants	<u>15,555,810</u>	<u>4,343,650</u>
Increase in net position	10,064,239	4,501,257
Net position, beginning of year	<u>114,017,146</u>	<u>109,515,889</u>
Net position, end of year	<u><u>\$ 124,081,385</u></u>	<u><u>\$ 114,017,146</u></u>

See accompanying notes to financial statements.

PINELLAS SUNCOAST TRANSIT AUTHORITY

Statements of Cash Flows

For the Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Receipts from customers	\$ 14,856,120	\$ 14,174,439
Payments to suppliers	(22,574,037)	(22,028,129)
Payments to and on behalf of employees	<u>(35,878,559)</u>	<u>(33,594,723)</u>
Net cash used in operating activities	<u>(43,596,476)</u>	<u>(41,448,413)</u>
Cash flows from capital financing activities:		
Purchases of capital assets	(13,595,308)	(4,570,363)
Capital grants	10,953,318	3,584,576
Proceeds from sale of capital assets	<u>11,421</u>	<u>68,122</u>
Net cash used in capital financing activities	<u>(2,630,569)</u>	<u>(917,665)</u>
Cash flows from noncapital financing activities:		
Property tax revenues	32,282,955	33,009,275
Operating and special project assistance grants	15,304,341	15,327,149
Other	<u>1,344,209</u>	<u>1,319,090</u>
Net cash provided by noncapital financing activities	<u>48,931,505</u>	<u>49,655,514</u>
Cash flows from investing activities:		
Purchase, sale and maturities of investments, net	175,563	(13,225)
Investment income	<u>146,824</u>	<u>221,905</u>
Net cash provided by investing activities	<u>322,387</u>	<u>208,680</u>
Net increase in cash and cash equivalents	3,026,847	7,498,116
Cash and cash equivalents, beginning of year	<u>40,540,643</u>	<u>33,042,527</u>
Cash and cash equivalents, end of year	<u>\$ 43,567,490</u>	<u>\$ 40,540,643</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (54,149,383)	\$ (49,221,487)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	8,487,063	7,694,806
Decrease (increase) in accounts receivable	762,750	(159,521)
Decrease (increase) in inventories	132,756	(79,014)
Decrease in prepaid expenses	474,850	682,320
Increase (decrease) in accounts payable	290,628	(286,253)
Increase (decrease) in accrued expenses	<u>404,860</u>	<u>(79,264)</u>
Net cash used in operating activities	<u>\$ (43,596,476)</u>	<u>\$ (41,448,413)</u>
Schedule of noncash transactions:		
Purchase of fixed assets included in accounts payable	<u>\$ 6,064,798</u>	<u>\$ 1,365,631</u>

See accompanying notes to financial statements.

PINELLAS SUNCOAST TRANSIT AUTHORITY

Notes to Financial Statements

September 30, 2013 and 2012

(1) **Summary of Significant Accounting Policies**

The accounting policies and practices of the Authority have been designed to conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to a government enterprise fund. The Authority follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, with regard to the application of Financial Accounting Standards Board (FASB) pronouncements. In accordance with the provisions of GASB Statement No. 20, the Authority elected not to apply those FASB statements and interpretations issued after November 30, 1989. The following is a summary of the more significant accounting policies:

(a) **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The accompanying financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied and grants are recognized as revenue as soon as all eligibility requirements have been met.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The requirements of this statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. Deferred outflows and deferred inflows are transactions that have occurred in the current or prior periods but are actually related to future periods, but are not assets or liabilities. This standard was adopted for fiscal year ended September 30, 2012.

(b) **Cash Equivalents and Investments**

Cash equivalents are defined as short-term highly liquid debt investments that are both readily convertible to known amounts of cash and have original maturities of three months or less at the date of purchase. Funds are held at the State Board of Administration of Florida (SBA) in their Florida PRIME account. The Florida PRIME (previously known as the Local Government Surplus Funds Investment Pool Trust Fund) is an external 2a7-like investment pool in which the fair value of the Authority's position in the pool is the same as the value of the pool shares.

The Authority's investments are with the SBA. SBA investments consist of the Fund B Surplus Funds Trust Fund (Fund B), and Commingled Asset Management Programs, Money Market (CAMPM). CAMPM and Fund B are both a fluctuating net asset value (NAV) external investment pool. With a fluctuating NAV pool, the NAV approximates fair value.

PINELLAS SUNCOAST TRANSIT AUTHORITY

Notes to Financial Statements - Continued

(1) **Summary of Significant Accounting Policies - Continued**

(c) **Accounts Receivable**

All trade and other receivables are shown net of an allowance for uncollectibles. The receivables are analyzed by management at the end of the year to estimate the amount of the allowance, as applicable.

(d) **Grants Receivable**

Grants receivable represent expenditures for grant eligible items for which reimbursement has not yet been received.

(e) **Inventories and Prepaid Expenses**

Inventories, principally fuel and maintenance parts, are stated at the lower of cost (using the moving weighted average cost method) or market.

Certain payments to vendors or other parties reflect cost for contracts or services applicable to future accounting periods and are recorded as prepaid expenses.

(f) **Capital Assets**

Capital assets are recorded at cost. Capital assets, which include property and equipment, are defined as assets with an initial, individual cost of \$1,000 or more with an estimated useful life greater than one year. Major renewals and betterments are treated as capital additions. Expenses for maintenance, repairs, and minor renewals are expensed as incurred. Contributed assets are stated at estimated fair value at the date of receipt.

Depreciation is calculated using the straight-line method over the estimated useful life of the asset as follows:

<u>Property Classification</u>	<u>Estimated Useful Life Range</u>
Buildings	5 - 40 years
Improvements	5 - 20 years
Revenue equipment	3 - 12 years
Furniture and other equipment	3 - 10 years

(g) **Compensated Absences**

The Authority's policy permits substantially all employees to accumulate a limited amount of earned but unused vacation, sick-pay benefits and certain other qualifying absences, which will be paid to the employee upon separation from service. Vacation, eligible sick pay, and other qualifying absences, which have been earned but not paid, have been accrued in the accompanying financial statements.

PINELLAS SUNCOAST TRANSIT AUTHORITY

Notes to Financial Statements - Continued

(1) Summary of Significant Accounting Policies - Continued

(h) Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. These reclassifications did not have an effect on total assets, total liabilities, or net position.

(i) Net Position

Invested in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation.

Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other components of net position that do not meet the definition of "restricted" or "invested in capital assets."

(j) Grants

The federal government, State of Florida, and the Pinellas Metropolitan Planning Organization have made available grants to the Authority related to the development of public transit facilities, which are restricted to acquiring qualifying capital assets and funding certain operating expenses.

Capital grants are reported in a separate line item in the statements of revenues, expenses, and changes in net position. Proceeds from the sale of capital assets originally purchased with funds from federal grants must be reinvested in capital asset purchases approved by the Florida Department of Transportation (FDOT) and the Federal Transit Administration (FTA).

(k) Use of Estimates

The preparation of the financial statements, in accordance with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant items subject to estimates and assumptions include depreciation, the reserve for workers' compensation, general liability claims, and post-employment benefits other than pensions. Actual amounts could differ from those estimates.

PINELLAS SUNCOAST TRANSIT AUTHORITY

Notes to Financial Statements - Continued

(1) Summary of Significant Accounting Policies - Continued

(l) Operating Revenues and Expenses

Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. The principal operating revenues are fare box revenues, which are fees for public transportation. Operating expenses include the cost of providing the services and depreciation expense on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenue and expense.

(m) Fare Revenues

Cash fares are recorded as revenue at the time services are performed. Pass fares are recorded as revenue at the time passes are sold.

(n) Property Tax Revenue

The Authority is a special taxing district that is authorized to levy an ad valorem tax on the taxable real property in the transit area not to exceed 0.7500 mills. The approved ad valorem tax rates for fiscal years 2013 and 2012 were 0.7305 and 0.7305 mills, respectively.

Property tax collections are governed by Chapter 197, *Florida Statutes*. The Pinellas County Tax Collector bills and collects all property taxes levied within the county. Discounts are allowed for early payment of 4.0% in November, 3.0% in December, 2.0% in January, and 1.0% in February. If property taxes are not paid by April 1, the county adds a 3.0% penalty on real estate taxes and 1.5% penalty on personal property taxes.

The Pinellas County Tax Collector advertises and sells tax certificates on all real property for delinquent taxes. The Pinellas County Tax Collector must receive payment before the certificates are issued. Any person owning land on which a tax certificate has been sold may redeem the tax certificate by paying the Pinellas County Tax Collector the face amount of the tax certificate plus interest and other costs. The owner of the tax certificate may, at any time after taxes have been delinquent (April 1) for two years, file an application for tax deed sale. The county, as a certificate owner, may exercise similar procedures two years after taxes have been delinquent. Tax deeds are issued to the highest bidder for the property that is sold at public auction.

The Pinellas County Tax Collector remits current taxes collected through at least four distributions to the Authority in the first two months of the tax year and at least one distribution each month thereafter.

PINELLAS SUNCOAST TRANSIT AUTHORITY

Notes to Financial Statements - Continued

(1) Summary of Significant Accounting Policies - Continued

(n) Property Tax Revenue - Continued

- **Property Tax Calendar**

January 1, 2012 - Property taxes are based on assessed property value at this date as determined by the Pinellas County Property Appraiser.

July 1, 2012 - Property assessment roll and certificates of value provided to the Authority by the Pinellas County Property Appraiser.

July 25, 2012 - Proposed millage rate is approved by the Board of Directors and provided to the Pinellas County Property Appraiser who mails notices to the taxpayers.

September 12, 2012 - Property tax millage rate resolution approved by the Board of Directors.

October 1, 2012 - Beginning of the year for which property taxes have been levied.

November 1, 2012 - Property taxes are due and payable.

April 1, 2013 - Unpaid property taxes become delinquent.

June 1, 2013 - Tax certificates are sold by the Pinellas County Tax Collector.

(2) Description of Business

The Pinellas Suncoast Transit Authority was formed by an act of the Florida Legislature in 1984, and became effective by majority vote of the electorate in a referendum election of the transit area in Pinellas County, Florida. The Authority is an independent taxing authority whose purpose is to provide effective, modern mass transit service to Pinellas County, Florida. The Authority is governed by a 15-member board of directors made up of elected officials and citizens. The board members are appointed by the county and member cities in accordance with a formula provided by the enabling legislation and serve a three-year term.

PINELLAS SUNCOAST TRANSIT AUTHORITY

Notes to Financial Statements - Continued

(3) **Cash, Cash Equivalents and Investments**

At September 30, 2013 and 2012, the carrying value of the Authority's cash, cash equivalents, and investments was as follows:

Type	2013	2012
Cash on hand	\$ 25,000	\$ 25,000
Petty cash	1,800	1,800
Demand deposits	4,278,139	1,869,720
Florida PRIME	39,262,551	38,644,123
Total cash and cash equivalents	43,567,490	40,540,643
Investments:		
CAMP MM	16,729	37,914
Fund B	185,960	340,338
Total investments	202,689	378,252
Total cash, cash equivalents and investments	\$ 43,770,179	\$ 40,918,895

(a) **Custodial Credit Risk**

At September 30, 2013 and 2012, with the exception of the Florida PRIME, CAMPMM and Fund B, the Authority's deposits were entirely covered by federal depository insurance or by collateral pledged with the State Treasurer pursuant to Chapter 280, *Florida Statutes*. Under this Chapter, in the event of default by a participating financial institution (a qualified public depository), all participating institutions are obligated to reimburse the governmental entity for the loss. The Florida PRIME, CAMPMM, and Fund B are not collateralized.

(b) **Credit Risk**

Florida Statute 218.415 and the Authority's Investment Policy authorize the investment of surplus funds in the following:

- Up to 100% of the surplus funds in Florida PRIME under the management of the SBA.
- Up to 20% of the surplus funds in CAMPMM under the management of the SBA.
- Up to 100% of the surplus funds in time deposits, and savings accounts in banks located in Florida and authorized to hold Florida public deposit accounts and designated as an "Active Qualified Public Depository."

At September 30, 2013 and 2012, the Authority's investments were with the SBA. SBA investments consist of the Florida PRIME, Fund B, and CAMPMM.

PINELLAS SUNCOAST TRANSIT AUTHORITY

Notes to Financial Statements - Continued

(3) Cash, Cash Equivalents and Investments - Continued

(b) Credit Risk - Continued

The Authority invested funds throughout fiscal years 2013 and 2012 with Florida PRIME and the CAMPMM, which are administered by the SBA. Chapter 19-7 of the Florida Administrative Code provides guidance and establishes the general operating procedures for the administration of the funds, which are audited by the State of Florida Auditor General.

