



# **Comprehensive Annual Financial Report**

**For Fiscal Year 2014**

(October 1, 2013 through September 30, 2014)

Pinellas Suncoast Transit Authority, Florida

# Pinellas Suncoast Transit Authority

## St. Petersburg, Florida

---

### Comprehensive Annual Financial Report

For Fiscal Year 2014  
(October 1, 2013 through September 30, 2014)

#### 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**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b><u>SECTION I - INTRODUCTORY SECTION</u></b>	
Transmittal Letter .....	2
GFOA Certificate of Achievement.....	8
Organization Chart .....	9
Elected and Appointed Officials .....	10
Directory of Officials .....	12
<b><u>SECTION II - FINANCIAL SECTION</u></b>	
Independent Auditor's Report .....	14
Management's Discussion and Analysis (Unaudited).....	17
Basic Financial Statements:	
Statements of Net Position .....	24
Statements of Revenues, Expenses and Changes in Net Position.....	25
Statements of Cash Flows .....	26
Notes to Financial Statements .....	27
<b><u>SECTION III - REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)</u></b>	
Other Postemployment Benefits .....	47
<b><u>SECTION IV - STATISTICAL SECTION (UNAUDITED)</u></b>	
Financial Trends:	
Net Position by Components (FY 2005 - FY 2014).....	51
Changes in Net Position (FY 2005 - FY 2014).....	52
Revenues by Function/Program (FY 2005 - FY 2014) .....	54
Expenses by Function/Program (FY 2005 - FY 2014).....	56
Property Tax Revenue by Year (FY 2005 - FY 2014) .....	59
Revenue Capacity:	
Taxable Assessed Value and Estimated Actual Value of Taxable Property (FY 2005 - FY 2014) .....	61
Direct and Overlapping Property Tax Rates (FY 2005 - FY 2014) .....	62
Principal Property Tax Payers (FY 2005 and FY 2014) .....	63
Property Tax Levies and Collections (FY 2005 - FY 2014) .....	64
Farebox Recovery Percentage (FY 2005 - FY 2014).....	65

## **TABLE OF CONTENTS - CONTINUED**

	<b><u>Page</u></b>
Demographic and Economic Information:	
Demographics, Population and Economic Statistics (FY 2005 - FY 2014).....	67
Principal Employers (FY 2005 and FY 2014).....	68
Operating Information:	
Bus Service Effort and Accomplishments Per Mile (FY 2005 - FY 2014) .....	70
Bus Service Effort and Accomplishments Per Hour (FY 2005 - FY 2014).....	71
Unlinked Passenger Changes (FY 2005 - FY 2014) .....	72
Vehicles Operated in Maximum Service (FY 2005 - FY 2014) .....	73
Number of Employees (FY 2005 - FY 2014).....	74
Miscellaneous Statistical Data (FY 2005 - FY 2014) .....	75

## **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 <i>Government Auditing Standards</i> .....	77
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, <i>Rules of the Auditor General</i> , State of Florida.....	79
Schedule of Findings and Questioned Costs .....	81
Schedule of Expenditures of Federal Awards and State Financial Assistance .....	85
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.....	86
Summary Schedule of Prior Audit Findings.....	87
Independent Auditor's Management Letter.....	88
Independent Accountant's Report .....	90

**SECTION I**  
**INTRODUCTORY SECTION**

## Transmittal Letter

March 20, 2015

Mr. Bill Jonson, 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, 2014.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to PSTA for its CAFR for the fiscal year ended September 30, 2013. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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, 2014, 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, 2014, 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 183 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.

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 2014, Authority vehicles traveled a total of 8.8 million revenue miles, providing approximately 613,000 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 5,157 bus stops, 707 shelters, 14 transfer hubs, 3 customer service centers, and a fleet of 199 fixed route vehicles. This represents the highest transit ridership in the history of Pinellas County dating back to 1903, and a four year trend of increased ridership.

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 2014 ridership for each mode compared to FY 2013 National Transit Database (NTD) data is presented below:

Mode	September 30, 2014	September 30, 2013	Percent of Change
<b>Bus Operations</b>	14,183,941	14,150,506	.24%
<b>DART</b>	319,408	317,004	.76%
<b>Total</b>	14,503,349	14,467,510	.25%

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

Related to service delivery, a major initiative of PSTA over the last year was Greenlight Pinellas. The Greenlight Pinellas Plan included transformational bus improvements and future passenger rail that would have significantly enhanced public transportation in Pinellas County. The proposed 1% sales tax referendum did not pass in November, 2014, and now PSTA is working on strategic plans to meet the operating and capital needs of PSTA, primarily the anticipated replacement of life expired buses.

The efforts related to Greenlight Pinellas represented the completion of PSTA's most significant public effort in the history of the Tampa Bay Region. It was historic in its outreach that permanently changed PSTA from a bus company to a vital community service.





## **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 the FY 2015 fiscal year operating and capital budget totaling \$86.8 million. The FY 2015 budget is \$.3 million or .3% over the FY 2014 budget. This financial plan allows the Authority to continue to provide the same level of transit service in FY 2015 consistent with FY 2014.

Capital assets are funded by grants and local funds on a pay-as-you-go basis. The Authority does not anticipate issuing debt to fund capital assets.

## **Factors Affecting Financial Planning**

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 6.2%, higher than the national rate of 5.9% and slightly higher than the statewide rate of 6.1%. 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 \$4.6 million or 12.0% since 2007. The millage rate for 2007 was 0.6074 compared to the 2014 millage rate of 0.7305. For FY 2014 and 2015, the PSTA Board approved a millage rate of 0.7305 with a statutory limit of 0.7500 mills.

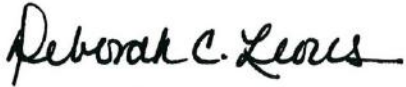
**Financial Policies.** During fiscal year 2014 a Liability Debt Management Policy was enacted with revisions to the Cash Reserve and Investment policies. These policy amendments, while enhancing controls and procedures, did not have a significant impact on the current period's financial statements.

**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, 2014, the Authority's unrestricted net assets totals \$36.5 million. Long-term financial projections are maintained and updated when significant events occur that warrant changes to the underlying assumptions.

### 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,

A handwritten signature in dark ink, reading "Deborah C. Leous". The signature is fluid and cursive, with the first name being the most prominent.

Deborah C. Leous  
Chief Financial Officer

A handwritten signature in dark ink, reading "Brad Miller". The signature is fluid and cursive, with the first name being the most prominent.

Brad Miller  
Chief Executive Officer

## GFOA Certificate of Achievement



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Pinellas Suncoast Transit Authority**  
**Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

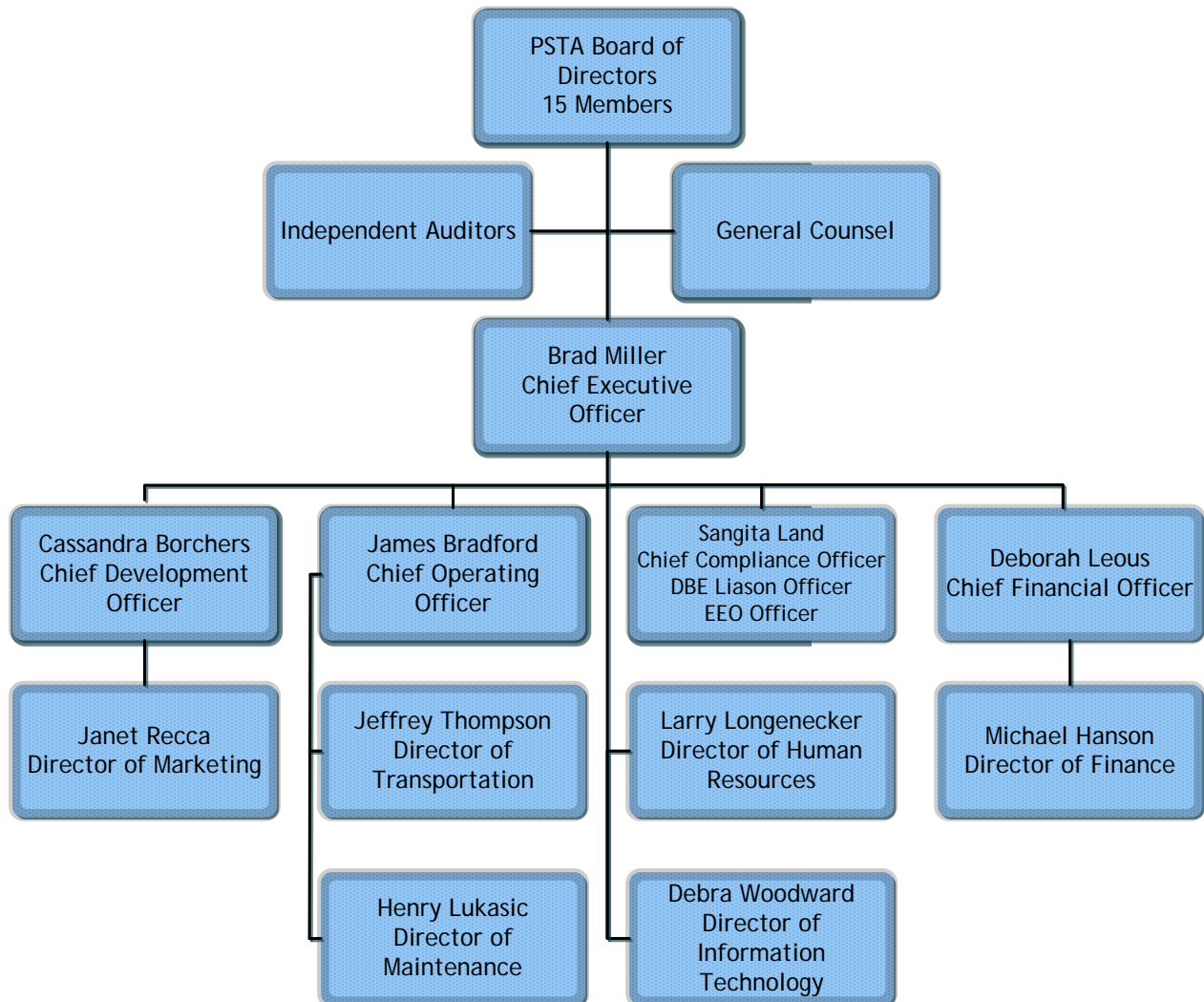
**September 30, 2013**

A handwritten signature in black ink, reading "Jeffrey R. Emer".