Florida PRIME is an external investment pool that is not a registrant with the Securities and Exchange Commission (SEC), but does operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. Rule 2a-7 allows funds to use amortized cost to maintain a constant NAV of \$1.00 per share. Accordingly, the Authority's investment in Florida PRIME is reported at the account balance, which is considered fair value. The fund is rated "AAAm" by Standard and Poor's.

Fund B is accounted for as a fluctuating NAV pool, where the fluctuating NAV pool approximates market value. The SBA provides a fair value factor to use on the Fund B account balance to determine market value or fair value. As of September 30, 2013 and 2012, the fair value factor was 113.3% and 94.9%, respectively. Fund B is not rated by a nationally recognized statistical rating agency.

The CAMPMM invests in short-term, high-quality money market instruments issued by financial institutions, nonfinancial corporations, the U.S. government, and federal agencies. Changes in interest rates will cause volatility in the net asset value of the portfolio.

The investments are not classified as to credit risk because they are not evidenced by securities that exist in book or entry form. The components of investment return include \$113,469 and \$127,415 of interest income on cash and cash equivalents and (\$363) and \$6,826 in unrealized gain (loss) in the net asset value of CAMPMM, plus an unrealized gain of \$33,718 and \$87,665 in the net asset value of Fund B for the years ended September 30, 2013 and 2012, respectively.

(c) Interest Rate Risk

The dollar weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2013 and 2012 were 44 and 39 days, respectively. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM.

(d) Concentration of Credit Risk

The Authority places no limit on the amount the Authority may invest in any one issuer. The Authority had \$39,465,240 and \$39,022,375 with the SBA at September 30, 2013 and 2012, respectively, or 90% and 95% of its cash, cash equivalents, and investments.

PINELLAS SUNCOAST TRANSIT AUTHORITY

Notes to Financial Statements - Continued

(4) Capital Assets

Capital asset activity for the years ended September 30, 2013 and 2012 were as follows:

	<u>October 1, 2012</u>	<u>Additions</u>	<u>Transfers, Disposals and Impairments</u>	<u>September 30, 2013</u>
Nondepreciable assets:				
Land	\$ 6,961,677	\$ -	\$ -	\$ 6,961,677
Capital assets in progress	<u>2,546,239</u>	<u>11,847,402</u>	<u>300,664</u>	<u>14,092,977</u>
Total nondepreciable assets	<u>9,507,916</u>	<u>11,847,402</u>	<u>300,664</u>	<u>21,054,654</u>
Depreciable assets:				
Buildings and improvements	42,025,163	145,026	-	42,170,189
Revenue equipment	77,002,510	6,046,914	6,147,164	76,902,260
Furniture and other equipment	<u>7,765,218</u>	<u>555,797</u>	<u>189,450</u>	<u>8,131,565</u>
Total depreciable assets	<u>126,792,891</u>	<u>6,747,737</u>	<u>6,336,614</u>	<u>127,204,014</u>
Total at historical cost	<u>136,300,807</u>	<u>18,595,139</u>	<u>6,637,278</u>	<u>148,258,668</u>
Less accumulated depreciation for:				
Buildings and improvements	14,077,896	1,039,195	-	15,117,091
Revenue equipment	39,709,428	6,937,795	6,089,584	40,557,639
Furniture and other equipment	<u>6,101,875</u>	<u>510,073</u>	<u>184,621</u>	<u>6,427,327</u>
	<u>59,889,199</u>	<u>8,487,063</u>	<u>6,274,205</u>	<u>62,102,057</u>
Capital assets, net	\$ <u><u>76,411,608</u></u>	\$ <u><u>10,108,076</u></u>	\$ <u><u>363,073</u></u>	\$ <u><u>86,156,611</u></u>

PINELLAS SUNCOAST TRANSIT AUTHORITY

Notes to Financial Statements - Continued

(4) Capital Assets - Continued

	<u>October 1, 2011</u>	<u>Additions</u>	<u>Transfers, disposals and impairments</u>	<u>September 30, 2012</u>
Nondepreciable assets:				
Land	\$ 6,961,677	\$ -	\$ -	\$ 6,961,677
Capital assets in progress	<u>2,979,871</u>	<u>4,950,621</u>	<u>5,384,253</u>	<u>2,546,239</u>
Total nondepreciable assets	<u>9,941,548</u>	<u>4,950,621</u>	<u>5,384,253</u>	<u>9,507,916</u>
Depreciable assets:				
Buildings and improvements	41,604,454	420,709	-	42,025,163
Revenue equipment	74,048,549	5,205,187	2,251,226	77,002,510
Furniture and other equipment	<u>7,155,475</u>	<u>743,730</u>	<u>133,987</u>	<u>7,765,218</u>
Total depreciable assets	<u>122,808,478</u>	<u>6,369,626</u>	<u>2,385,213</u>	<u>126,792,891</u>
Total at historical cost	<u>132,750,026</u>	<u>11,320,247</u>	<u>7,769,466</u>	<u>136,300,807</u>
Less accumulated depreciation for:				
Buildings and improvements	12,431,203	1,646,693	-	14,077,896
Revenue equipment	36,330,982	5,629,672	2,251,226	39,709,428
Furniture and other equipment	<u>5,817,421</u>	<u>418,441</u>	<u>133,987</u>	<u>6,101,875</u>
	<u>54,579,606</u>	<u>7,694,806</u>	<u>2,385,213</u>	<u>59,889,199</u>
Capital assets, net	<u>\$ 78,170,420</u>	<u>\$ 3,625,441</u>	<u>\$ 5,384,253</u>	<u>\$ 76,411,608</u>

(5) Net Position

Unrestricted net position at September 30, 2013 and 2012 consists of the following:

	<u>2013</u>	<u>2012</u>
Catastrophic event claims	\$ 3,749,688	\$ 3,591,975
Operating reserves	10,549,122	10,096,402
Capital asset replacement and other projects	<u>23,563,992</u>	<u>23,865,932</u>
Unrestricted net position	<u>\$ 37,862,802</u>	<u>\$ 37,554,309</u>

Restricted net position represents the Federal Transit Administration's interest in a disposed grant asset that the Authority received permission for a like-kind exchange in the future. The balances at September 30, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Grantor resources for specific use	<u>\$ 61,972</u>	<u>\$ 51,229</u>

PINELLAS SUNCOAST TRANSIT AUTHORITY

Notes to Financial Statements - Continued

(6) Risk Management

The Authority maintains self-insured programs for damage to vehicles and general liability claims for amounts up to \$100,000 and workers' compensation claims for amounts up to \$250,000. The Authority carries insurance coverage for excess liability limited to \$2,000,000 per occurrence for vehicle and general liability claims. The Authority's excess workers' compensation program provides protection consistent with *Florida Statutes*. For the past three years, insurance settlements have not exceeded insurance coverage and there were no significant reductions in insurance coverage from the previous year.

The liabilities for the self-insurance programs currently recorded as accrued expenses were determined by actuarial valuation not discounted and include estimates for incurred but not reported claims. Non-incremental claims adjustment expenses are also included as part of the liability for claims.

The incurred claims in the following reconciliation of claims liabilities includes prior years' estimated claims settled without payment and year-end adjustment to estimated claims liability.

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</u>
Claims reserve - September 30, 2010	\$ 1,311,000	\$ 2,483,000	\$ 3,794,000
Claims incurred	715,524	1,213,734	1,929,258
Claim payments	<u>(787,524)</u>	<u>(927,734)</u>	<u>(1,715,258)</u>
Claims reserve - September 30, 2011	1,239,000	2,769,000	4,008,000
Claims incurred	307,351	231,619	538,970
Claim payments	<u>(593,302)</u>	<u>(361,693)</u>	<u>(954,995)</u>
Claims reserve - September 30, 2012	953,049	2,638,926	3,591,975
Claims incurred	918,538	1,586,189	2,504,727
Claim payments	<u>(782,100)</u>	<u>(1,564,914)</u>	<u>(2,347,014)</u>
Claims reserve - September 30, 2013	<u>\$ 1,089,487</u>	<u>\$ 2,660,201</u>	<u>\$ 3,749,688</u>

PINELLAS SUNCOAST TRANSIT AUTHORITY

Notes to Financial Statements - Continued

(7) Retirement Plan

Substantially all full-time employees of the Authority are participants in the Florida Retirement System (FRS), a multiple-employer, cost-sharing public retirement system administered by the State of Florida, Department of Management Services, Division of Retirement. FRS has two retirement plans from which eligible employees can choose, the Pension Plan (a defined benefit plan) and the Investment Plan (a defined contribution plan).

Membership is compulsory for all full-time and part-time Authority employees working in regularly established positions. Contribution rates are established statewide for all participating governmental units. Accordingly, the actuarial information and related disclosures attributable to the Authority's employees are not determinable. Employees who were hired before July 1, 2011, in the Pension Plan are vested with six years of service and once vested are eligible to retire upon reaching the age of 62 or with the completion of 30 years of service. Employees who were hired on or after July 1, 2011, in the Pension Plan are vested with eight years of service and once vested are eligible to retire upon reaching the age of 65 or with the completion of 33 years of service. Retirement benefits for the Pension Plan are based upon age, years of service credit, and for members initially enrolled before July 1, 2011, the average compensation of an individual's five highest years of earnings; for members initially enrolled on or after July 1, 2011, the average compensation of an individual's eight highest years of earnings.

Employees in the Investment Plan are vested after one year of service with no age or service requirement to be eligible for retirement. The FRS Investment Plan is a defined contribution plan, in which employers and employees contributions are defined by law, but the ultimate benefit depends in part on the performance of the investment funds. The FRS Investment Plan is funded by employer and employee contributions that are based on employee salary and FRS membership class (Regular Class, Special Risk Class, etc.). The Investment Plan directs contributions to individual member accounts and allocates contributions and account balance among various investment funds. The Investment Plan retirement benefit is the value of the employee account at termination. Unlike the Pension Plan, there is no fixed benefit level at retirement. However, a guaranteed lifetime cost of living payment option (based on the benefit to be distributed) can be purchased and is available with annual 3% cost of living increases, like the Pension Plan.

The Deferred Retirement Option Program (DROP) is a program that provides an alternative method for payment of retirement benefits for a specified and limited period for members of the FRS, effective July 1, 1998. Under DROP, an employee may retire and have their benefits accumulate in the Florida Retirement System Trust Fund, earning interest, while continuing to work for an FRS employer. The participation in the program does not change conditions of employment. When the DROP period ends, a maximum of 60 months, employment must be terminated. At the time of termination of employment, the employee will receive payment of the accumulated DROP benefits and begin receiving their monthly retirement benefit.

PINELLAS SUNCOAST TRANSIT AUTHORITY

Notes to Financial Statements - Continued

(7) Retirement Plan - Continued

The Authority is required to contribute to FRS at an actuarially determined rate. The rate was 10.77% of covered payroll from October 2010 through June 2011, with the exception of DROP participants whose rate was 12.25%. The rate was 4.91% of covered payroll from July 2011 to September 30, 2011, with the exception of DROP participants whose rate was 4.42% for that period. The rate was 4.91 % of covered payroll from October 2011 through June 2012, with the exception of DROP participants whose rate was 4.42%. The rate was 5.18% of covered payroll from July 2012 to September 30, 2012, with the exception of DROP participants whose rate was 5.44% for that period. The rate was 5.18% of covered payroll from October 2012 through June 2013, with the exception of DROP participants whose rate was 5.44%. The rate was 6.95% of covered payroll from July 2013 to September 30, 2013, with the exception of DROP participants whose rate was 12.84% for that period. In addition, starting in July 2011 employees not in the DROP program were required to contribute 3% of their covered wages; there was no employee contribution for those in the DROP program. The contribution requirements of the Authority are established and may be amended by the State of Florida. The Authority's contributions to the plan for the years ended September 30, 2013, 2012, and 2011 were \$1,488,319, \$1,237,779, and \$2,337,707 respectively, and were equal to 100 percent of the required contributions for each year. The employee's contributions were withheld by PSTA and paid on their behalf in the amount of \$736,446, \$710,406, and \$186,079 for fiscal years 2013, 2012, and 2011, respectively.

The FRS publishes an unaudited annual report that provides 10-year historical trend information about progress made in accumulating sufficient assets to pay benefits when due. That report may be obtained by writing to the Division of Retirement, Research Education and Policy Section P.O. Box 9000, Tallahassee, FL. 32315.