Executive Director/CEO



# **Organization Chart** **(As of 9/30/2014)**



**PINELLAS SUNCOAST TRANSIT AUTHORITY****Elected and Appointed Officials  
(As of 9/30/2014)****Board of Directors****Officers**

Kenneth T. Welch, Chairperson  
Bill Jonson, Vice-Chairperson  
Julie Ward Bujalski, Secretary/Treasurer

**Pinellas County**

Susan Latvala  
Janet Long  
John Moroni  
Brian Scott  
Kenneth T. Welch

**City of St. Petersburg**

Ben Diamond  
Wengay "Newt" Newton  
Darden Rice

**City of Belleair Bluffs**

Joseph Barkley

**City of Clearwater**

Bill Jonson

**City of Dunedin**

Julie Ward Bujalski

**City of Largo**

Michael Smith

**City of Pinellas Park**

Patricia F. Johnson

**Town of Redington Beach**

Mark Deighton

**City of Safety Harbor**

Cliff Merz

**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



**Kenneth T. Welch**  
Commissioner  
Pinellas County

### Vice-Chairperson



**Bill Jonson**  
Councilmember  
City of Clearwater

### Secretary/Treasurer



**Julie Ward Bujalski**  
Commissioner  
City of Dunedin



**Joseph Barkley**  
Vice-Mayor  
City of Belleair  
Bluffs



**Mark Deighton**  
Commissioner  
Town of Redington  
Beach



**Ben Diamond**  
Citizen  
City of St. Petersburg



**Patricia F. Johnson**  
Vice-Mayor  
City of Pinellas Park



**Susan Latvala**  
Commissioner  
Pinellas County



**Janet Long**  
Commissioner  
Pinellas County



**Cliff Merz**  
Vice-Mayor  
City of Safety Harbor



**John Morroni**  
Commissioner  
Pinellas County



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



**Darden Rice**  
Councilmember  
City of St. Petersburg



**Brian Scott**  
Citizen  
Pinellas County



**Michael Smith**  
Commissioner  
City of Largo

**Directory of Officials  
(As of September 30, 2014)**

**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**

**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 financial statements of net position of the Pinellas Suncoast Transit Authority (the Authority) as of and for the years ended September 30, 2014 and 2013, and the related statements of revenues, expenses, and changes in 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 Authority'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 Authority'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 respective financial position of the Authority, as of September 30, 2014 and 2013, and the respective 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 47, 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***

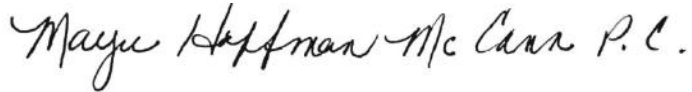
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial 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 Florida 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 20, 2015, 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.

A handwritten signature in cursive script that reads "Maye Hoffman Mc Carr P.C.".

March 20, 2015  
Clearwater, Florida



**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2014**  
**(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, 2014. 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 2014 the assets of the Authority exceeded its liabilities by \$115.8 million. Of this amount, \$36.5 million is unrestricted and may be used to meet the Authority's ongoing obligations. The PSTA Board of Directors committed \$11.1 million for two months of operating reserves, and \$25.4 million for capital asset replacement and other projects.
- Total assets decreased by \$11.2 million or 8.0% in FY 2014. Current assets decreased by \$4.1 million or 7.6%, Long-term assets decreased by \$202.7 thousand or 100.0% and capital assets decreased by \$7.0 million or 8.1%. More details are reflected in the Statements of Cash Flows in this report.
- The Authority's total net position decreased by \$8.3 million or 6.7% from FY 2013. The decrease is attributable to a decrease in capital assets.
- The change in liabilities at the close of the fiscal year reflects a decrease of \$3.0 million or 19.2%. This change in liabilities is a result of a decrease in accounts payable due to accruals for the purchase of buses in FY 2013.
- Based on the most recent actuarial valuation as of September 30, 2014, prepared by the Authority's independent actuary, PSTA risk management liabilities for general liability and workers' compensation increased by approximately \$1.2 million or 33.2% to \$5.0 million.

### THE AUTHORITY'S CONDENSED STATEMENTS OF NET POSITION

	<u>2014</u>	<u>2013</u>	<u>Dollar Increase (Decrease)</u>	<u>Percentage Change</u>	<u>2012</u>
Assets:					
Current and other assets	\$ 49,040,860	\$ 53,099,568	\$ (4,058,708)	(7.64%)	\$ 47,220,313
Long-term assets	-	202,689	(202,689)	(100.00%)	378,252
Capital assets	<u>79,199,247</u>	<u>86,156,611</u>	<u>(6,957,364)</u>	<u>(8.08%)</u>	<u>76,411,608</u>
Total assets	<u>128,240,107</u>	<u>139,458,868</u>	<u>(11,218,761)</u>	<u>(8.04%)</u>	<u>124,010,173</u>
Liabilities:					
Current liabilities	7,849,209	12,296,928 (1)	(4,447,719)	(36.17%)	9,139,612 (1)
Noncurrent liabilities	<u>4,571,954</u>	<u>3,080,555 (1)</u>	<u>1,491,399</u>	<u>48.41%</u>	<u>853,415 (1)</u>
Total liabilities	<u>12,421,163</u>	<u>15,377,483</u>	<u>(2,956,320)</u>	<u>(19.22%)</u>	<u>9,993,027</u>
Net position:					
Invested in capital assets	79,199,247	86,156,611	(6,957,364)	(8.08%)	76,411,608
Unrestricted	36,544,705	37,862,802	(1,318,097)	(3.48%)	37,554,309
Restricted	<u>74,992</u>	<u>61,972</u>	<u>13,020</u>	<u>21.01%</u>	<u>51,229 (1)</u>
Total net position	<u>\$ 115,818,944</u>	<u>\$ 124,081,385</u>	<u>\$ (8,262,441)</u>	<u>(6.66%)</u>	<u>\$ 114,017,146</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 2014 operating results compared to FY 2013:

#### **Revenues**

- Total operating and non-operating revenues for FY 2014 totaled \$62,794,000 or \$43,000 or 0.1% over FY 2013.
- Passenger fares, including demand response fares, decreased \$513,000 or 3.6% under FY 2013 due to increased discounts.
- Advertising income decreased \$170,000 or 40.6% due to a decrease in advertisement sales on buses.
- Federal maintenance assistance increased \$33,000 or 1.7%.
- State operating assistance increased \$99,000 or 2.5%.
- Other Federal grants decreased \$503,000 or 9.6% primarily due to a reallocation of grant funds from maintenance labor to capital projects.
- Special project assistance - state grants decreased \$10,000 or 0.3% under FY 2013.
- Special project assistance – local grants increased \$65,000 or 8.5%.
- Property tax revenues increased \$1,083,000 or 3.4% due to an increase in property values.
- Investment income decreased \$91,000 or 62.1% due to a decrease in interest rates.
- Other revenues increased \$51,000 or 310.8% due to an increased gain on sale of capital assets and increased Transportation Disadvantaged Pass Co-pays.

## Management's Discussion and Analysis - Continued

### Expenses

- Total operating expenses increased \$2,730,000 or 4.6% over FY 2013.
- Operations expenses increased \$561,000 or 1.7% due to increases for wages and fringe benefits.
- Purchased transportation increased \$304,000 or 5.3% due to an increase in DART program costs.
- Maintenance expenses increased \$332,000 or 4.1% due an increase in wages, fringe benefits and parts expense.
- Administration and finance expenses increased \$1,101,000 or 11.3% due to increased wages, fringe benefits, and a large increase in general liability claims expense.
- Marketing expenses increased \$432,000 or 19.6% due to an increase in wages, fringe benefits and an increase in advertising and promotion media expenses relating to the Greenlight Pinellas initiative. Previously, PSTA applied for, and received, a grant from the Department of Homeland Security (DHS) to create a campaign that would invite passengers to participate in ensuring that public transit is a safe and secure mode of travel. Based on discussions with and a subsequent letter from DHS, they concluded the advertising campaign did not meet the scope of the grant. The funds were returned immediately.

### Capital Grants

Capital grants decreased \$14,503,000 or 93.2% due to no delivery of buses in FY 2014, as compared to the previous year.

### OVERALL

The Authority's net position decreased \$8,262,000 primarily due to less capital grants based on decreased capital projects, and increased expenses compared to FY 2013.

## Management's Discussion and Analysis - Continued

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

	2014	2013	Dollar Increase (Decrease)	Percentage Change	2012
Operating revenues:					
Passenger fares	\$ 13,585,399	\$ 14,098,511 (1)	\$ (513,112)	(3.64%)	\$ 14,279,728 (1)
Demand response	248,026	253,712	(5,686)	(2.24%)	245,620
Advertising revenue	248,224	417,851 (1)	(169,627)	(40.60%)	439,557 (1)
Total operating revenues	14,081,649	14,770,074	(688,425)	(4.66%)	14,964,905
Nonoperating revenues:					
Federal maintenance assistance	2,031,632	1,998,328	33,304	1.67%	2,538,836
State operating assistance	4,015,888	3,917,007	98,881	2.52%	3,847,388
Other federal grants	4,734,082	5,236,886	(502,804)	(9.60%)	6,591,806
Special project assistance - state grants	2,994,467	3,004,543	(10,076)	(0.34%)	1,124,795
Special project assistance - local grants	833,222	767,849	65,373	8.51%	672,877
Property tax revenues	33,365,462	32,282,955	1,082,507	3.35%	33,009,275
Investment income	55,618	146,824	(91,206)	(62.12%)	221,905
Fuel tax refunds	613,721	610,172	3,549	0.58%	221,905
Other, net	67,955	16,544	51,411	310.75%	130,357
Total nonoperating revenues	48,712,047	47,981,108	730,939	1.52%	48,359,144
Total operating and nonoperating revenues	62,793,696	62,751,182	42,514	0.07%	63,324,049
Operating expenses:					
Operations	34,467,598	33,907,097	560,501	1.65%	32,524,451
Purchased transportation	6,015,666	5,711,448	304,218	5.33%	5,043,284
Maintenance	8,505,341	8,172,956	332,385	4.07%	7,256,709
Administration and finance	10,863,206	9,762,130	1,101,076	11.28%	9,333,777
Marketing	2,633,770	2,202,059	431,711	19.60%	1,702,420
Total operating expenses	62,485,581	59,755,690	2,729,891	4.57%	55,860,641
Depreciation	9,723,423	8,487,063	1,236,360	14.57%	7,694,806
Total operating expenses and depreciation	72,209,004	68,242,753	3,966,251	5.81%	63,555,447
(Loss) income before capital grants	(9,415,308)	(5,491,571)	(3,923,737)	71.45%	(231,398)
Capital grants	1,052,867	15,555,810	(14,502,943)	(93.23%)	4,343,650
Contributed capital - local government	100,000	-	100,000	N/A	-
Increase (decrease) in net position	(8,262,441)	10,064,239	(18,326,680)	(182.10%)	4,112,252
Net position, beginning of year	124,081,385	114,017,146	10,064,239	8.83%	109,515,889
Net position, end of year	\$ 115,818,944	\$ 124,081,385	\$ (8,262,441)	(6.66%)	\$ 113,628,141

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

## Management's Discussion and Analysis - Continued

### CAPITAL ASSETS

The Authority has invested \$79.2 million in capital assets (net of accumulated depreciation). Approximately 43% of the investment represents revenue-generating equipment and 45% represents the building and improvements at the close of fiscal year September 30, 2014.

#### Capital Assets, Net of Accumulated Depreciation

			Percent of Total		
	2014	2013	2014	2013	2012
Land	\$ 6,961,677	\$ 6,961,677	9%	8%	\$ 6,961,677
Buildings and improvements	35,262,680	27,053,098	45%	31%	27,947,267
Revenue equipment	34,356,359	36,344,621	43%	43%	37,293,082
Furniture and other equipment	1,770,438	1,704,238	2%	2%	1,663,343
Capital assets in progress	848,093	14,092,977	1%	16%	2,546,239
Total	\$ 79,199,247	\$ 86,156,611	100%	100%	\$ 76,411,608

Significant projects in fiscal year 2014 include the commencement of the Pinellas Park Transit Center, Wi-Fi on the buses and the Computer Room HVAC system.

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 2014.

### FY 2015 BUDGET

The PSTA Board approved the FY 2015 budget on September 10, 2014. The FY 2015 budget totaled \$86,778,298 compared to the FY 2014 budget of \$86,486,101 or \$292,197 (0.3%) more than the FY 2014 budget. The Operating budget totaled \$66,663,074 and the Capital budget totaled \$20,115,224 in FY 2015. In FY 2015, total operating budget expenses of \$66,663,074 are estimated to grow 5.3% over the FY 2014 budget, creating a deficit of \$2,194,990 that will be funded by a transfer from reserves. The FY 2015 millage remained at 0.7305 which will generate an estimated \$35.4 million of property tax revenues in FY 2015.

The Authority also developed a multi-year operating plan covering FY 2015 through FY 2017. With moderate revenue assumptions and controlled expenses, FY 2015 through FY 2018 is balanced using an estimated \$13.9 million in reserves.

In addition, the Authority developed a five-year Capital Improvement Program Budget covering FY 2015 through FY 2019 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, 2014 and 2013

Assets	2014	2013
Current assets:		
Cash and cash equivalents	\$ 43,362,300	\$ 43,567,490
Accounts receivable, net of allowance of \$46,239 and \$50,792	1,217,216	937,363
Grants receivable	1,972,157	6,449,370
Inventories	1,140,996	1,042,399
Prepaid expenses	1,348,191	1,102,946
Total current assets	49,040,860	53,099,568
Long-term assets:		
Investments	-	202,689
Total Long-term assets	-	202,689
Capital assets:		
Land	6,961,677	6,961,677
Buildings and improvements	52,287,311	42,170,189
Revenue equipment	81,815,782	76,902,260
Furniture and other equipment	8,282,230	8,131,565
Capital assets in progress	848,093	14,092,977
	150,195,093	148,258,668
Less accumulated depreciation	70,995,846	62,102,057
Total capital assets	79,199,247	86,156,611
Total assets	128,240,107	139,458,868
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	3,141,669	7,866,944
Accrued expenses	2,954,571	2,752,762
Claims and judgments	1,736,919	1,672,422
Unearned revenue	16,050	4,800
Total current liabilities	7,849,209	12,296,928
Noncurrent liabilities:		
Other post-employment benefits	1,312,772	1,003,289
Claims and judgments	3,259,182	2,077,266
Total noncurrent liabilities	4,571,954	3,080,555
Total liabilities	12,421,163	15,377,483
<b>Net Position</b>		
Invested in capital assets	79,199,247	86,156,611
Unrestricted	36,544,705	37,862,802
Restricted	74,992	61,972
Total net position	\$ 115,818,944	\$ 124,081,385

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, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Operating revenues:		
Passenger fares	\$ 13,585,399	\$ 14,098,511
Demand response	248,026	253,712
Advertising revenue	248,224	417,851
	<u>14,081,649</u>	<u>14,770,074</u>
Operating expenses:		
Operations	34,467,598	33,907,097
Purchased transportation	6,015,666	5,711,448
Maintenance	8,505,341	8,172,956
Administration and finance	10,863,206	9,762,130
Marketing	2,633,770	2,202,059
	<u>62,485,581</u>	<u>59,755,690</u>
Total operating expenses, before depreciation	<u>62,485,581</u>	<u>59,755,690</u>
Operating loss before depreciation	(48,403,932)	(44,985,616)
Depreciation	<u>9,723,423</u>	<u>8,487,063</u>
Operating loss	<u>(58,127,355)</u>	<u>(53,472,679)</u>
Nonoperating revenues:		
Federal maintenance assistance grants	2,031,632	1,998,328
State operating assistance grants	4,015,888	3,917,007
Other federal grants	4,734,082	5,236,886
Special project assistance – state grants	2,994,467	3,004,543
Special project assistance – local grants	833,222	767,849
Property tax revenues	33,365,462	32,282,955
Investment income	55,618	146,824
Fuel tax refunds	613,721	610,172
Other, net	67,955	16,544
	<u>48,712,047</u>	<u>47,981,108</u>
Total nonoperating revenues	<u>48,712,047</u>	<u>47,981,108</u>
(Loss) before capital grants	(9,415,308)	(5,491,571)
Capital grants	<u>1,052,867</u>	<u>15,555,810</u>
Contributed capital - local government	<u>100,000</u>	<u>-</u>
(Decrease) Increase in net position	(8,262,441)	10,064,239
Net position, beginning of year	<u>124,081,385</u>	<u>114,017,146</u>
Net position, end of year	<u>\$ 115,818,944</u>	<u>\$ 124,081,385</u>

See accompanying notes to financial statements.

# PINELLAS SUNCOAST TRANSIT AUTHORITY

## Statements of Cash Flows

**For the Years Ended September 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Receipts from customers	\$ 13,801,796	\$ 15,532,824
Payments to suppliers	(23,450,284)	(22,574,037)
Payments to and on behalf of employees	<u>(37,779,129)</u>	<u>(35,878,559)</u>
Net cash used in operating activities	<u>(47,427,617)</u>	<u>(42,919,772)</u>
Cash flows from noncapital financing activities:		
Property tax revenues	33,365,462	32,282,955
Operating and special project assistance grants	14,040,060	15,304,341
Fuel tax refunds	613,721	610,172
Non-transportation revenue	<u>69,375</u>	<u>57,333</u>
Net cash provided by noncapital financing activities	<u>48,088,618</u>	<u>48,254,801</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	(8,593,072)	(13,595,308)
Capital grants	6,199,311	10,953,318
Proceeds from sale of capital assets	<u>22,850</u>	<u>11,421</u>
Net cash used in capital financing activities	<u>(2,370,911)</u>	<u>(2,630,569)</u>
Cash flows from investing activities:		
Purchase, sale and maturities of investments, net	202,689	175,563
Investment income	<u>55,618</u>	<u>146,824</u>
Net cash provided by investing activities	<u>258,307</u>	<u>322,387</u>
Net (Decrease) increase in cash and cash equivalents	(1,451,603)	3,026,847
Cash and cash equivalents, beginning of year	<u>43,567,490</u>	<u>40,540,643</u>
Cash and cash equivalents, end of year	<u>\$ 42,115,887</u>	<u>\$ 43,567,490</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (58,127,355)	\$ (53,472,679)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	9,723,423	8,487,063
(Increase) decrease in accounts receivable	(279,853)	762,750
(Increase) decrease in inventories	(98,597)	132,756
(Increase) decrease in prepaid expenses	(245,245)	474,850
Increase in accounts payable	1,088,718	290,628
Increase in accrued expenses	<u>511,292</u>	<u>404,860</u>
Net cash used in operating activities	<u>\$ (47,427,617)</u>	<u>\$ (42,919,772)</u>
Schedule of noncash transactions:		
Purchase of capital assets included in accounts payable	<u>\$ 250,805</u>	<u>\$ 6,064,798</u>

See accompanying notes to financial statements.

# PINELLAS SUNCOAST TRANSIT AUTHORITY

## Notes to Financial Statements

September 30, 2014 and 2013

### (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. 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.

#### (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. Cash temporarily idle during the year was invested in the Florida State Board of Administration (SBA) Florida PRIME, SunTrust Bank and at BankUnited. SBA investments also consist of the Fund B Surplus Funds Trust Fund (Fund B), and Commingled Asset Management Programs, Money Market (CAMPMM). CAMPMM and Fund B are both a fluctuating net asset value (NAV) external investment pool. At September 30, 2014, with the exception of the Florida PRIME, 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 is not collateralized. This mix of asset allocation provides a strong diversity for a balanced portfolio and has allowed for increased interest income through a competitive bidding process.

# 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 2014 and 2013 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, 2013 - Property taxes are based on assessed property value at this date as determined by the Pinellas County Property Appraiser.

July 1, 2013 - Property assessment roll and certificates of value provided to the Authority by the Pinellas County Property Appraiser.

July 24, 2013 - 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 11, 2013 - Property tax millage rate resolution approved by the Board of Directors.

October 1, 2013 - Beginning of the year for which property taxes have been levied.

November 1, 2013 - Property taxes are due and payable.

April 1, 2014 - Unpaid property taxes become delinquent.

June 1, 2014 - 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, 2014 and 2013, the carrying value of the Authority's cash, cash equivalents, and investments was as follows:

<b>Type</b>	<b>2014</b>	<b>2013</b>
Cash on hand	\$ 25,000	\$ 25,000
Petty cash	1,800	1,800
Demand deposits	18,819,266	4,278,139
Florida PRIME	24,516,234	39,262,551
Total cash and cash equivalents	43,362,300	43,567,490
Investments:		
CAMP MM	-	16,729
Fund B	-	185,960
Total investments	-	202,689
Total cash, cash equivalents and investments	\$ 43,362,300	\$ 43,770,179

The investment returns through fiscal year end September 30, 2014, totaled an average of 23 basis points compared to an average of 22 basis points for FY 2013.

(a) **Custodial Credit Risk**

At September 30, 2014 and 2013, 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.

# PINELLAS SUNCOAST TRANSIT AUTHORITY

## Notes to Financial Statements - Continued

### (3) Cash, Cash Equivalents and Investments - Continued

#### (b) Credit Risk

The Authority's Investment Guidelines were reviewed and approved by the Board in June 2014. Pursuant to Florida Statute 218.415 and the Authority's Investment Guidelines, investments of surplus funds may be made in the following:

- State of Florida Board of Administration Local Government Surplus Funds Trust Fund (Florida PRIME)
- State of Florida Board of Administration Comingled Asset management (CAMPMM)
- Direct Obligations of the US Treasury
- Non-negotiable Interest Bearing Savings Accounts, Demand Deposit Accounts or Time Certificates of Deposit
- Repurchase Agreements
- Commercial Paper
- Asset Backed Corporate Notes
- Securities and Exchange Commission (SEC) registered Money Market Funds
- Investment Pools/Mutual Funds

At September 30, 2014 the Authority's investments were with the SBA, SunTrust and in money market savings accounts and Certificates of Deposit at BankUnited, and in 2013 the investments were with the SBA and SunTrust. SBA investments consist of the Florida PRIME, Fund B, and CAMPMM.