(8) Postemployment Benefits Other than Pensions (OPEB)

The Authority has adopted the provisions of Government Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45). The Authority provides postretirement healthcare benefits in accordance with *Florida Statutes* to all employees who retire from the employ of the Authority. The retiree pays 100% of the premium cost (rate) for the retiree to participate in the Authority's insurance program. These rates provide an implicit rate subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The difference in the rate a retiree would pay if in a plan separate from active employees is considered the rate differential. GASB 45 requires the Authority to accrue the cost of the rate differential and OPEB during the period the cost (annual OPEB cost) and future obligations related to those benefits are earned by the employee (net OPEB obligation). GASB 45 also requires the Authority to disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of OPEB and the financial impact to the Authority.

PINELLAS SUNCOAST TRANSIT AUTHORITY

Notes to Financial Statements - Continued

(8) Postemployment Benefits Other Than Pensions (OPEB) - Continued

(a) Plan Description

The authority administers an employer defined benefit healthcare plan which provides medical insurance benefits to its employees and their eligible dependents. In accordance with Section 112.0801 of the *Florida Statutes*, because the Authority provides a medical plan to active employees of the Authority and their eligible dependents, the Authority is also required to provide retirees with the opportunity to participate in the plan. Retirees and their dependents are charged the full premium for coverage through the plan. Retiree's and retiree and spouse's monthly premiums for the plan in FY 2013 are \$717 and \$1,097, respectively, and \$719 and \$1,100 for FY 2012, respectively. The number of participating retirees in the plan for FY 2013 and FY 2012 is 26 and 25, respectively.

To be eligible to receive retiree medical benefits, participants must be eligible for normal retirement benefits under the FRS and pay the required contributions. The requirements for eligibility for benefits are age 62 with 6 years of service, or 30 years of service with no age requirement for persons hired before July 1, 2011. The requirements for eligibility for benefits are age 65 with 8 years of service, or 33 years of service with no age requirement for persons hired on or after July 1, 2011.

The benefits are provided through the United Healthcare Choice Florida Plan and provide hospital, medical and prescription coverage.

(b) Funding Policy

Contribution rates for the Plan are established on an annual basis by the Board of Directors. Eligible retirees and their covered dependents receiving benefits contribute 100% of their premium cost for the plan. The postretirement hospital, medical, and prescription coverage are currently funded on a cash basis (pay-as-you-go) as benefits are paid. No assets have been segregated and restricted to provide postretirement benefits.

(c) Annual OPEB Cost and Net OPEB Obligation

The Authority's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) over a period not to exceed 30 years.

PINELLAS SUNCOAST TRANSIT AUTHORITY

Notes to Financial Statements - Continued

(8) Postemployment Benefits Other Than Pensions (OPEB) - Continued

(c) Annual OPEB Cost and Net OPEB Obligation - Continued

The Authority's annual OPEB cost for fiscal years 2013 and 2012 and the related information for the plan are as follows:

	2013	2012
Annual required contribution	\$ 460,337	\$ 342,228
Interest on net OPEB obligation	34,137	29,624
Adjustment to annual required contribution	<u>(50,969)</u>	<u>(43,635)</u>
Annual OPEB cost	443,505	328,217
Contributions made	<u>(293,631)</u>	<u>(215,402)</u>
Increase in net OPEB obligation	149,874	112,815
Net OPEB obligation - beginning of year	<u>853,415</u>	<u>740,600</u>
Net OPEB obligation - end of year	\$ <u>1,003,289</u>	\$ <u>853,415</u>

The Net OPEB obligations for FY 2013 and FY 2012 are included in accrued expenses on the Statement of Net Position.

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2013, 2012 and 2011 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
September 30, 2013	\$ 443,505	66.2%	\$ 1,003,289
September 30, 2012	328,217	65.6%	853,415
September 30, 2011	330,314	39.4%	740,600

PINELLAS SUNCOAST TRANSIT AUTHORITY

Notes to Financial Statements - Continued

(8) Postemployment Benefits Other Than Pensions (OPEB) - Continued

(d) Funded Status and Funding Progress

As of September 30, 2013 and 2012, actuarial accrued liability for benefits were \$3,331,131 and \$2,623,118, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,331,131 and \$2,623,118, respectively.

This actuarial valuation involves estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to constant revisions as actual experience is compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

Calculations are based upon the types of benefits provided under the terms of the plan at the time of the valuation and on the pattern of sharing of costs between the employer and plan members to that point. Calculations reflect a long-term prospective, so methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

(e) Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions made relative to rate of expected investment earnings by the fund, rates of mortality among active and retired employees, rates of termination from employment, and retirement rates. Amounts determined regarding the funded status of the Plan and the ARC by the Authority are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

Projection of benefits is based on the substantive plan (the Plan as understood by the employer and plan members) and includes the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Authority and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in AALs and the actuarial value of assets. The actuarial cost method used on the valuation to determine the AAL and ARC was the unit credit actuarial cost (unit credit) method.

PINELLAS SUNCOAST TRANSIT AUTHORITY

Notes to Financial Statements - Continued

(8) Postemployment Benefits Other Than Pensions (OPEB) - Continued

(e) Actuarial Methods and Assumptions - Continued

In the current valuation, the actuarial assumptions used for the calculation of costs and liabilities include a discount rate of 4% per annum compounded annually, preretirement and postretirement mortality rates using the Sex-Distinct RP-2000 Generational Mortality Table and withdrawal rates, retirement rates, disability rates, marriage assumption, medical cost trend rate of 8.5%, participation, retiree claim costs, and administrative costs included in claims.

(9) Commitments and Contingencies

(a) Grant Expenditures Subject to Audit

The Authority receives funding through capital grants and operating assistance grants from the FTA and from FDOT. Expenditures financed by capital and operating assistance grants are subject to audit and acceptance by the granting agency. Any disallowed expenditure may need to be repaid to the granting agency; however, it is management's opinion that no material liabilities will result from any such audits.

(b) Litigation

The Authority is a defendant in various lawsuits occurring in the normal course of business. The Authority continues to vigorously contest these claims. Management has recorded the estimated liability associated with these claims, and believes the actual settlement of these claims will not have a material adverse effect on the financial condition of the Authority.

(c) Fuel Contract Commitment

The Authority periodically enters into fuel purchase contracts to help mitigate against the possibility of fluctuating fuel prices throughout the year. At September 30, 2013, the Authority has committed to buy approximately \$6.5 million in fuel over the next fiscal year. The Authority did not enter into a fuel contract commitment for the month of October 2013.

PINELLAS SUNCOAST TRANSIT AUTHORITY

Notes to Financial Statements - Continued

(9) **Commitments and Contingencies - Continued**

(d) **Construction and Service Contract Commitments**

The Authority has active construction projects as of September 30, 2013. The major projects and contracts include; Scherer Drive concrete replacement and purchase of buses.

<u>Project / Contracts</u>	<u>Committed to Date</u>	<u>Remaining Commitment</u>
Scherer Drive Concrete Replacement	\$ 6,754,537	\$ 2,323,832
Purchase of Hybrid Buses	5,036,344	6,449,175
Purchase of Support Vehicles	<u>198,206</u>	<u>103,217</u>
Total	<u>\$ 11,989,087</u>	<u>\$ 8,876,224</u>

(10) **Pollution Remediation Liability**

(a) **Pollution Remediation**

In 2005 the Authority sold one of its facilities to a private party. The Authority was notified in fiscal year 2012 of a demand for remediation cost associated with petroleum contamination. As of September 30, 2013 little information is known as to the liability or damages at this time.

SECTION III
REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

Required Supplementary Information

Other Postemployment Benefits

September 30, 2013 and 2012
(Unaudited)

The schedule of funding progress for the last three years is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	AAL (b)	UAAL (b-a)	Funded Ratio (a/b)	Estimated Covered (c)	UAAL as Percentage of Covered Payroll ([b-a]/c)
October 1, 2012	\$ -	\$ 3,331,131	\$ 3,331,131	0%	N/A	N/A
October 1, 2011	-	2,623,118	2,623,118	0%	N/A	N/A
October 1, 2010	-	2,244,923	2,244,923	0%	N/A	N/A

SECTION IV
STATISTICAL SECTION
(UNAUDITED)

STATISTICAL SECTION (UNAUDITED)

This part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

CONTENTS

Financial Trends 48

These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

Revenue Capacity..... 58

These schedules contain information to help the reader assess the Authority's sources of revenue, especially the most significant local revenue source, the property tax.

Demographic and Economic Information 64

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

Operating Information 67

These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.

STATISTICAL SECTION (UNAUDITED)

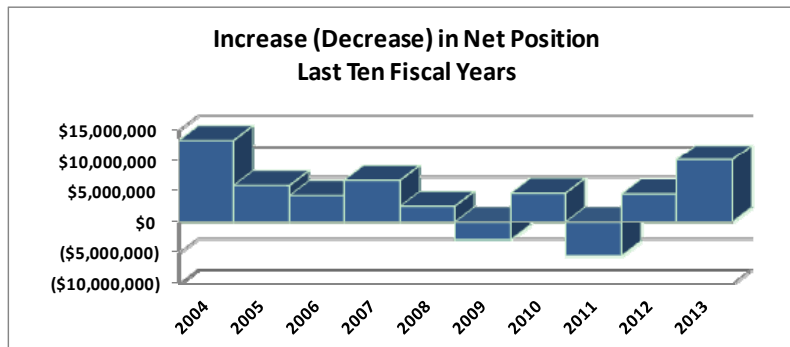
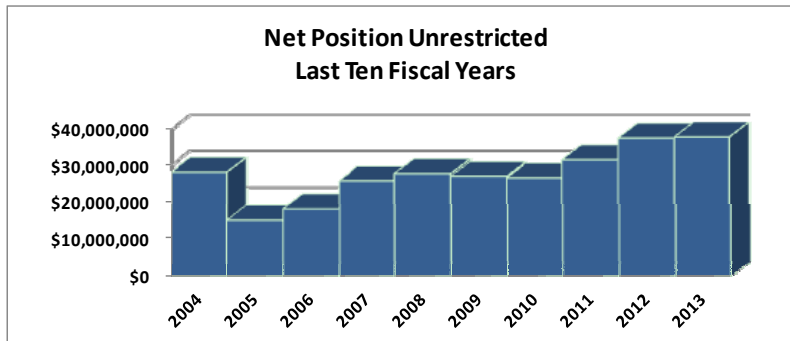
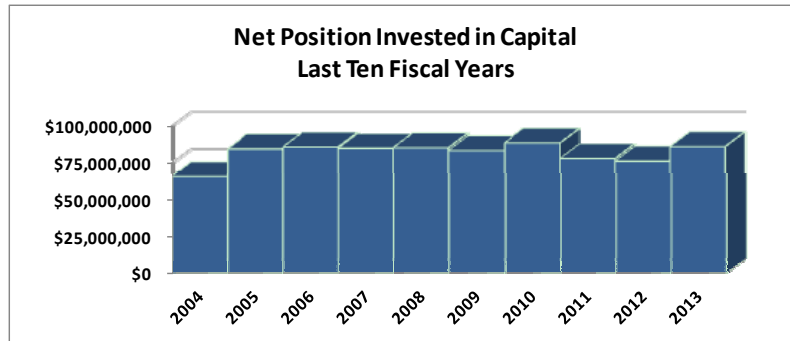
Financial Trends

- ◆ Net Position by Components (FY 2004 - FY 2013)
- ◆ Changes in Net Position (FY 2004 - FY 2013)
- ◆ Revenues by Function/Program (FY 2004 - FY 2013)
- ◆ Expenses by Function/Program (FY 2004 - FY 2013)
- ◆ Property Tax Revenue by Year (FY 2004 - FY 2013)

Net Position by Components Last Ten Fiscal Years

Fiscal Years 2004 - 2013

	2004	2005	2006	2007	2008
Business Type Activities					
Invested in capital assets	\$ 65,865,388	\$ 84,596,600	\$ 85,860,203	\$ 85,020,852	\$ 85,356,072
Unrestricted	27,947,147	15,074,205	18,046,493	25,587,264	27,549,762
Restricted	-	-	-	-	226,249
Total net position	\$ 93,812,535	\$ 99,670,805	\$ 103,906,696	\$ 110,608,116	\$ 113,132,083
	2009	2010	2011	2012	2013
Business Type Activities					
Invested in capital assets	\$ 83,476,413	\$ 88,538,927	\$ 78,170,420	\$ 76,411,608	\$ 86,156,611
Unrestricted	26,833,931	26,396,501	31,318,850	37,554,309	37,862,802
Restricted	-	-	26,619	51,229	61,972
Total net position	\$ 110,310,344	\$ 114,935,428	\$ 109,515,889	\$ 114,017,146	\$ 124,081,385



Note: The statistical section contains "Unaudited" data.