The Authority invested funds throughout fiscal years 2014 and 2013 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.

# PINELLAS SUNCOAST TRANSIT AUTHORITY

## Notes to Financial Statements - Continued

### (3) Cash, Cash Equivalents and Investments - Continued

#### (b) Credit Risk - Continued

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, the fair value factor was 113.3%. As of September 30, 2014, the Fund B balance was \$0. 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 \$76,161 and \$113,469 of interest income on cash and cash equivalents for the years ended September 30, 2014 and 2013, respectively. Other components of investment return include a realized gain of \$1,232 in the net asset value of the CAMPMM and a realized (loss) of (\$21,775) in the net asset value of the Fund B for the year ended September 30, 2014. Realized gains and losses of the current period include unrealized amounts from prior periods. Other components of investment return include an unrealized (loss) of (\$363) in the net asset value of CAMPMM and an unrealized gain of \$33,718 in the net asset value of Fund B for the year ended September 30, 2013.

#### (c) Interest Rate Risk

The dollar weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2014 and 2013 were 39 and 44 days, respectively. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM.

# PINELLAS SUNCOAST TRANSIT AUTHORITY

## Notes to Financial Statements - Continued

### (3) Cash, Cash Equivalents and Investments - Continued

#### (d) Concentration of Credit Risk

The Authority placed no limit on the amount the Authority may invest in any one issuer for FY 2013. The Authority had \$24,516,234 and \$39,465,240 with the SBA at September 30, 2014 and 2013, respectively, or 56% and 90% of its cash, cash equivalents, and investments. During FY 2014, the Authority Investment Guidelines has recommended limits on the amount the Authority may place with each type of investment and with issuers as follows:

#### **Diversification Guidelines**

	<b>Investment</b>	<b>Portfolio Maximum</b>	<b>Issuer Limitation</b>	<b>Maximum Maturity</b>
A.	State of Florida Board of Administration Local Government Surplus Funds Trust Fund (Florida Prime)	75%	N/A	N/A
B.	State of Florida Board of Administration Commingled Asset Management Program Money Market Funds (CAMP MM)	20%	N/A	N/A
C.	Direct Obligations of the U.S. Treasury and instruments backed by the full faith and credit of the U.S. Federal Government	75%	N/A	5 years
D.	Interest Bearing Savings Accounts, Demand Deposit Accounts, Negotiable Order of Withdrawal Accounts, or Certificates of Deposit	75%	10% for CDs	2 yrs. for CDs
E.	Repurchase Agreements	20% (1)	10%	60 days
F.	Commercial Paper	10%	5%	5 years
G.	Asset-Backed Corporate Notes	10%	3%	5 years (2)
H.	SEC-Registered Money Market Mutual Funds	10%	10%	90 days (3)
I.	Investment Pools/Mutual Funds	10%	10%	N/A

(1) With the exception of one (1) business day agreements and overnight sweep agreements.

(2) Total Asset-Backed Corporate Notes shall have a weighted average duration up to 2 years.

(3) The maximum length to maturity (average weighted) shall be 90 days.

**PINELLAS SUNCOAST TRANSIT AUTHORITY**

**Notes to Financial Statements - Continued**

**(4) Capital Assets**

Capital asset activity for the years ended September 30, 2014 and 2013 were as follows:

	<u>October 1, 2013</u>	<u>Additions</u>	<u>Transfers and Disposals</u>	<u>September 30, 2014</u>
Nondepreciable assets:				
Land	\$ 6,961,677	\$ -	\$ -	\$ 6,961,677
Capital assets in progress	<u>14,092,977</u>	<u>2,060,589</u>	<u>15,305,473</u>	<u>848,093</u>
Total nondepreciable assets	<u>21,054,654</u>	<u>2,060,589</u>	<u>15,305,473</u>	<u>7,809,770</u>
Depreciable assets:				
Buildings and improvements	42,170,189	10,117,122	-	52,287,311
Revenue equipment	76,902,260	5,156,061	242,539	81,815,782
Furniture and other equipment	<u>8,131,565</u>	<u>750,780</u>	<u>600,115</u>	<u>8,282,230</u>
Total depreciable assets	<u>127,204,014</u>	<u>16,023,963</u>	<u>842,654</u>	<u>142,385,323</u>
Total at historical cost	<u>148,258,668</u>	<u>18,084,552</u>	<u>16,148,127</u>	<u>150,195,093</u>
Less accumulated depreciation for:				
Buildings and improvements	15,117,091	1,907,540	-	17,024,631
Revenue equipment	40,557,639	7,144,323	242,539	47,459,423
Furniture and other equipment	<u>6,427,327</u>	<u>671,560</u>	<u>587,095</u>	<u>6,511,792</u>
	<u>62,102,057</u>	<u>9,723,423</u>	<u>829,634</u>	<u>70,995,846</u>
Capital assets, net	<u>\$ 86,156,611</u>	<u>\$ 8,361,129</u>	<u>\$ 15,318,493</u>	<u>\$ 79,199,247</u>



**PINELLAS SUNCOAST TRANSIT AUTHORITY**

**Notes to Financial Statements - Continued**

**(4) Capital Assets - Continued**

	<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>\$ 76,411,608</u>	<u>\$ 10,108,076</u>	<u>\$ 363,073</u>	<u>\$ 86,156,611</u>

**(5) Net Position**

Unrestricted net position at September 30, 2014 and 2013 consists of the following:

	<u>2014</u>	<u>2013</u>
Catastrophic event claims	\$ -	\$ 2,000,000
Operating reserves	11,110,512	10,549,122
Capital asset replacement and other projects	<u>25,434,193</u>	<u>25,313,680</u>
Unrestricted net position	<u>\$ 36,544,705</u>	<u>\$ 37,862,802</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, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Grantor resources for specific use	<u>\$ 74,992</u>	<u>\$ 61,972</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 claims and judgments 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, 2011	\$ 1,239,000	\$ 2,769,000	\$ 4,008,000
Claims incurred	75,742	463,228	538,970
Claim payments	<u>(361,693)</u>	<u>(593,302)</u>	<u>(954,995)</u>
Claims reserve - September 30, 2012	953,049	2,638,926	3,591,975
Claims incurred	1,701,352	803,375	2,504,727
Claim payments	<u>(1,564,914)</u>	<u>(782,100)</u>	<u>(2,347,014)</u>
Claims reserve - September 30, 2013	1,089,487	2,660,201	3,749,688
Claims incurred	870,342	2,284,819	3,155,161
Claim payments	<u>(673,675)</u>	<u>(1,235,073)</u>	<u>(1,908,748)</u>
Claims reserve - September 30, 2014	<u>\$ 1,286,154</u>	<u>\$ 3,709,947</u>	<u>\$ 4,996,101</u>
	<u>2014</u>	<u>2013</u>	
Claims and judgments			
Due within one year	\$ 1,736,919	\$ 1,672,422	
Due in more than one year	<u>3,259,182</u>	<u>2,077,266</u>	
	<u>\$ 4,996,101</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). The FRS, which is controlled by the State Legislature, covers approximately 1,116,024 (as of June 30, 2013) full-time employees of various governmental units within the State of Florida.

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 most recent Florida Retirement System (FRS) Annual Report published is for FY 2013 (July 1, 2012 through June 30, 2013). According to this report, the FRS actuarial value of assets totaled \$131.7 billion with an actuarial accrued liability of \$154.1 billion resulting in a funded ratio of 85.4%.

The Authority is required to contribute to FRS at an actuarially determined rate.

FRS Rate	2014		2013		2012	
	10/01 - 06/30	07/01 - 09/30	10/01 - 06/30	07/01 - 09/30	10/01 - 06/30	07/01 - 09/30
Regular class rate	6.95%	7.37%	5.18%	6.95%	4.91%	5.18%
DROP rate	12.84%	12.28%	5.44%	12.84%	4.42%	5.44%

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, 2014, 2013, and 2012 were:

	2014	2013	2012
Authority's contributions	\$ 1,967,518	\$ 1,488,319	\$ 1,237,779
Employee's contributions	758,497	736,446	710,406

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 major medical plan in FY 2014 are \$695 and \$1,062 respectively, and \$717 and \$1,097 for FY 2013, respectively. The number of participating retirees in the plan for FY 2014 and FY 2013 is 27 and 26, 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 Cigna 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 2014 and 2013 and the related information for the plan are as follows:

	<b>2014</b>	<b>2013</b>
Annual required contribution	\$ 519,882	\$ 460,337
Interest on net OPEB obligation	40,132	34,137
Adjustment to annual required contribution	<u>(60,610)</u>	<u>(50,969)</u>
Annual OPEB cost	499,404	443,505
Contributions made	<u>(189,921)</u>	<u>(293,631)</u>
Increase in net OPEB obligation	309,483	149,874
Net OPEB obligation - beginning of year	<u>1,003,289</u>	<u>853,415</u>
Net OPEB obligation - end of year	\$ <u><u>1,312,772</u></u>	\$ <u><u>1,003,289</u></u>

The Net OPEB obligations for FY 2014 and FY 2013 are included in noncurrent liabilities on the Statements 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 2014, 2013 and 2012 are as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
September 30, 2014	\$ 499,404	38.0%	\$ 1,312,772
September 30, 2013	443,505	66.2%	1,003,289
September 30, 2012	328,217	65.6%	853,415

# 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, 2014 and 2013, actuarial accrued liability for benefits were \$3,826,037 and \$3,331,131, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,826,037 and \$3,331,131, 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 for 2014 and 2013, preretirement and postretirement mortality rates using the Sex-Distinct RP-2000 Generational Mortality Table and withdrawal rates, retirement rates, disability rates, marriage assumption, participation, retiree claim costs, and administrative costs included in claims. The health care trend used for determining the cost of future benefits for fiscal year 2014 and 2013 was 7.5% and 8.5%, respectively.

### (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, 2014, the Authority has committed to buy approximately \$7.4 million in fuel over the next fiscal year.



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, 2014. The major projects and contracts include; Scherer Drive concrete replacement and purchase of buses.

<b><u>Project / Contracts</u></b>	<b><u>Committed to Date</u></b>	<b><u>Remaining Commitment</u></b>
Scherer Drive Concrete Replacement	\$ 8,639,111	\$ 439,359
Pinellas Park Transit Center	263,773	254,227
Purchase of Hybrid Buses	10,149,475	15,166,656
Purchase of Support Vehicles	<u>514,387</u>	<u>235,011</u>
Total	<u><u>\$ 19,566,746</u></u>	<u><u>\$ 16,095,253</u></u>

(10) **Pollution Remediation Liability**

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, 2014 the claim is settled.