Changes in Net Position Last Ten Fiscal Years

Fiscal Years 2004 - 2013

	Fiscal Year				
	2004	2005	2006	2007	2008
Operating revenues:					
Passenger fares	\$ 8,060,506	\$ 8,252,157	\$ 9,045,137	\$ 10,717,941	\$ 11,298,758
Demand response	124,725	135,373	120,272	129,691	106,484
Total operating revenues	8,185,231	8,387,530	9,165,409	10,847,632	11,405,242
Operating expenses:					
Operations	20,704,456	22,633,361	26,221,417	27,549,595	30,562,932
Purchased Transportation	4,375,490	4,459,666	4,524,549	4,737,036	4,445,330
Maintenance	6,656,554	6,757,062	6,768,943	7,764,003	7,011,017
Administration and finance	6,878,399	7,059,258	11,243,446	10,992,624	11,283,296
Marketing	1,436,895	1,532,512	1,792,109	2,111,843	2,123,776
Total operating expenses , before depreciation	40,051,794	42,441,859	50,550,464	53,155,101	55,426,351
Operating loss before depreciation	(31,866,563)	(34,054,329)	(41,385,055)	(42,307,469)	(44,021,109)
Depreciation	6,196,239	5,997,701	6,817,959	9,381,743	9,630,848
Operating loss	(38,062,802)	(40,052,030)	(48,203,014)	(51,689,212)	(53,651,957)
Nonoperating revenues:					
Federal maintenance assistance	867,952	801,996	1,021,168	1,244,902	1,067,390
State operating assistance	3,315,300	3,133,961	3,293,872	3,358,203	3,320,386
Other federal grants	224,475	286,268	276,915	254,840	80,000
Special project assistance - state grants	1,351,231	732,267	794,617	1,076,945	994,792
Special project assistance - local grants	245,378	363,811	435,000	517,809	559,288
Property tax revenues, net	25,546,737	28,689,489	32,964,068	37,972,265	37,231,077
Investment income	463,189	859,148	1,412,255	1,874,079	1,059,625
Advertising revenue	312,679	329,420	167,780	116,467	132,634
Fuel tax refunds	444,175	481,017	504,961	562,156	600,775
Other, net	63,774	54,127	(112,258)	2,233,028	262,767
Total nonoperating revenues	32,834,890	35,731,504	40,758,378	49,210,694	45,308,734
(Loss) income before capital grants and special item	(5,227,912)	(4,320,526)	(7,444,636)	(2,478,518)	(8,343,223)
Capital grants	18,519,933	11,732,080	15,400,163	9,179,938	10,867,190
Special items - loss on sale of facilities and abandonment of software package	-	(1,553,284)	(3,719,636)	-	-
Increase (decrease) in net position	13,292,021	5,858,270	4,235,891	6,701,420	2,523,967
Net position, beginning of year	80,520,514	93,812,535	99,670,805	103,906,696	110,608,116
Net position, end of year	\$ 93,812,535	\$ 99,670,805	\$ 103,906,696	\$ 110,608,116	\$ 113,132,083

Note: The statistical section contains "Unaudited" data.

Changes in Net Position Last Ten Fiscal Years

Fiscal Years 2004 - 2013

	Fiscal Year				
	2009	2010	2011	2012	2013
Operating revenues:					
Passenger fares	\$ 11,500,513	\$ 10,845,845	\$ 12,572,896	\$ 14,088,340	\$ 13,839,658
Demand response	151,853	218,147	267,176	245,620	253,712
Total operating revenues	11,652,366	11,063,992	12,840,072	14,333,960	14,093,370
Operating expenses:					
Operations	32,628,559	30,500,001	30,351,762	32,524,451	33,907,097
Purchased Transportation	4,318,338	5,228,768	5,656,328	5,043,284	5,711,448
Maintenance	6,817,534	6,791,680	7,604,823	7,256,709	8,172,956
Administration and finance	10,248,034	10,980,462	10,243,021	9,333,777	9,762,130
Marketing	1,796,891	1,750,723	1,826,406	1,702,420	2,202,059
Total operating expenses , before depreciation	55,809,356	55,251,634	55,682,340	55,860,641	59,755,690
Operating loss before depreciation	(44,156,990)	(44,187,642)	(42,842,268)	(41,526,681)	(45,662,320)
Depreciation	8,666,368	7,366,225	8,156,263	7,694,806	8,487,063
Operating loss	(52,823,358)	(51,553,867)	(50,998,531)	(49,221,487)	(54,149,383)
Nonoperating revenues:					
Federal maintenance assistance	1,414,206	2,033,508	2,453,338	2,538,836	1,998,328
State operating assistance	3,340,209	3,521,850	3,567,209	3,847,388	3,917,007
Other federal grants	1,423,661	5,835,531	5,898,891	6,591,806	5,236,886
Special project assistance - state grants	912,185	469,226	777,813	1,124,795	3,004,543
Special project assistance - local grants	533,329	631,817	638,668	672,877	767,849
Property tax revenues, net	34,156,128	29,893,863	26,868,560	33,009,275	32,282,955
Investment income	419,287	271,233	127,470	221,905	146,824
Advertising revenue	163,586	247,725	395,847	439,557	417,851
Fuel tax refunds	595,739	580,860	560,059	610,910	610,172
Other, net	52,950	109,777	371,339	321,745	275,397
Total nonoperating revenues	43,011,280	43,595,390	41,659,194	49,379,094	48,657,812
(Loss) income before capital grants and special item	(9,812,078)	(7,958,477)	(9,339,337)	157,607	(5,491,571)
Capital grants	6,990,339	12,583,561	3,919,798	4,343,650	15,555,810
Special items - loss on sale of facilities and abandonment of software package	-	-	-	-	-
Increase (decrease) in net position	(2,821,739)	4,625,084	(5,419,539)	4,501,257	10,064,239
Net position, beginning of year	113,132,083	110,310,344	114,935,428	109,515,889	114,017,146
Net position, end of year	\$ 110,310,344	\$ 114,935,428	\$ 109,515,889	\$ 114,017,146	\$ 124,081,385

Note: The statistical section contains "Unaudited" data.

Revenues by Function/Program Last Ten Fiscal Years

Fiscal Years 2004 - 2013

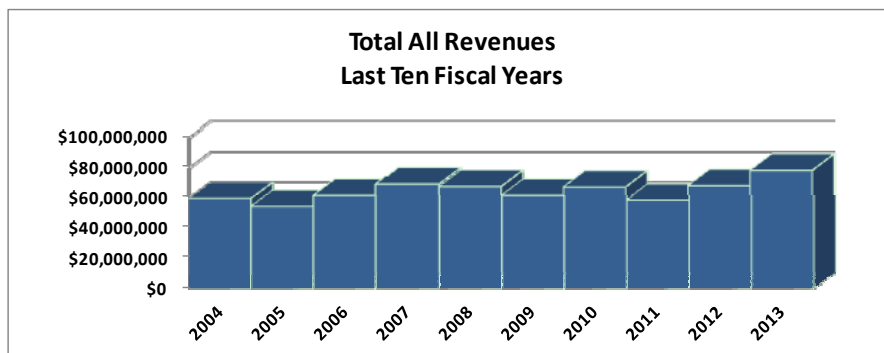
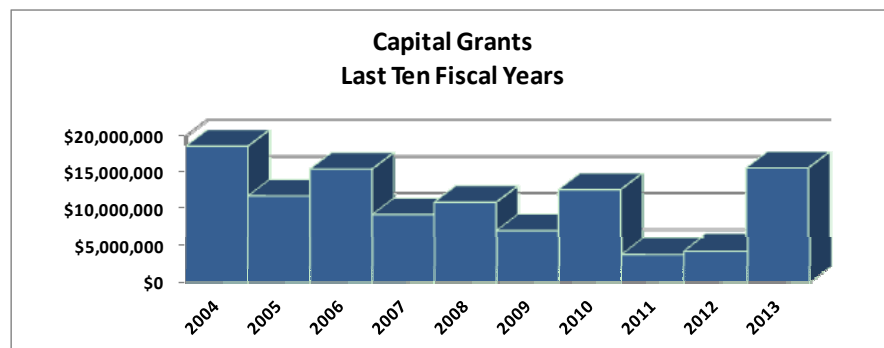
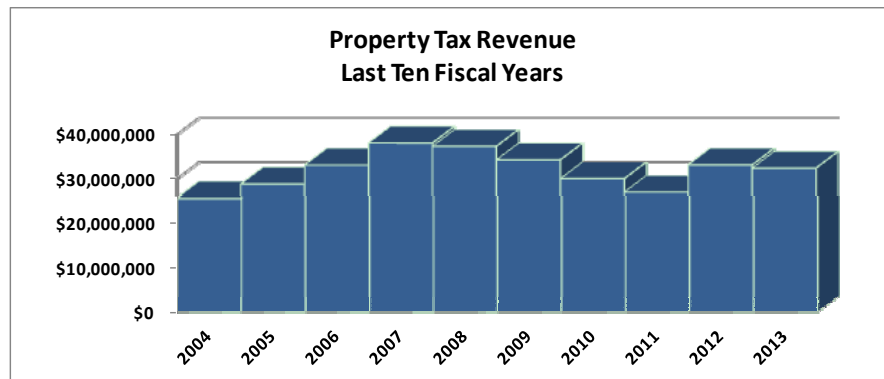
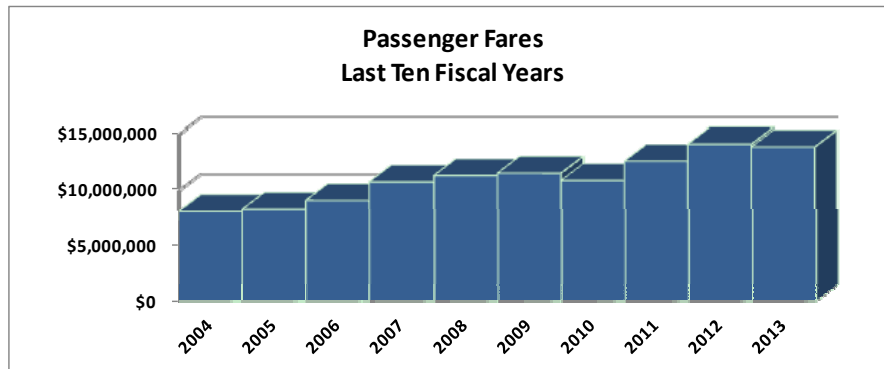
	Fiscal Year				
	2004	2005	2006	2007	2008
Operating revenues:					
Passenger fares	\$ 8,060,506	\$ 8,252,157	\$ 9,045,137	\$ 10,717,941	\$ 11,298,758
Demand response	124,725	135,373	120,272	129,691	106,484
Total operating revenues	8,185,231	8,387,530	9,165,409	10,847,632	11,405,242
Nonoperating revenues:					
Federal maintenance assistance	867,952	801,996	1,021,168	1,244,902	1,067,390
State operating assistance	3,315,300	3,133,961	3,293,872	3,358,203	3,320,386
Other federal grants	224,475	286,268	276,915	254,840	80,000
Special project assistance - state grants	1,351,231	732,267	794,617	1,076,945	994,792
Special project assistance - local grants	245,378	363,811	435,000	517,809	559,288
Property tax revenues, net	25,546,737	28,689,489	32,964,068	37,972,265	37,231,077
Investment income	463,189	859,148	1,412,255	1,874,079	1,059,625
Advertising revenue	312,679	329,420	167,780	116,467	132,634
Fuel tax refunds	444,175	481,017	504,961	562,156	600,775
Other, net	63,774	54,127	(112,258)	2,233,028	262,767
Total nonoperating revenues	32,834,890	35,731,504	40,758,378	49,210,694	45,308,734
Capital grants	18,519,933	11,732,080	15,400,163	9,179,938	10,867,190
Special items - loss on sale of facilities and abandonment of software package	-	(1,553,284)	(3,719,636)	-	-
Total all revenues	\$ 59,540,054	\$ 54,297,830	\$ 61,604,314	\$ 69,238,264	\$ 67,581,166

	Fiscal Year				
	2009	2010	2011	2012	2013
Operating revenues:					
Passenger fares	\$ 11,500,513	\$ 10,845,845	\$ 12,572,896	\$ 14,088,340	\$ 13,839,658
Demand response	151,853	218,147	267,176	245,620	253,712
Total operating revenues	11,652,366	11,063,992	12,840,072	14,333,960	14,093,370
Nonoperating revenues:					
Federal maintenance assistance	1,414,206	2,033,508	2,453,338	2,538,836	1,998,328
State operating assistance	3,340,209	3,521,850	3,567,209	3,847,388	3,917,007
Other federal grants	1,423,661	5,835,531	5,898,891	6,591,806	5,236,886
Special project assistance - state grants	912,185	469,226	777,813	1,124,795	3,004,543
Special project assistance - local grants	533,329	631,817	638,668	672,877	767,849
Property tax revenues, net	34,156,128	29,893,863	26,868,560	33,009,275	32,282,955
Investment income	419,287	271,233	127,470	221,905	146,824
Advertising revenue	163,586	247,725	395,847	439,557	417,851
Fuel tax refunds	595,739	580,860	560,059	610,910	610,172
Other, net	52,950	109,777	371,339	321,745	275,397
Total nonoperating revenues	43,011,280	43,595,390	41,659,194	49,379,094	48,657,812
Capital grants	6,990,339	12,583,561	3,919,798	4,343,650	15,555,810
Special items - loss on sale of facilities and abandonment of software package	-	-	-	-	-
Total all revenues	\$ 61,653,985	\$ 67,242,943	\$ 58,419,064	\$ 68,056,704	\$ 78,306,992

Note: The statistical section contains "Unaudited" data.