**SECTION III**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**(UNAUDITED)**

## Required Supplementary Information

### Other Postemployment Benefits

September 30, 2014 and 2013  
(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, 2013	\$ -	\$ 3,826,037	\$ 3,826,037	0%	N/A	N/A
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

**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 ..... 50**

*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 ..... 60**

*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 ..... 66**

*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 ..... 69**

*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)**

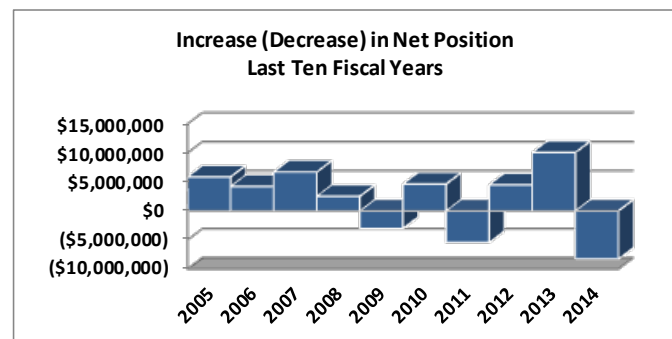
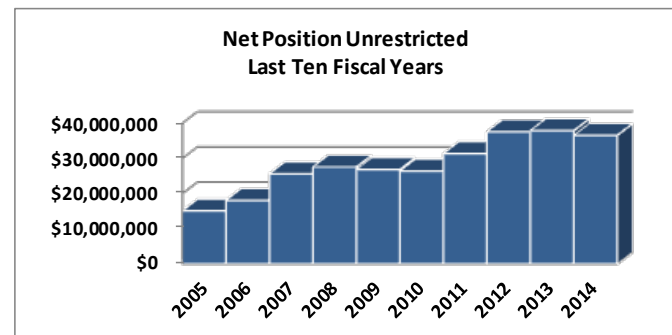
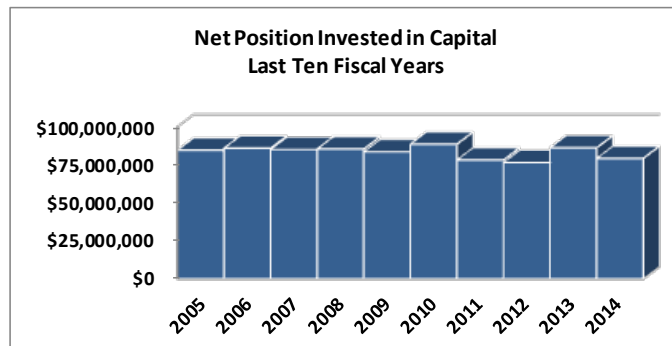
### **Financial Trends**

- ◆ Net Position by Components (FY 2005 - FY 2014)
- ◆ Changes in Net Position (FY 2005 - FY 2014)
- ◆ Revenues by Function/Program (FY 2005 - FY 2014)
- ◆ Expenses by Function/Program (FY 2005 - FY 2014)
- ◆ Property Tax Revenue by Year (FY 2005 - FY 2014)

## Net Position by Components Last Ten Fiscal Years

### Fiscal Years 2005 - 2014

	2005	2006	2007	2008	2009
<b>Business Type Activities</b>					
Invested in capital assets	\$ 84,596,600	\$ 85,860,203	\$ 85,020,852	\$ 85,356,072	\$ 83,476,413
Unrestricted	15,074,205	18,046,493	25,587,264	27,549,762	26,833,931
Restricted	-	-	-	226,249	-
Total net position	<u>\$ 99,670,805</u>	<u>\$ 103,906,696</u>	<u>\$ 110,608,116</u>	<u>\$ 113,132,083</u>	<u>\$ 110,310,344</u>
	2010	2011	2012	2013	2014
<b>Business Type Activities</b>					
Invested in capital assets	\$ 88,538,927	\$ 78,170,420	\$ 76,411,608	\$ 86,156,611	\$ 79,199,247
Unrestricted	26,396,501	31,318,850	37,554,309	37,862,802	36,544,705
Restricted	-	26,619	51,229	61,972	74,992
Total net position	<u>\$ 114,935,428</u>	<u>\$ 109,515,889</u>	<u>\$ 114,017,146</u>	<u>\$ 124,081,385</u>	<u>\$ 115,818,944</u>



Note: The statistical section contains "Unaudited" data.

## Changes in Net Position Last Ten Fiscal Years

### Fiscal Years 2005 - 2014

	Fiscal Year				
	2005	2006	2007	2008	2009
Operating revenues:					
Passenger fares	\$ 8,252,157	\$ 9,045,137	\$ 10,717,941	\$ 11,298,758	\$ 11,500,513
Demand response	135,373	120,272	129,691	106,484	151,853
Advertising revenue	329,420 (1)	167,780 (1)	116,467 (1)	132,634 (1)	163,586 (1)
Total operating revenues	8,716,950	9,333,189	10,964,099	11,537,876	11,815,952
Operating expenses:					
Operations	22,633,361	26,221,417	27,549,595	30,562,932	32,628,559
Purchased Transportation	4,459,666	4,524,549	4,737,036	4,445,330	4,318,338
Maintenance	6,757,062	6,768,943	7,764,003	7,011,017	6,817,534
Administration and finance	7,059,258	11,243,446	10,992,624	11,283,296	10,248,034
Marketing	1,532,512	1,792,109	2,111,843	2,123,776	1,796,891
Total operating expenses, before depreciation	42,441,859	50,550,464	53,155,101	55,426,351	55,809,356
Operating loss before depreciation	(33,724,909)	(41,217,275)	(42,191,002)	(43,888,475)	(43,993,404)
Depreciation	5,997,701	6,817,959	9,381,743	9,630,848	8,666,368
Operating loss	(39,722,610)	(48,035,234)	(51,572,745)	(53,519,323)	(52,659,772)
Nonoperating revenues:					
Federal maintenance assistance	801,996	1,021,168	1,244,902	1,067,390	1,414,206
State operating assistance	3,133,961	3,293,872	3,358,203	3,320,386	3,340,209
Other federal grants	286,268	276,915	254,840	80,000	1,423,661
Special project assistance - state grants	732,267	794,617	1,076,945	994,792	912,185
Special project assistance - local grants	363,811	435,000	517,809	559,288	533,329
Property tax revenues, net	28,689,489	32,964,068	37,972,265	37,231,077	34,156,128
Investment income	859,148	1,412,255	1,874,079	1,059,625	419,287
Fuel tax refunds	481,017	504,961	562,156	600,775	595,739
Other, net	54,127	(112,258)	2,233,028	262,767	52,950
Total nonoperating revenues	35,402,084	40,590,598	49,094,227	45,176,100	42,847,694
(Loss) income before capital grants and special item	(4,320,526)	(7,444,636)	(2,478,518)	(8,343,223)	(9,812,078)
Capital grants	11,732,080	15,400,163	9,179,938	10,867,190	6,990,339
Contributed capital - local government	-	-	-	-	-
Special items - loss on sale of facilities and abandonment of software package	(1,553,284)	(3,719,636)	-	-	-
Increase (decrease) in net position	5,858,270	4,235,891	6,701,420	2,523,967	(2,821,739)
Net position, beginning of year	93,812,535	99,670,805	103,906,696	110,608,116	113,132,083
Net position, end of year	\$ 99,670,805	\$ 103,906,696	\$ 110,608,116	\$ 113,132,083	\$ 110,310,344

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

**Note: The statistical section contains "Unaudited" data.**



## Changes in Net Position Last Ten Fiscal Years

### Fiscal Years 2005 - 2014

	Fiscal Year				
	2010	2011	2012	2013	2014
Operating revenues:					
Passenger fares	\$ 10,850,676 (1)	\$ 12,788,411 (1)	\$ 14,279,728 (1)	\$ 14,098,511 (1)	\$ 13,585,399
Demand response	218,147	267,176	245,620	253,712	248,026
Advertising revenue	247,725 (1)	395,847 (1)	439,557 (1)	417,851 (1)	248,224
Total operating revenues	11,316,548	13,451,434	14,964,905	14,770,074	14,081,649
Operating expenses:					
Operations	30,500,001	30,351,762	32,524,451	33,907,097	34,467,598
Purchased Transportation	5,228,768	5,656,328	5,043,284	5,711,448	6,015,666
Maintenance	6,791,680	7,604,823	7,256,709	8,172,956	8,505,341
Administration and finance	10,980,462	10,243,021	9,333,777	9,762,130	10,863,206
Marketing	1,750,723	1,826,406	1,702,420	2,202,059	2,633,770
Total operating expenses , before depreciation	55,251,634	55,682,340	55,860,641	59,755,690	62,485,581
Operating loss before depreciation	(43,935,086)	(42,230,906)	(40,895,736)	(44,985,616)	(48,403,932)
Depreciation	7,366,225	8,156,263	7,694,806	8,487,063	9,723,423
Operating loss	(51,301,311)	(50,387,169)	(48,590,542)	(53,472,679)	(58,127,355)
Nonoperating revenues:					
Federal maintenance assistance	2,033,508	2,453,338	2,538,836	1,998,328	2,031,632
State operating assistance	3,521,850	3,567,209	3,847,388	3,917,007	4,015,888
Other federal grants	5,835,531	5,898,891	6,591,806	5,236,886	4,734,082
Special project assistance - state grants	469,226	777,813	1,124,795	3,004,543	2,994,467
Special project assistance - local grants	631,817	638,668	672,877	767,849	833,222
Property tax revenues, net	29,893,863	26,868,560	33,009,275	32,282,955	33,365,462
Investment income	271,233	127,470	221,905	146,824	55,618
Fuel tax refunds	580,860	560,059	610,910	610,172	613,721
Other, net	104,946 (1)	155,824 (1)	130,357 (1)	16,544 (1)	67,955
Total nonoperating revenues	43,342,834	41,047,832	48,748,149	47,981,108	48,712,047
(Loss) income before capital grants and special item	(7,958,477)	(9,339,337)	157,607	(5,491,571)	(9,415,308)
Capital grants	12,583,561	3,919,798	4,343,650	15,555,810	1,052,867
Contributed capital - local government	-	-	-	-	100,000
Special items - loss on sale of facilities and abandonment of software package	-	-	-	-	-
Increase (decrease) in net position	4,625,084	(5,419,539)	4,501,257	10,064,239	(8,262,441)
Net position, beginning of year	110,310,344	114,935,428	109,515,889	114,017,146	124,081,385
Net position, end of year	\$ 114,935,428	\$ 109,515,889	\$ 114,017,146	\$ 124,081,385	\$ 115,818,944