Revenues by Function/Program Last Ten Fiscal Years

Fiscal Years 2004 - 2013



Note: The statistical section contains "Unaudited" data.

Expenses by Function/Program Last Ten Fiscal Years

Fiscal Years 2004 - 2013

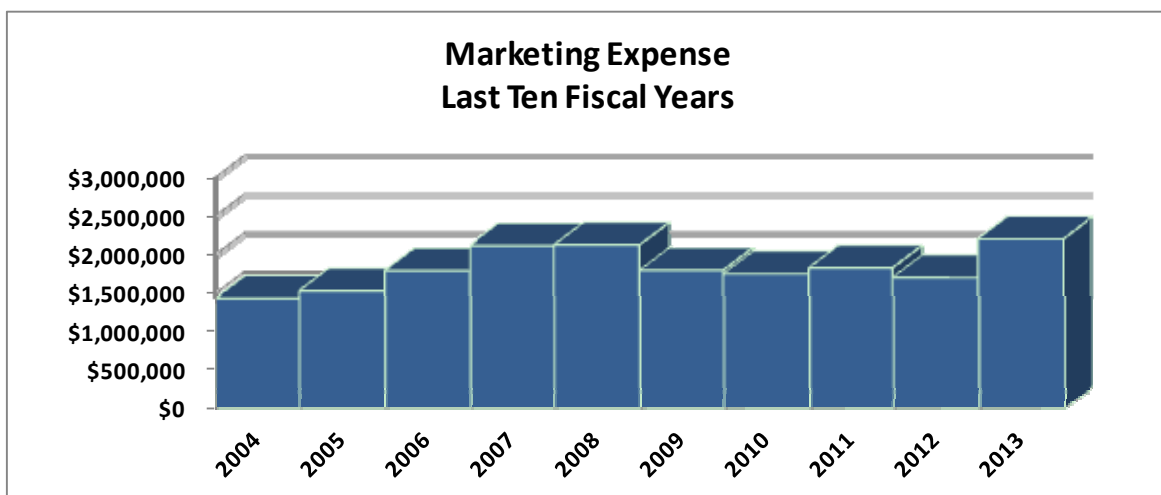
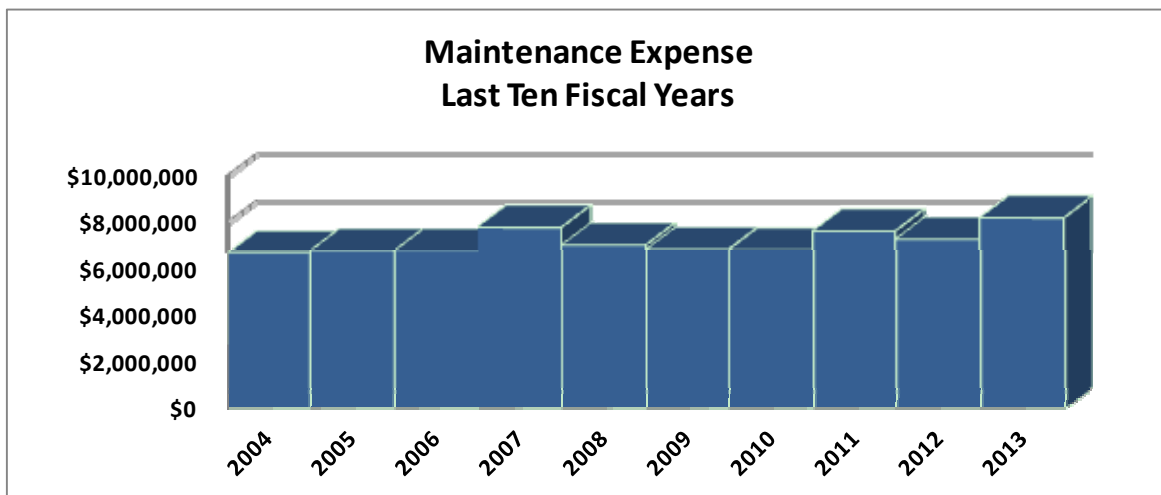
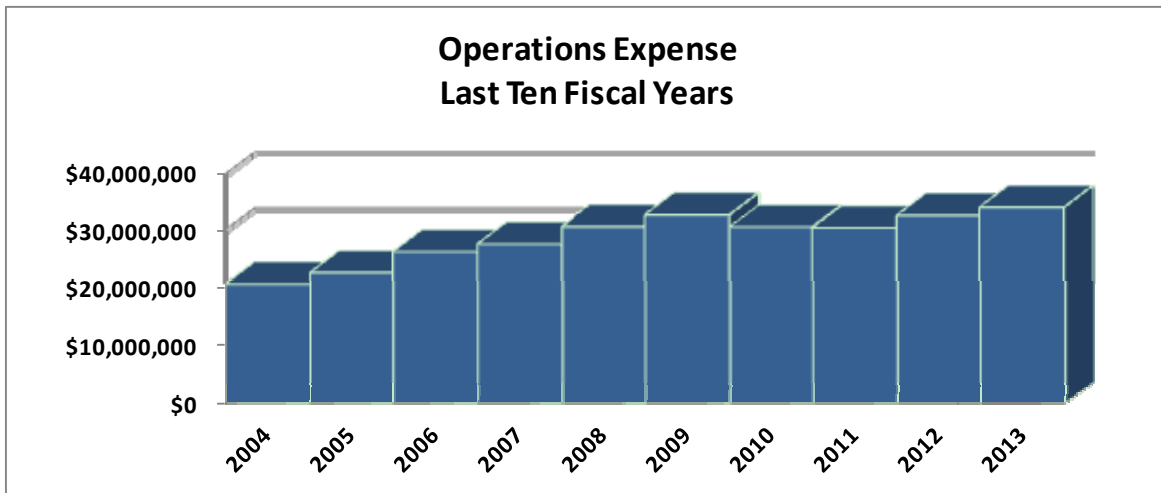
	Fiscal Year				
	2004	2005	2006	2007	2008
Operating expenses:					
Operations	\$ 20,704,456	\$ 22,633,361	\$ 26,221,417	\$ 27,549,595	\$ 30,562,932
Purchased Transportation	4,375,490	4,459,666	4,524,549	4,737,036	4,445,330
Maintenance	6,656,554	6,757,062	6,768,943	7,764,003	7,011,017
Administration and finance	6,878,399	7,059,258	11,243,446	10,992,624	11,283,296
Marketing	1,436,895	1,532,512	1,792,109	2,111,843	2,123,776
Total operating expenses , before depreciation	40,051,794	42,441,859	50,550,464	53,155,101	55,426,351
Depreciation	6,196,239	5,997,701	6,817,959	9,381,743	9,630,848
Special items - loss on sale of facilities and abandonment of software package	-	1,553,284	3,719,636	-	-
Total all expenses	<u>\$ 46,248,033</u>	<u>\$ 49,992,844</u>	<u>\$ 61,088,059</u>	<u>\$ 62,536,844</u>	<u>\$ 65,057,199</u>

	Fiscal Year				
	2009	2010	2011	2012	2013
Operating expenses:					
Operations	\$ 32,628,559	\$ 30,500,001	\$ 30,351,762	\$ 32,524,451	\$ 33,907,097
Purchased Transportation	4,318,338	5,228,768	5,656,328	5,043,284	5,711,448
Maintenance	6,817,534	6,791,680	7,604,823	7,256,709	8,172,956
Administration and finance	10,248,034	10,980,462	10,243,021	9,333,777	9,762,130
Marketing	1,796,891	1,750,723	1,826,406	1,702,420	2,202,059
Total operating expenses , before depreciation	55,809,356	55,251,634	55,682,340	55,860,641	59,755,690
Depreciation	8,666,368	7,366,225	8,156,263	7,694,806	8,487,063
Special items - loss on sale of facilities and abandonment of software package	-	-	-	-	-
Total all expenses	<u>\$ 64,475,724</u>	<u>\$ 62,617,859</u>	<u>\$ 63,838,603</u>	<u>\$ 63,555,447</u>	<u>\$ 68,242,753</u>

Note: The statistical section contains "Unaudited" data.

Expenses by Function/Program Last Ten Fiscal Years

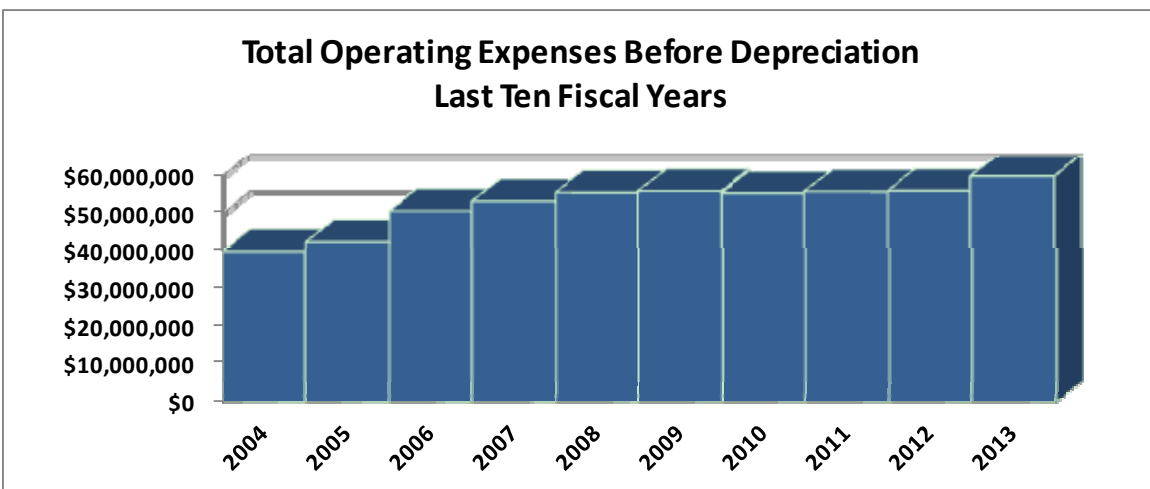
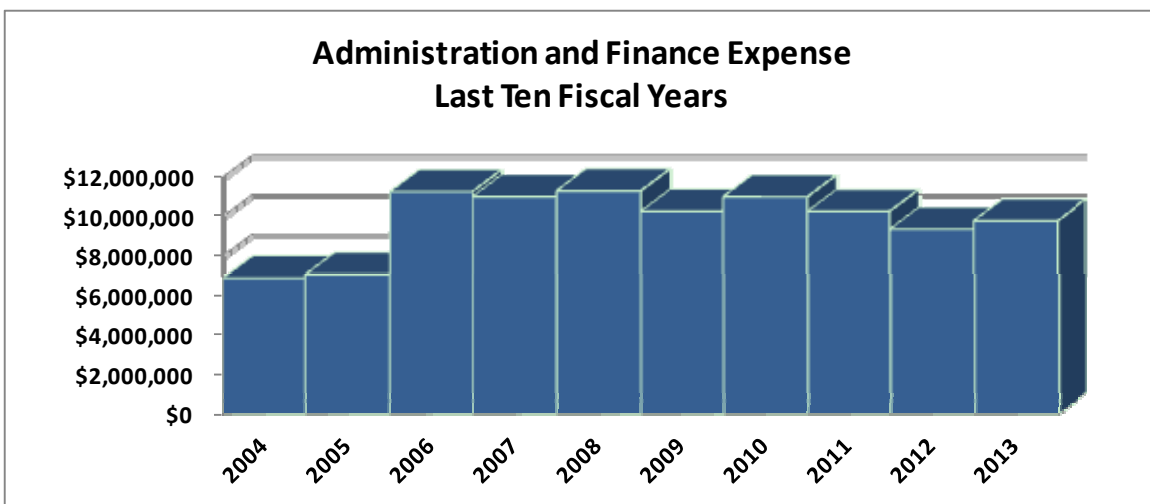
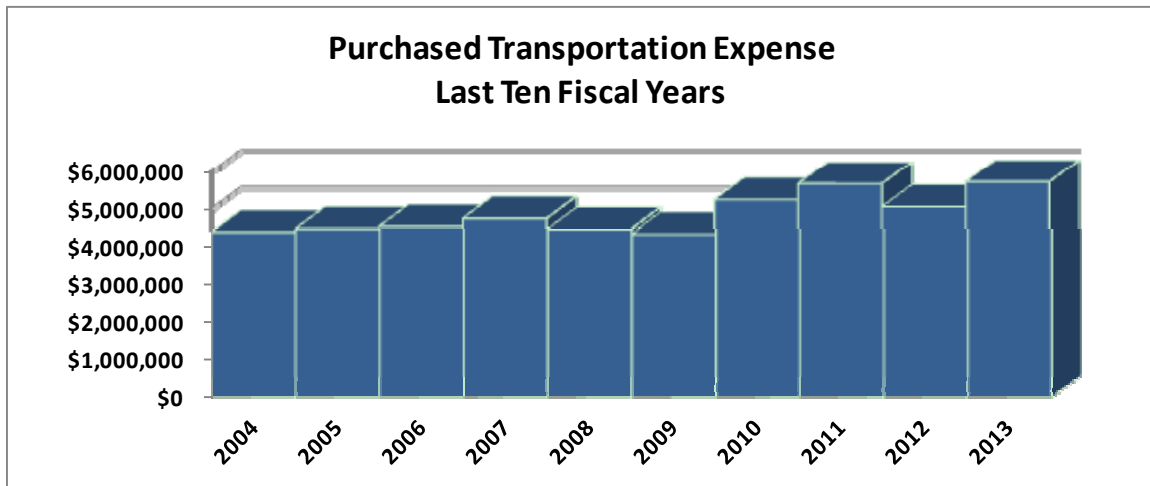
Fiscal Years 2004 - 2013