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

**Note: The statistical section contains "Unaudited" data.**

## Revenues by Function/Program Last Ten Fiscal Years

### Fiscal Years 2005 - 2014

	Fiscal Year				
	2005	2006	2007	2008	2009
Operating revenues:					
Passenger fares	\$ 8,252,157	\$ 9,045,137	\$ 10,717,941	\$ 11,298,758	\$ 11,500,513
Demand response	135,373	120,272	129,691	106,484	151,853
Advertising revenue	329,420 (1)	167,780 (1)	116,467 (1)	132,634 (1)	163,586 (1)
Total operating revenues	8,716,950	9,333,189	10,964,099	11,537,876	11,815,952
Nonoperating revenues:					
Federal maintenance assistance	801,996	1,021,168	1,244,902	1,067,390	1,414,206
State operating assistance	3,133,961	3,293,872	3,358,203	3,320,386	3,340,209
Other federal grants	286,268	276,915	254,840	80,000	1,423,661
Special project assistance - state grants	732,267	794,617	1,076,945	994,792	912,185
Special project assistance - local grants	363,811	435,000	517,809	559,288	533,329
Property tax revenues, net	28,689,489	32,964,068	37,972,265	37,231,077	34,156,128
Investment income	859,148	1,412,255	1,874,079	1,059,625	419,287
Fuel tax refunds	481,017	504,961	562,156	600,775	595,739
Other, net	54,127	(112,258)	2,233,028	262,767	52,950
Total nonoperating revenues	35,402,084	40,590,598	49,094,227	45,176,100	42,847,694
Capital grants	11,732,080	15,400,163	9,179,938	10,867,190	6,990,339
Contributed capital - local government	-	-	-	-	-
Special items - loss on sale of facilities and abandonment of software package	(1,553,284)	(3,719,636)	-	-	-
Total all revenues	\$ 54,297,830	\$ 61,604,314	\$ 69,238,264	\$ 67,581,166	\$ 61,653,985

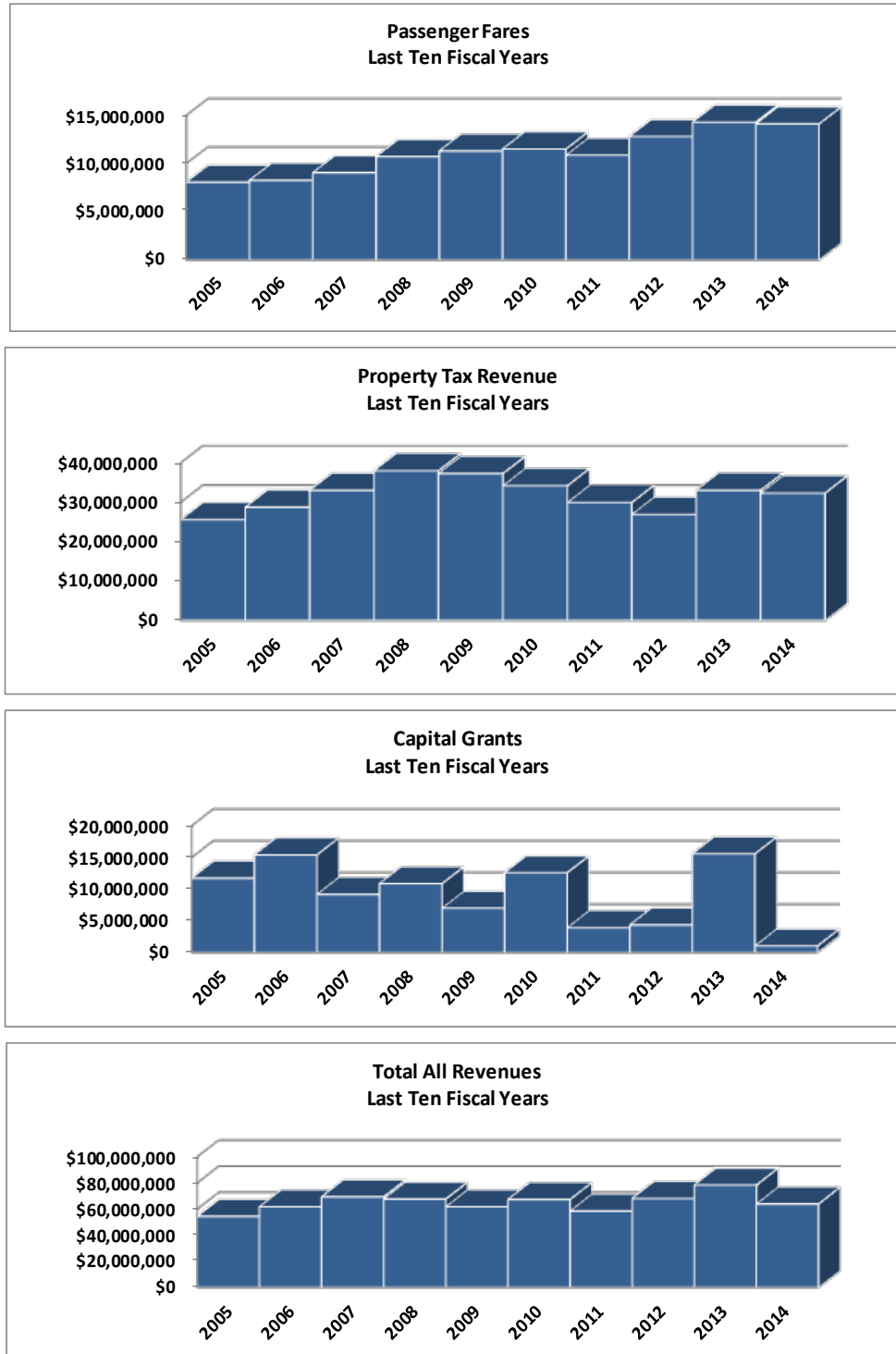
	Fiscal Year				
	2010	2011	2012	2013	2014
Operating revenues:					
Passenger fares	\$ 10,850,676 (1)	\$ 12,788,411 (1)	\$ 14,279,728 (1)	\$ 14,098,511 (1)	\$ 13,585,399
Demand response	218,147	267,176	245,620	253,712	248,026
Advertising revenue	247,725 (1)	395,847 (1)	439,557 (1)	417,851 (1)	248,224
Total operating revenues	11,316,548	13,451,434	14,964,905	14,770,074	14,081,649
Nonoperating revenues:					
Federal maintenance assistance	2,033,508	2,453,338	2,538,836	1,998,328	2,031,632
State operating assistance	3,521,850	3,567,209	3,847,388	3,917,007	4,015,888
Other federal grants	5,835,531	5,898,891	6,591,806	5,236,886	4,734,082
Special project assistance - state grants	469,226	777,813	1,124,795	3,004,543	2,994,467
Special project assistance - local grants	631,817	638,668	672,877	767,849	833,222
Property tax revenues, net	29,893,863	26,868,560	33,009,275	32,282,955	33,365,462
Investment income	271,233	127,470	221,905	146,824	55,618
Fuel tax refunds	580,860	560,059	610,910	610,172	613,721
Other, net	104,946 (1)	155,824 (1)	130,357 (1)	16,544 (1)	67,955
Total nonoperating revenues	43,342,834	41,047,832	48,748,149	47,981,108	48,712,047
Capital grants	12,583,561	3,919,798	4,343,650	15,555,810	1,052,867
Contributed capital - local government	-	-	-	-	100,000
Special items - loss on sale of facilities and abandonment of software package	-	-	-	-	-
Total all revenues	\$ 67,242,943	\$ 58,419,064	\$ 68,056,704	\$ 78,306,992	\$ 63,946,563

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

Note: The statistical section contains "Unaudited" data.

## Revenues by Function/Program Last Ten Fiscal Years

Fiscal Years 2005 - 2014



Note: The statistical section contains "Unaudited" data.

## Expenses by Function/Program Last Ten Fiscal Years

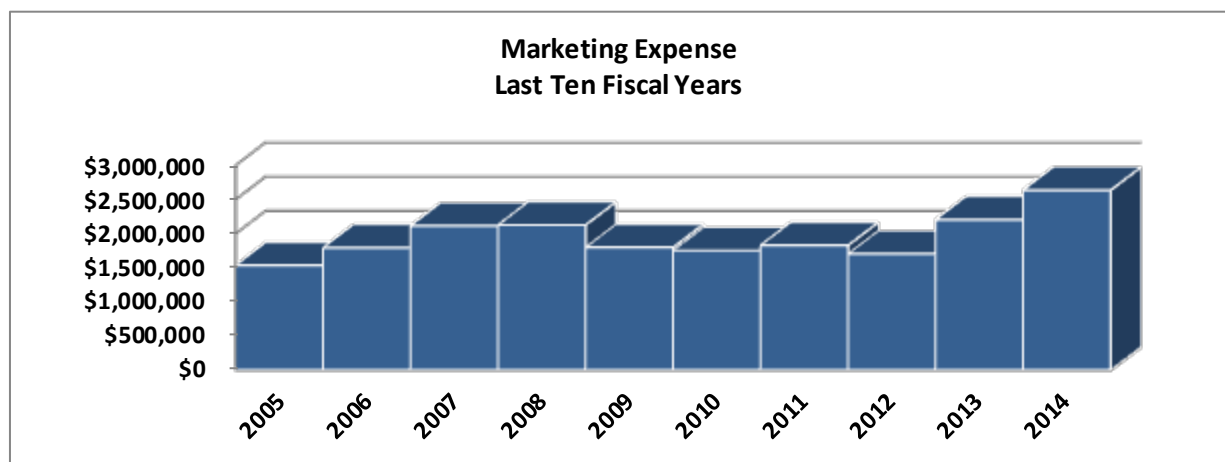
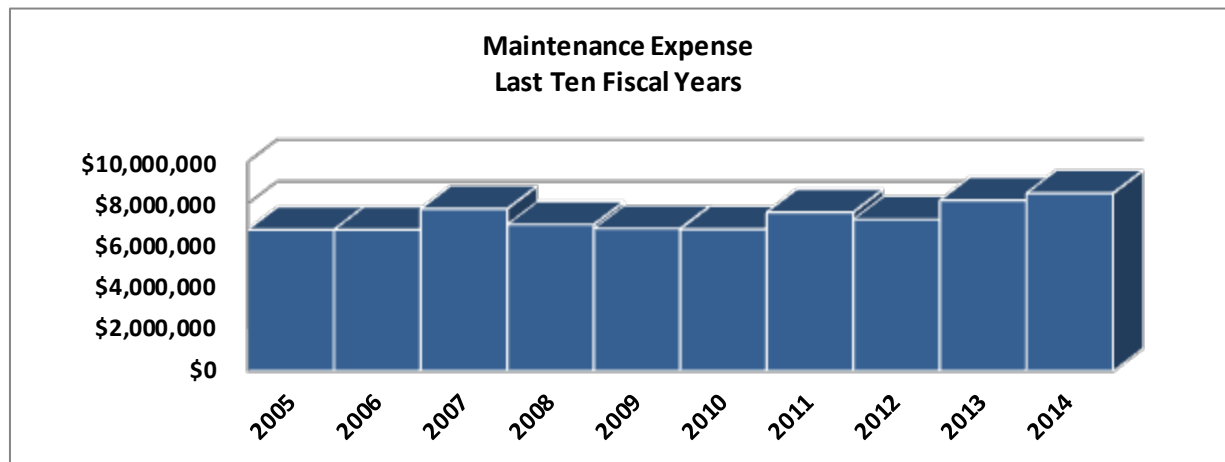
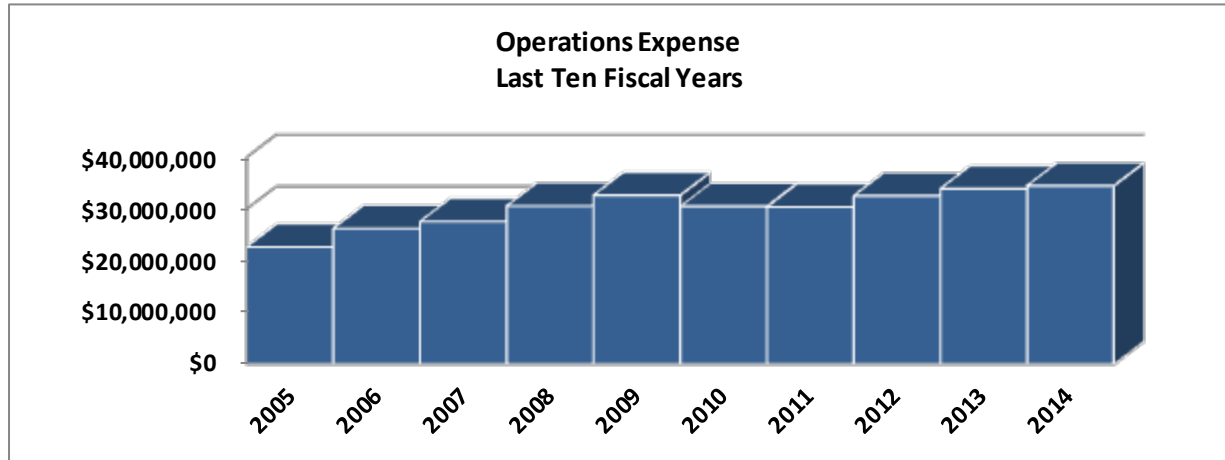
### Fiscal Years 2005 - 2014