Note: The statistical section contains "Unaudited" data.

Expenses by Function/Program Last Ten Fiscal Years

Fiscal Years 2004 - 2013



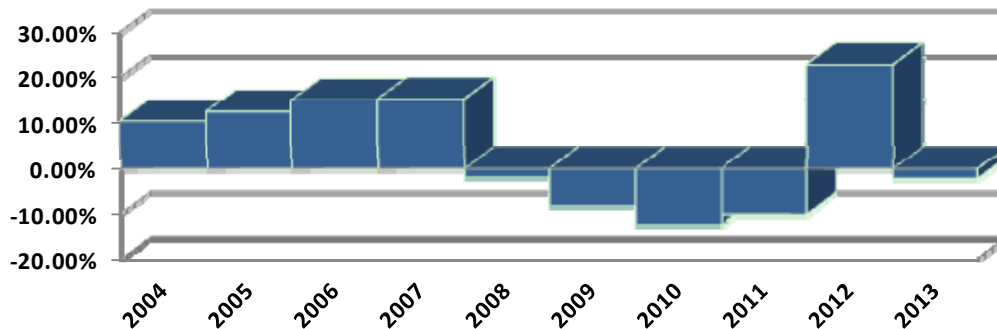
Note: The statistical section contains "Unaudited" data.

Property Tax Revenue by Year Last Ten Fiscal Years

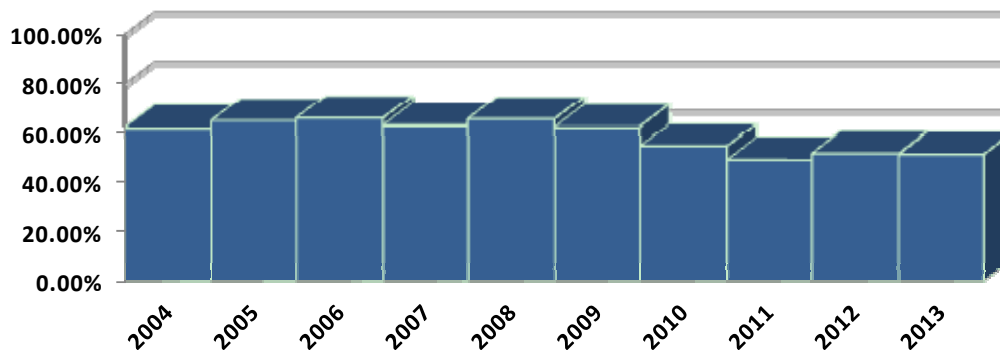
Fiscal Years 2004 - 2013

Fiscal Year	Property Tax Dollars	Percent Change	Total Revenues	Percent of Total	Millage Rate
2004	\$ 25,546,737	10.14%	\$ 41,020,121	62.28%	0.6319
2005	28,689,489	12.30%	44,119,034	65.03%	0.6377
2006	32,964,068	14.90%	49,923,787	66.03%	0.6377
2007	37,972,265	15.19%	60,058,326	63.23%	0.6374
2008	37,231,077	-1.95%	56,713,976	65.65%	0.5601
2009	34,156,128	-8.26%	54,663,646	62.48%	0.5601
2010	29,893,863	-12.48%	54,659,382	54.69%	0.5601
2011	26,868,560	-10.12%	54,499,266	49.30%	0.5601
2012	33,009,275	22.85%	63,713,054	51.81%	0.7305
2013	32,282,955	-2.20%	62,751,182	51.45%	0.7305

Percent Change in Property Tax Revenue by Year Last Ten Fiscal Years



Property Tax Revenue as a Percent of Total Revenues Last Ten Fiscal Years



Note: The statistical section contains "Unaudited" data.

STATISTICAL SECTION (UNAUDITED)

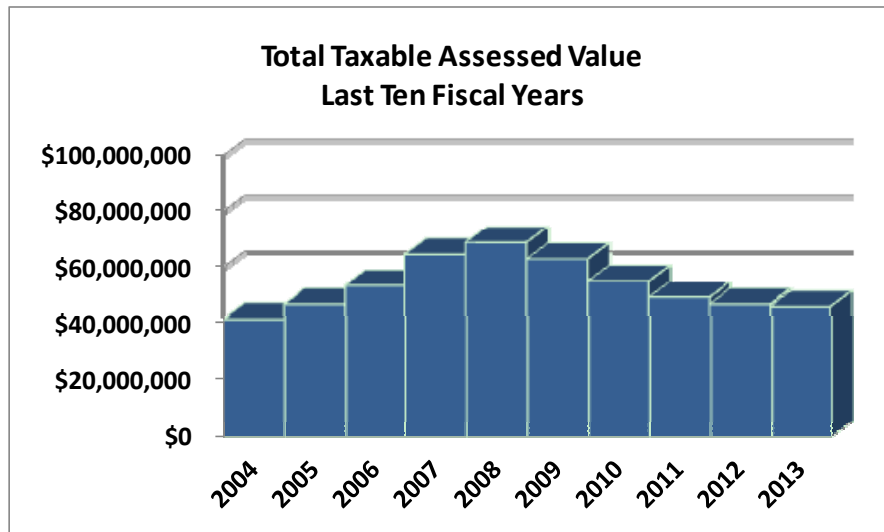
Revenue Capacity

- ◆ Taxable Assessed Value and Estimated Actual Value of Taxable Property (FY 2004 - FY 2013)
- ◆ Direct and Overlapping Property Tax Rates (FY 2004 - FY 2013)
- ◆ Principal Property Tax Payers (FY 2004 and FY 2013)
- ◆ Property Tax Levies and Collections (FY 2004 - FY 2013)
- ◆ Farebox Recovery Percentage (FY 2004 - FY 2013)

**Taxable Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Dollars in Thousands)**

Fiscal Years 2004 - 2013

Fiscal Year	Estimated Actual Value (a)			Total Taxable Assessed Value	Total Direct Tax Rate (d)
	Real Property	Centrally Assessed Property (b)	Exemptions (c)		
2004	\$ 61,477,324	\$ 7,701	\$ 19,940,204	\$ 41,544,821	0.6319
2005	69,647,834	8,854	23,025,950	46,630,738	0.6377
2006	80,885,566	5,373	27,544,028	53,346,911	0.6377
2007	101,664,370	5,344	37,134,829	64,534,885	0.6374
2008	105,695,883	10,858	36,836,404	68,870,337	0.5601
2009	95,175,252	5,564	32,217,853	62,962,963	0.5601
2010	82,584,246	5,928	27,504,794	55,085,380	0.5601
2011	71,085,388	5,421	21,948,052	49,142,757	0.5601
2012	67,013,602	6,100	20,353,324	46,666,378	0.7305
2013	64,892,654	6,150	19,197,776	45,701,028	0.7305



Source: Pinellas County Property Appraiser's Forms DR-403CC, DR-403V, DR-403AM and DR-403AC.

(a) Section 192.001(2), Florida Statutes, defines assessed value of property as "an annual determination of the just or fair market of item or property...." Therefore, grossed assessed value is "Estimated Actual Value." Assessed value is estimated and adjusted annually with a physical inspection every third year.

(b) Centrally assessed property is property that is assessed by the State of Florida rather than by the Property Appraiser since the property is located in more than one county. Real Property only included.

(c) Exemptions are provided for agricultural, government, institutional and historic preservation property. Exemptions available solely to residential property include, but are not limited to, widows/widowers, disabled/blind, \$25,000 homestead and homestead differential (capped).

(d) Total Direct Rate is the average of the direct rates levied (taxes levied to total taxable value). PSTA levies taxes only on real property within the PSTA's geographic area.

Note: The statistical section contains "Unaudited" data.

Direct and Overlapping Property Tax Rates (a)
Last Ten Fiscal Years
(In Mills, Per \$1,000 of Assessed Value)

Fiscal Years 2004 - 2013

Fiscal Year	Direct Rates			Overlapping Rates (b)				Municipalities	
	Basic Rate	Total Direct Rate	PSTA Maximum Allowed Rate	County Board Rate	School Board Rate	Emergency Medical Service	Others District Rate (c)	Lowest	Highest
2004	0.6319	0.6319	0.7500	6.1410	8.2430	0.6600	1.6562	1.0000	7.0900
2005	0.6377	0.6377	0.7500	6.1410	8.1220	0.6600	1.6557	1.0000	7.0900
2006	0.6377	0.6377	0.7500	6.1410	8.3900	0.6600	1.6555	1.0000	6.9500
2007	0.6374	0.6374	0.7500	5.4700	8.2100	0.6300	1.6378	0.8252	6.6000
2008	0.5601	0.5601	0.7500	4.8730	7.7310	0.5832	1.5121	0.7511	5.9125
2009	0.5601	0.5601	0.7500	4.8730	8.0610	0.5832	1.5551	0.7511	5.9125
2010	0.5601	0.5601	0.7500	4.8730	8.3460	0.5832	1.5106	0.7511	5.9125
2011	0.5601	0.5601	0.7500	4.8730	8.3400	0.5832	1.4410	0.7511	5.9125
2012	0.7305	0.7305	0.7500	4.8730	8.3850	0.8506	1.2390	0.7511	5.9125
2013	0.7305	0.7305	0.7500	5.0727	8.3020	0.9158	1.3034	0.7511	6.7742

Source: Pinellas County Tax Collector

(a) Direct rates support the advalorem revenue base recognized by PSTA.

(b) Overlapping rates are those rates levied by other local governments who overlap PSTA's geographic area.

(c) Other Districts includes Pinellas County Planning Council 0.0125; Juvenile Welfare Board 0.8981; SW Florida Water Management District 0.3928.

Note: The statistical section contains "Unaudited" data.

Principal Property Tax Payers Fiscal Year 2013 and Nine Years Ago

Fiscal Years 2004 and 2013

Taxpayer	Business	2013		2004	
		Taxable Assessed Value	Percentage of Total PSTA Taxable Assessed Value	Taxable Assessed Value	Percentage of Total PSTA Taxable Assessed Value
Bellwether Properties, Inc.	Real Estate	\$ 134,375,938	0.29%		
De Bartolo Capital PTNSHP	Retail Mall	115,500,000	0.25%		
Publix Super Markets, Inc.	Grocery	88,252,063	0.19%		
Raymond James & Associates, Inc.	Financial Services	82,112,537	0.18%		
Wal-Mart Stores East, Inc.	Retail Stores	72,797,324	0.16%		
Crystal Beach Capital, LLC	Real Estate	67,848,466	0.15%		
Largo Medical Center, Inc.	Medical Facilities	56,137,192	0.12%		
Duke Energy Florida Inc.	Electric Utility	54,180,316	0.12%		
Pinellas County (leased real estate)	Commercial Uses	50,207,861	0.11%		
Franklin Templeton	Investments	50,000,000	0.11%		

Source: Pinellas County Property Appraiser

Methodology: Top ten taxpayers identified for Real Property only.

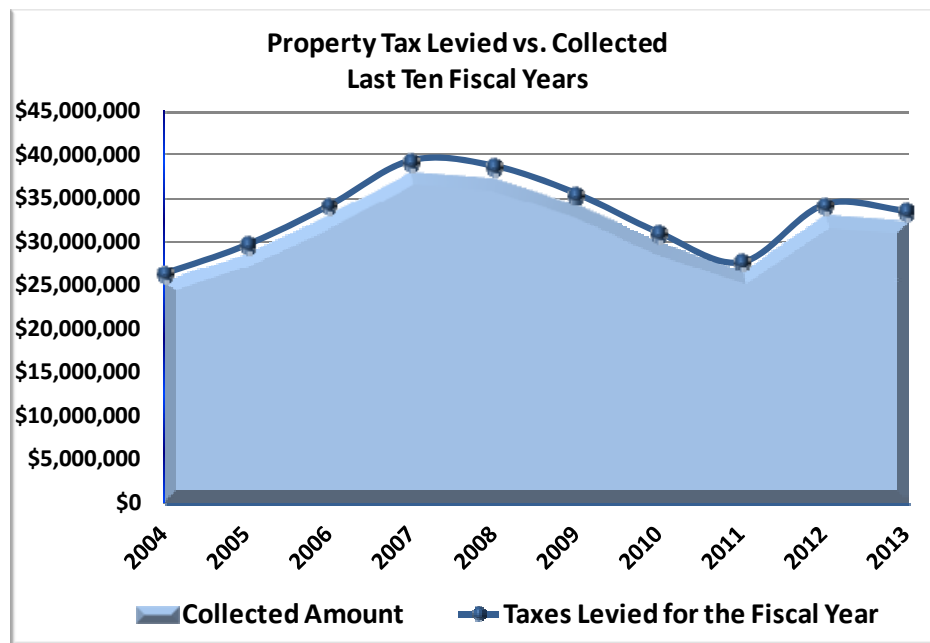
2004 data is not available.

Note: The statistical section contains "Unaudited" data.

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Years 2004 - 2013

Fiscal Year	Taxes Levied for the Fiscal Year (b)	Collected Within the Fiscal Year of Levy (a)		Collections in Subsequent Years (c)	Total Collections to Date	
		Collected Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 26,267,553	\$ 25,344,935	96.49%	\$ 174,950	\$ 25,519,885	97.15%
2005	29,545,844	28,514,539	96.51%	94,551	28,609,090	96.83%
2006	34,028,705	32,869,517	96.59%	83,312	32,952,829	96.84%
2007	39,214,037	37,888,953	96.62%	56,874	37,945,827	96.77%
2008	38,595,686	37,174,203	96.32%	100,533	37,274,736	96.58%
2009	35,427,486	34,055,595	96.13%	58,657	34,114,252	96.29%
2010	30,966,619	29,835,206	96.35%	285,698	30,120,904	97.27%
2011	27,609,711	26,582,862	96.28%	84,751	26,667,613	96.59%
2012	34,182,509	32,924,524	96.32%	64,634	32,989,158	96.51%
2013	33,455,349	32,218,321	96.30%	-	32,218,321	96.30%



Source: Pinellas County Tax Collector's Form DR-502.

(a) Section 197.162, Florida Statutes, provide a 1% per month discount up to 4% for payments between November and February. Taxes collected after July 1st are categorized as delinquent.

(b) This is the revenue to be generated based on PSTA's direct rates; see page 57.

(c) All delinquent tax collections received during the year are applied to Collections the year prior to collection, regardless of the year in which the taxes were originally levied. Therefore this may result in the Percentage of Levy in Total Collections to be greater than 100%.

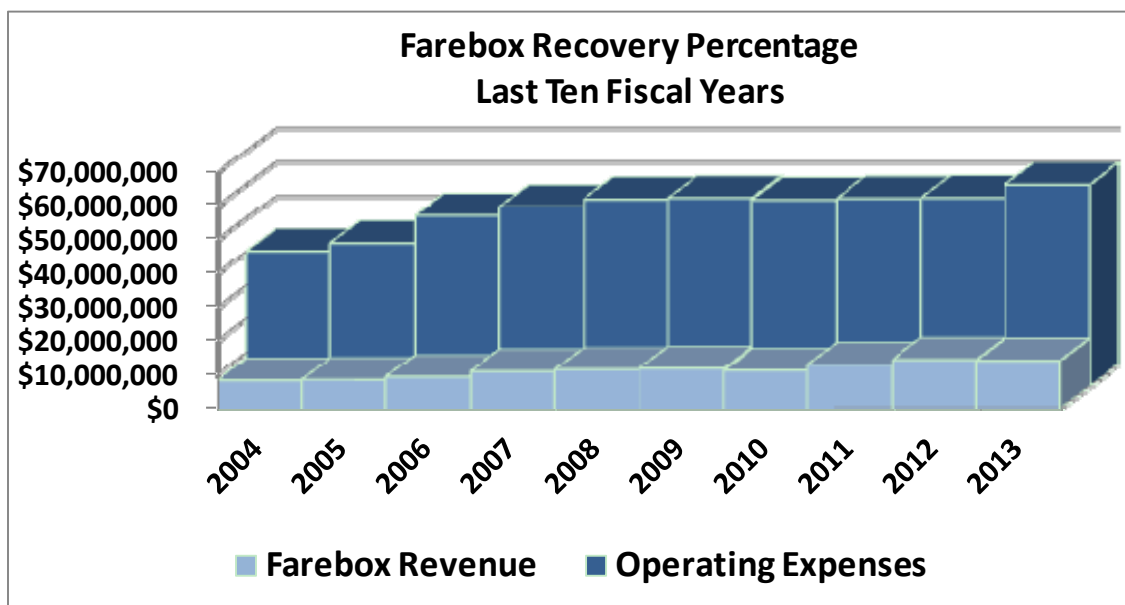
Delinquent taxes by levy year are not available.

Note: The statistical section contains "Unaudited" data.

Farebox Recovery Percentage Last Ten Fiscal Years

Fiscal Years 2004 - 2013

Fiscal Year	Farebox Revenue	Percent Change	Operating Expenses (a)	Percent Change	Farebox Recovery
2004	\$ 8,185,231	1.08%	\$ 40,051,794	8.48%	20.44%
2005	8,387,530	2.47%	42,441,859	5.97%	19.76%
2006	9,165,409	9.27%	50,550,464	19.11%	18.13%
2007	10,847,632	18.35%	53,155,101	5.15%	20.41%
2008	11,405,242	5.14%	55,426,351	4.27%	20.58%
2009	11,652,366	2.17%	55,809,356	0.69%	20.88%
2010	11,063,992	-5.05%	55,251,634	-1.00%	20.02%
2011	12,840,072	16.05%	55,682,340	0.78%	23.06%
2012	14,333,960	11.63%	55,860,641	0.32%	25.66%
2013	14,093,370	-1.68%	59,755,690	6.97%	23.58%



(a) Excludes depreciation.

Note: The statistical section contains "Unaudited" data.

STATISTICAL SECTION (UNAUDITED)

Demographic and Economic Information

- ◆ Demographics, Population and Economic Statistics (FY 2004 - FY 2013)
- ◆ Principal Employers (FY 2004 and FY 2013)

Demographics, Population and Economic Statistics Last Ten Fiscal Years

Fiscal Years 2004 - 2013

Fiscal Year	Population (a)	Personal Income (dollars in thousands) (b)	Per Capita Personal Income (b)	School Enrollment (c)	Unemployment Rate (d)
2013	926,610	N/A (e)	N/A (e)	102,672	6.7%
2012	915,680	43,784,138	47,523	122,012	8.5%
2011	918,496	41,677,239	45,428	136,396	10.3%
2010	927,994	39,598,328	43,211	130,396	11.5%
2009	931,113	37,447,664	40,912	138,167	10.6%
2008	938,461	39,951,966	43,594	129,091	6.4%
2007	944,199	40,251,093	43,817	135,242	4.0%
2006	948,102	39,415,978	42,650	136,185	3.3%
2005	947,744	37,329,162	40,164	159,104	3.8%
2004	943,640	34,825,426	37,515	144,579	4.4%

(a) Source: Bureau of Economic & Business Research, University of Florida 2004-2013. Data available at State of Florida Office of Economic and Demographic Research.

(b) Source: Bureau of Economic Analysis, U.S. Department of Commerce (2003-2012).

(c) Source: The School Board of Pinellas County.

(d) Source: U.S. Department of Labor, September annually (not seasonally adjusted).

(e) Information not available.

Note: The statistical section contains "Unaudited" data.

**Principal Employers
Current Year and Nine Years Ago**

Fiscal Years 2004 and 2013

Employer	2013 (a)			2004 (b)		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
The Pinellas County School Board	15,967	1	3.95%			
U.S. Dept. of Veteran Affairs	4,364	2	1.08%			
City of St. Petersburg	3,120	3	0.77%			
HSN Inc.	2,800	4	0.69%			
St. Petersburg College	2,697	5	0.67%			
Raymond James Financial Inc.	2,600	6	0.64%			
Pinellas County Sherriff Office	2,596	7	0.64%			
Bayfront Medical Center	2,500	8	0.62%			
Tech Data Corp	2,500	9	0.62%			
All Children's Hospital	2,300	10	0.57%			
Total County Employment	403,788					

(a) Source: Florida Research and Economic Database and Pinellas County Department of Economic Development

(b) Information not available.

Note: The statistical section contains "Unaudited" data.

STATISTICAL SECTION (UNAUDITED)

Operating Information

- ◆ Bus Service Effort and Accomplishments Per Mile (FY 2004 - FY 2013)
- ◆ Bus Service Effort and Accomplishments Per Hour (FY 2004 - FY 2013)
- ◆ Unlinked Passenger Changes (FY 2004 - FY 2013)
- ◆ Vehicles Operated in Maximum Service (FY 2004 - FY 2013)
- ◆ Number of Employees (FY 2004 - FY 2013)
- ◆ Miscellaneous Statistical Data (FY 2004 - FY 2013)

**Bus Service Effort and Accomplishments Per Mile
Last Ten Fiscal Years**

Fiscal Years 2004 - 2013

Fiscal Year	Revenue Vehicle Miles (a)	Percent of Change	Operating Expense (b) Per Mile	Operating Expense (b) Per Passenger Mile	Unlinked Passenger Trips Per Mile (c)
2004	7,956,137	3.90%	\$ 4.46	\$ 0.75	1.22
2005	8,352,239	4.98%	4.63	0.81	1.22
2006	8,639,667	3.44%	5.42	0.75	1.29
2007	9,027,634	4.49%	5.38	0.87	1.26
2008	9,336,502	3.42%	5.87	0.83	1.35
2009	8,762,280	-6.15%	5.87	0.83	1.36
2010	9,000,501	2.72%	5.59	0.76	1.42
2011	8,796,952	-2.26%	5.76	0.71	1.45
2012	8,877,809	0.92%	5.78	0.72	1.54
2013	9,073,836	2.21%	6.21	0.78	1.56

Source: PSTA

(a) Does not include demand response.

(b) Operating expense excludes depreciation.

(c) Unlinked passenger figures count passengers each time that person boards a transit vehicle from the initial point of origin until he or she reaches a final destination.

Note: The statistical section contains "Unaudited" data.

**Bus Service Effort and Accomplishments Per Hour
Last Ten Fiscal Years**

Fiscal Years 2004 - 2013

Fiscal Year	Revenue Vehicle Hours (a)	Percent of Change	Operating Expense (b) Per Hour	Operating Expense (b) Per Passenger Trip	Unlinked Passenger Trips Per Hour (c)
2004	548,137	4.80%	\$ 64.74	\$ 3.66	17.70
2005	569,668	3.93%	67.87	3.79	17.91
2006	589,159	3.42%	69.32	3.67	18.91
2007	615,556	4.48%	78.92	4.26	18.53
2008	652,462	6.00%	77.42	4.00	19.33
2009	611,629	-6.26%	84.02	4.30	19.54
2010	628,430	2.75%	80.11	3.93	20.39
2011	614,318	-2.25%	82.45	3.96	20.83
2012	620,760	1.05%	82.65	3.74	22.09
2013	636,039	2.46%	85.83	3.86	22.25

Source: PSTA

(a) Does not include demand response.

(b) Operating expense excludes depreciation.