	Fiscal Year				
	2005	2006	2007	2008	2009
Operating expenses:					
Operations	\$ 22,633,361	\$ 26,221,417	\$ 27,549,595	\$ 30,562,932	\$ 32,628,559
Purchased Transportation	4,459,666	4,524,549	4,737,036	4,445,330	4,318,338
Maintenance	6,757,062	6,768,943	7,764,003	7,011,017	6,817,534
Administration and finance	7,059,258	11,243,446	10,992,624	11,283,296	10,248,034
Marketing	1,532,512	1,792,109	2,111,843	2,123,776	1,796,891
Total operating expenses , before depreciation	42,441,859	50,550,464	53,155,101	55,426,351	55,809,356
Depreciation	5,997,701	6,817,959	9,381,743	9,630,848	8,666,368
Special items - loss on sale of facilities and abandonment of software package	1,553,284	3,719,636	-	-	-
Total all expenses	<u>\$ 49,992,844</u>	<u>\$ 61,088,059</u>	<u>\$ 62,536,844</u>	<u>\$ 65,057,199</u>	<u>\$ 64,475,724</u>
	Fiscal Year				
	2010	2011	2012	2013	2014
Operating expenses:					
Operations	\$ 30,500,001	\$ 30,351,762	\$ 32,524,451	\$ 33,907,097	\$ 34,467,598
Purchased Transportation	5,228,768	5,656,328	5,043,284	5,711,448	6,015,666
Maintenance	6,791,680	7,604,823	7,256,709	8,172,956	8,505,341
Administration and finance	10,980,462	10,243,021	9,333,777	9,762,130	10,863,206
Marketing	1,750,723	1,826,406	1,702,420	2,202,059	2,633,770
Total operating expenses , before depreciation	55,251,634	55,682,340	55,860,641	59,755,690	62,485,581
Depreciation	7,366,225	8,156,263	7,694,806	8,487,063	9,723,423
Special items - loss on sale of facilities and abandonment of software package	-	-	-	-	-
Total all expenses	<u>\$ 62,617,859</u>	<u>\$ 63,838,603</u>	<u>\$ 63,555,447</u>	<u>\$ 68,242,753</u>	<u>\$ 72,209,004</u>

**Note: The statistical section contains "Unaudited" data.**

## Expenses by Function/Program Last Ten Fiscal Years

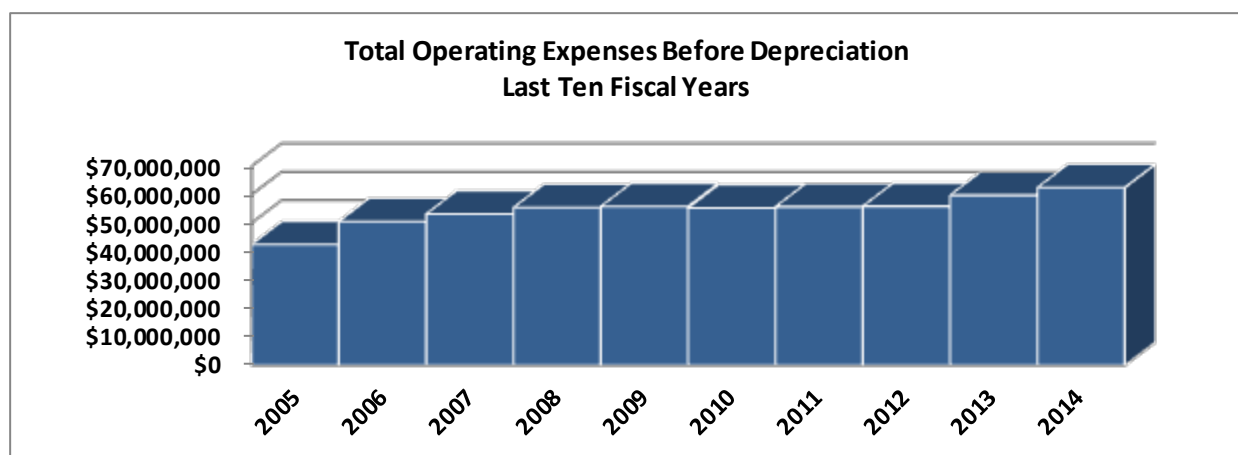
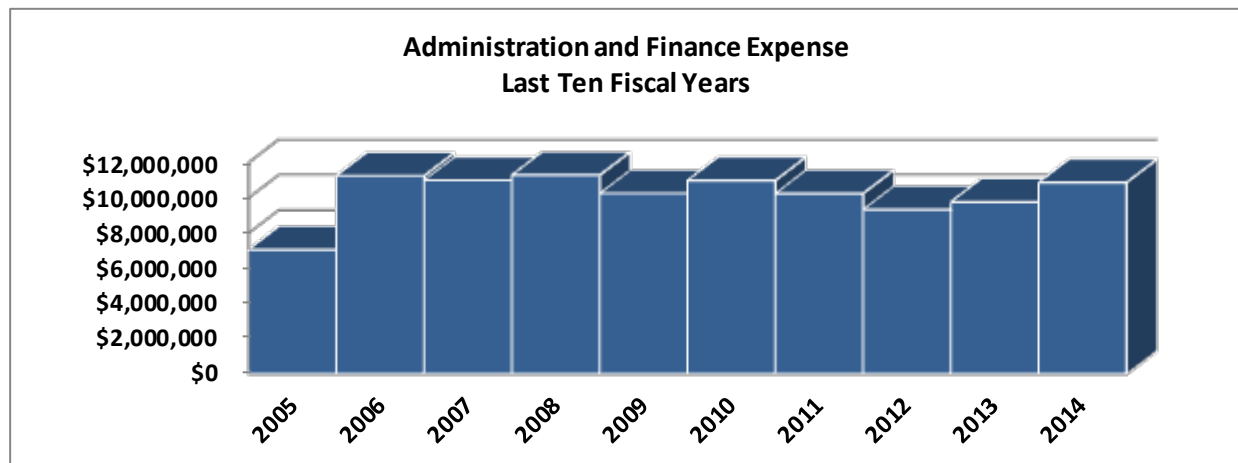
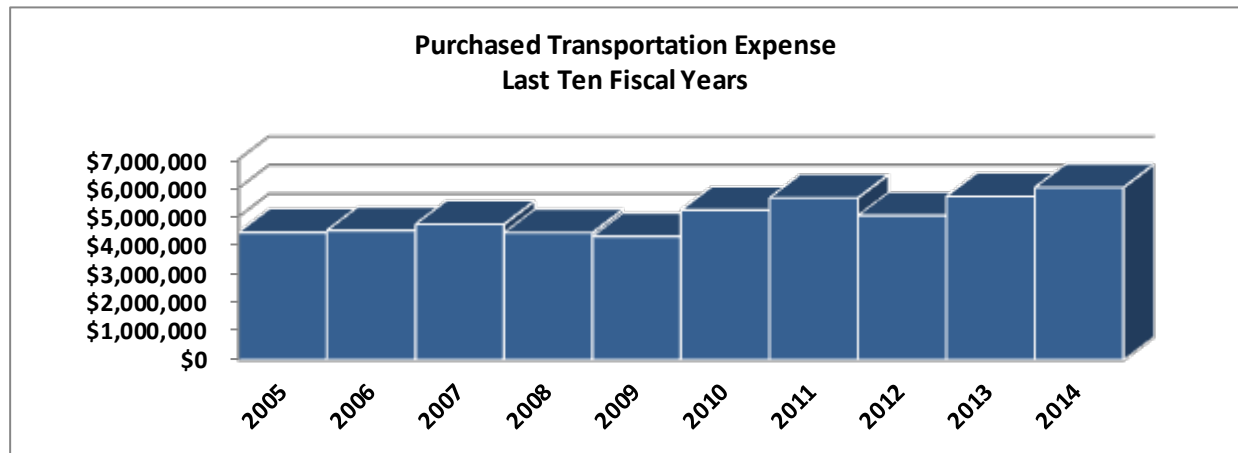
Fiscal Years 2005 - 2014



Note: The statistical section contains “Unaudited” data.