(c) Unlinked Passenger figures count passengers each time that person boards a transit vehicle from the initial point of origin until he or she reaches a final destination.

Note: The statistical section contains "Unaudited" data.

**Unlinked Passenger Changes
Last Ten Fiscal Years**

Fiscal Years 2004 - 2013

Fiscal Year	Bus	Percent of Change
2004	9,701,063	2.20%
2005	10,204,222	5.19%
2006	11,141,685	9.19%
2007	11,407,445	2.39%
2008	12,613,937	10.58%
2009	11,953,082	-5.24%
2010	12,811,835	7.18%
2011	12,798,221	-0.11%
2012	13,713,027	7.15%
2013	14,150,506	3.19%

Source: PSTA

Note: The statistical section contains "Unaudited" data.

**Vehicles Operated in Maximum Service
Last Ten Fiscal Years**

Fiscal Years 2004 - 2013

Fiscal Year	Bus (a)	Percent of Change
2004	141	2.17%
2005	152	7.80%
2006	165	8.55%
2007	175	6.06%
2008	173	-1.14%
2009	172	-0.58%
2010	167	-2.91%
2011	170	1.80%
2012	170	0.00%
2013	179	5.29%

Source: PSTA

(a) Does not include demand response.

Note: The statistical section contains "Unaudited" data.

**Number of Employees
Last Ten Fiscal Years**

Fiscal Years 2004 - 2013

Fiscal Year	Full-Time	Part-Time	Total	Percent of Change
2004	566.7	0	566.7	4.19%
2005	574.9	0	574.9	1.45%
2006	583.2	0	583.2	1.44%
2007	602.0	0	602.0	3.22%
2008	640.0	0	640.0	6.31%
2009	633.0	0	633.0	-1.09%
2010	611.0	0	611.0	-3.48%
2011	621.0	0	621.0	1.64%
2012	607.0	1	608.0	-2.09%
2013	608.5	8.5	617.0	1.48%

Source: PSTA

Note: A full-time employee is scheduled to work 260 days per year (365 minus two days off per week).

At eight hours per day, 2,080 hours are scheduled per year (including Paid Time Off). Full time equivalent employment is calculated by dividing total labor hours by 2,080.

Note: The statistical section contains "Unaudited" data.

Miscellaneous Statistical Data Last Ten Fiscal Years

Fiscal Years 2004 - 2013

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Population served by Bus	896,651	881,868	881,705	858,947	863,796	883,631	871,480	922,616	922,616	922,616
Size of land area served by Bus (in square miles)	258	226	226	229	230	240	238	243	243	243
Number of Bus Routes	43	44	42	45	45	38	38	37	37	40
Annual PSTA Bus Passenger Miles (in millions) (Excludes Demand Response)	47,241	47,880	54,078	55,361	60,392	61,549	66,145	705,278	67,977	67,078
Miles of Bus Route - Directional Miles	1,045.7	1,006.0	1,011.4	1,006.0	1,011.0	912.9	892.1	898.8	907.2	907.2
Average On Time Performance	96.3	95.4	94.8	93.0	86.9	89.4	91.2	90.5	90.4	82.3
Number of Bus Stop Locations	5,655	5,655	5,735	5,691	5,679	5,691	5,172	5,159	5,105	5,141
Number of Bus Park and Ride Facilities	3	3	3	3	3	3	3	3	2	2
Number of Transit Centers	3	3	3	3	3	3	3	3	3	3
Number of Transfer Centers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	14	14	14
Number of Passenger Shelters	426	501	565	639	671	639	712	742	707	707
No. of Buses in Active Fleet	176	180	197	208	205	195	191	191	186	194
Average Vehicle Age (in years)	6.36	6.07	4.57	4.79	4.40	4.49	4.40	5.40	6.40	7.40
Investment in Property and Equipment (in thousands)	\$ 65,865	\$ 84,597	\$ 85,860	\$ 85,021	\$ 85,356	\$ 83,476	\$ 88,539	\$ 78,170	\$ 76,412	\$ 76,412

Source: PSTA

N/A : Information not available.

Note: The statistical section contains "Unaudited" data.

SECTION V
REGULATORY SECTION



**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**

To the Members of the Board
Pinellas Suncoast Transit Authority:

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 business-type activities of the Pinellas Suncoast Transit Authority (the Authority) as of and for the year ended September 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated March 19, 2014.

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.

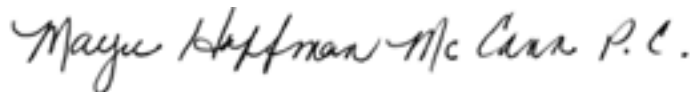
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

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.

A handwritten signature in cursive script that reads "Mayra Hoffman McCann P.C.".

March 19, 2014
Clearwater, Florida



**Independent Auditor's Report on Compliance for Each Major Program and on
Internal Control Over Compliance Required by OMB Circular A-133 and
Chapter 10.550, Rules of the Auditor General, State of Florida**

To the Members of the Board
Pinellas Suncoast Transit Authority:

Report on Compliance for Each Major Federal Program and State Financial Assistance Project

We have audited Pinellas Suncoast Transit Authority (the Authority)'s compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement that could have a direct and material effect on each of the Authority's major federal programs and state financial assistance projects for the year ended September 30, 2013. The Authority's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state financial assistance projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs and state financial assistance projects 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Auditor General*. Those standards, OMB Circular A-133, and Chapter 10.550 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 a major federal program and state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the Authority'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 each major federal program and state financial assistance project. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program and State Financial Assistance Project

In our opinion, the Authority, 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 major federal programs and state financial assistance projects for the year ended September 30, 2013.

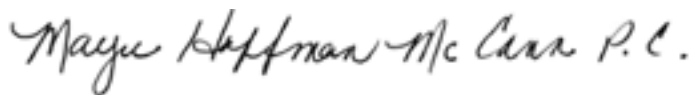
Report on Internal Control Over Compliance

Management of the Authority 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 Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state financial assistance project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state financial assistance project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, *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 Authority'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 a federal program and state financial assistance 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 a federal program and state financial assistance 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 a type of compliance requirement of a federal program and state financial assistance 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.

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 the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.



March 19, 2014
Clearwater, Florida

PINELLAS SUNCOAST TRANSIT AUTHORITY

Schedule of Findings and Questioned Costs

Year Ended September 30, 2013

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported
- Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards and State Projects Section

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) Circular A-133 and/or Chapter 10.550?

☐ Yes ☒ No

PINELLAS SUNCOAST TRANSIT AUTHORITY

Schedule of Findings and Questioned Costs - Continued

Section I - Summary of Auditor's Results - Continued

Federal Awards and State Projects Section - (Continued)

Identification of major federal programs and state projects:

<u>Federal Programs</u>	<u>CFDA Number</u>
U.S. Department of Transportation: Federal Transit Cluster – ARRA	20.500/20.507
U.S. Department of Homeland Security Transit Security Grant Program	97.075
<u>State Programs</u>	<u>CSFA Number</u>
Florida Department of Transportation: Public Transit Block Grant Program	55.010
Public Transit Service Development Program	55.012

The threshold for distinguishing Type A programs was \$683,731 for federal programs and \$300,000 for state projects.

- Auditee qualified as low-risk auditee? ☐ Yes ☒ No

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no findings required to be reported in accordance with *Government Auditing Standards*.

Section III - Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major federal programs or state projects.

There were no findings required to be reported in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General - Local Governmental Entity Audits*.

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year Ended September 30, 2013

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA# / CSFA#	Grant or Contract Number	Expenditures	Subrecipient
U.S. Department of Transportation:				
<i>Direct Program:</i>				
Federal Transit Capital Investments Grant	20.500	FL 17-0001	\$ 1,116,080	-
Federal Transit Capital Investments Grant	20.500	FL 04-0135	804	-
Federal Transit Capital Investments Grant	20.500	FL 04-0142	4,975,252	-
Federal Transit Capital Investments Grant	20.500	FL 04-0162	2,528,117	-
Federal Transit Formula Grant	20.507	FL 90-0811	11,382	-
Federal Transit Formula Grant	20.507	FL 90-0783	8,633,637	-
Federal Transit Formula Grant	20.507	FL 90-0758	1,641,002	-
Federal Transit Formula Grant	20.507	FL 90-0648	44,391	-
Federal Transit Formula Grant	20.507	FL 90-0689	376,994	-
Federal Transit Formula Grant	20.507	FL 90-0723	1,722,400	-
Total			21,050,059	-
American Recovery and Reinvestment Act of 2009				
Federal Transit Formula Grant	ARRA20.507	FL 96-X004	169,826	-
Total program				-
<i>Passed through Pinellas County Metropolitan Planning Organization:</i>				
Federal Transit Formula Grant	20.505	WPI7816685	80,000	-
New Freedom - Mobility Management	20.521	FL57-X009-04	89,073	-
Total U.S. Department of Transportation			21,388,958	-
U.S. Department of Homeland Security:				
<i>Passed through Federal Emergency Management Agency:</i>				
Transit Security Grant Program	97.075	2010-RA-T0-0030	1,177,308	-
Transit Security Grant Program	97.075	EMW-2011-RA-T0-00090	212,464	-
			1,389,772	-
U.S. Department of Homeland Security:				
<i>Passed through State of Florida, Division of Emergency Management:</i>				
Division of Emergency Management	97.075	10-DS-43-08-62-20-199	5,210	-
Division of Emergency Management	97.075	10-DS-52-13-00-20-251	7,085	-
Total U.S. Department of Homeland Security			1,402,067	-
Total expenditures of federal awards			\$ 22,791,025	-
Florida Department of Transportation:				
<i>Direct Program:</i>				
Public Transit Block Grant Program	55.010	402513-1-84-13	\$ 3,917,007	-
Commission of Transportation Disadvantaged Trip and Equipment	55.001	AQP31	2,032,838	-
Public Transit Service Development Program (Route 35)	55.012	428051-1-84-01	63,142	-
Public Transit Service Development Program (Jolley Trolley)	55.012	428051-1-84-01	91,238	-
			154,380	-
Transit Corridor Program (Eastlake-NCF)	55.013	430319-1-84-01	285,000	-
Transit Corridor Program (Curlew Road-NCF)	55.013	430320-1-84-01	211,000	-
Transit Corridor Program (Route 100X)	55.013	410695-1-84-13	155,100	-
Transit Corridor Program (Route 300X)	55.013	418695-1-84-08	165,100	-
Total program			816,200	-
Maintenance Training Grant	55.020	418671-2-93-02	1,125	-
Total expenditures of state financial assistance			\$ 6,921,550	-

**Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance**

Year Ended September 30, 2013

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance includes all federal and state grant activity of the Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550 of the *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

(2) Capital Assets

Approximately \$15.6 million in capital assets was purchased using federal grant awards during the fiscal year ending September 30, 2013. These amounts have been capitalized for financial statement purposes and reflected as Capital Assets on the Statement of Net Position.

PINELLAS SUNCOAST TRANSIT AUTHORITY

Summary Schedule of Prior Audit Findings

Year Ended September 30, 2013

Summary of Prior Year Audit Findings

Finding 2012-01: Grant reconciliation, Schedule of Federal Expenditures and State Financial Assistance (SEFA) report and year-end cut off.

This finding was resolved during the current year.



Independent Auditor's Management Letter

The Members of the Board
Pinellas Suncoast Transit Authority:

We have audited the financial statements of the Pinellas Suncoast Transit Authority (the Authority) as of and for the year ended September 30, 2013 and have issued our report thereon dated March 19, 2014.

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, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Auditor General*. 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 the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133 and *Rules of the Auditor General*, State of Florida, Chapter 10.550; and the related Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 19, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

- 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report as noted under the heading Summary of Prior Year Audit Findings in the Schedule of Findings and Questioned Costs.
- Section 10.554(1)(i)(2)., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, *Florida Statutes*, regarding the investment of public funds. In connection with our audit, nothing came to our attention that caused us to believe the Authority was not in compliance with Section 218.415, *Florida Statutes*.
- Section 10.554(1)(i)(3)., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

- Section 10.554(1)(i)(4)., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that may have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)(5)., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.
- Section 10.554(1)(i)(6)(a)., *Rules of the Auditor General*, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), *Florida Statutes*, and identification of the specific conditions met. In connection with our audit, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*.
- Section 10.554(1)(i)(6)(b)., *Rules of the Auditor General*, requires that we determine whether the annual financial report for the Authority for the fiscal year ended September 30, 2013, 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, 2013. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)(6)(c) and 10.556(7)., *Rules of the Auditor General*, we applied financial condition assessment procedures. 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 the review of the financial information provided by same.

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, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Maya Hoffman Mc Carr P.C.

March 19, 2014
Clearwater, Florida