## Expenses by Function/Program Last Ten Fiscal Years

Fiscal Years 2005 - 2014



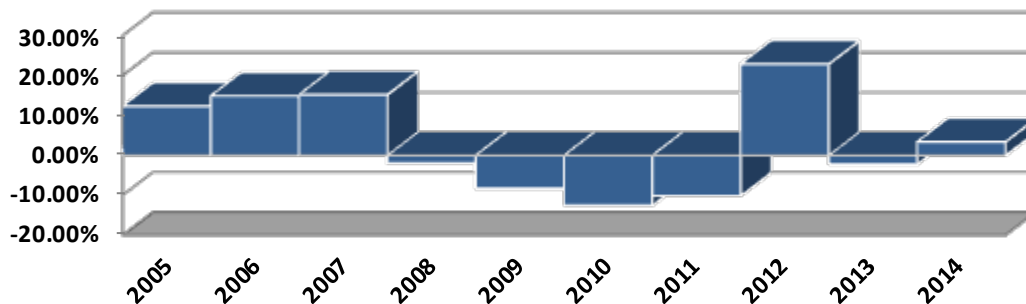
Note: The statistical section contains "Unaudited" data.

### Property Tax Revenue by Year Last Ten Fiscal Years

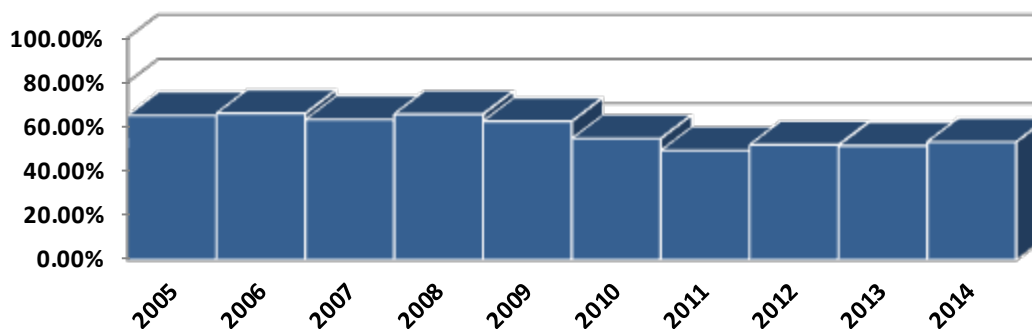
Fiscal Years 2005 - 2014

Fiscal Year	Property Tax Dollars	Percent Change	Total Revenues	Percent of Total	Millage Rate
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%	0.6074
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
2014	33,365,462	3.35%	62,793,696	53.14%	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**

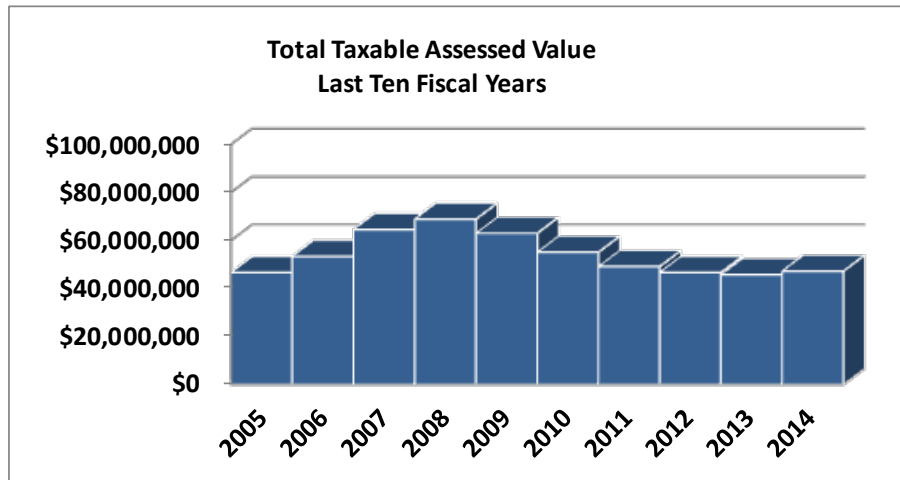
- ◆ Taxable Assessed Value and Estimated Actual Value of Taxable Property (FY 2005 - FY 2014)
- ◆ Direct and Overlapping Property Tax Rates (FY 2005 - FY 2014)
- ◆ Principal Property Tax Payers (FY 2005 - FY 2014)
- ◆ Property Tax Levies and Collections (FY 2005 - FY 2014)
- ◆ Farebox Recovery Percentage (FY 2005 - FY 2014)



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

**Fiscal Years 2005 - 2014**

Fiscal Year	Estimated Actual Value (a)			Total Taxable Assessed Value	Total Direct Tax Rate (d)
	Real Property	Centrally Assessed Property (b)	Exemptions (c)		
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	0.6074
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
2014	67,950,230	6,263	20,785,617	47,170,876	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 2005 - 2014**

Direct Rates				Overlapping Rates (b)					
Fiscal Year	Basic Rate	Total Direct Rate	PSTA Maximum Allowed Rate	County Board Rate	School Board Rate	Emergency Medical Service	Others District Rate (c)	Municipalities	
								Lowest	Highest
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	0.6074	0.6074	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
2014	0.7305	0.7305	0.7500	5.2755	8.0600	0.9158	1.2959	0.7511	6.7700

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 0.016; Juvenile Welfare Board 0.8981; SW Florida Water Management District 0.3818.

**Note: The statistical section contains "Unaudited" data.**

**Principal Property Tax Payers  
Fiscal Year 2013 and Nine Years Ago**

**Fiscal Years 2005 - 2014**

Taxpayer	Business	2014		2005	
		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	\$ 139,920,938	0.30%	*	*
De Bartolo Capital PTNSHP	Retail Mall	115,750,000	0.25%	*	*
Publix Super Markets, Inc.	Grocery	91,229,063	0.19%	*	*
Wal-Mart Stores East, Inc.	Retail Stores	85,558,240	0.18%	*	*
Raymond James & Associates, Inc.	Financial Services	81,112,537	0.17%	*	*
Duke Energy Florida Inc.	Electric Utility	79,850,067	0.17%	*	*
Pinellas County (leased real estate)	Commercial Uses	64,014,343	0.14%	*	*
Largo Medical Center, Inc.	Medical Facilities	59,373,772	0.13%	*	*
301 South Gulfview LLC	Real Estate	56,525,337	0.12%	*	*
		<u>\$ 773,334,297</u>	<u>1.64%</u>	<u>*</u>	<u>*</u>
Total Taxable Assessed Value		<u>\$ 47,170,875,514</u>		<u>*</u>	

Source: Pinellas County Property Appraiser

Methodology: Top ten taxpayers identified for Real Property only.

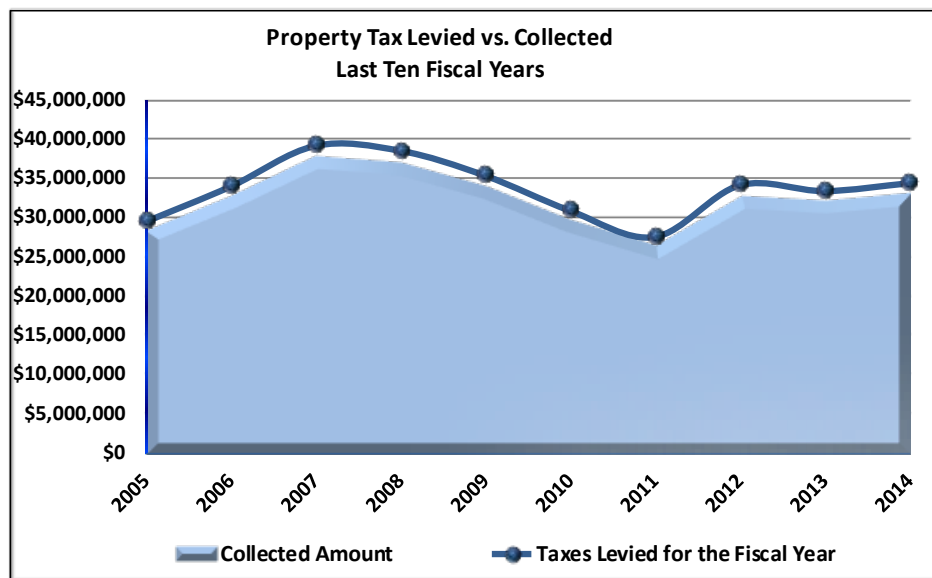
\* 2005 data is not available.

**Note: The statistical section contains “Unaudited” data.**

## Property Tax Levies and Collections Last Ten Fiscal Years

**Fiscal Years 2005 - 2014**

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
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%	85,906	32,304,227	96.56%
2014	34,458,263	33,279,556	96.58%	-	33,279,556	96.58%



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%.

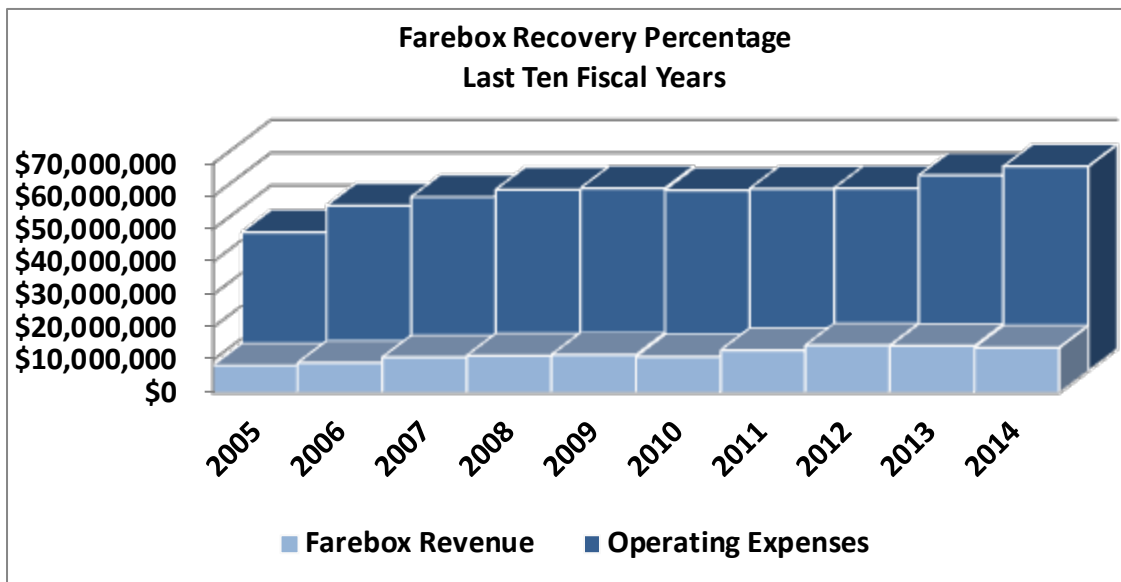
Delinquent taxes by levy year are not available.

**Note:** The statistical section contains "Unaudited" data.

### Farebox Recovery Percentage Last Ten Fiscal Years

Fiscal Years 2005 - 2014

Fiscal Year	Farebox Revenue	Percent Change	Operating Expenses (a)	Percent Change	Farebox Recovery
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	11,068,823	-5.01%	55,251,634	-1.00%	20.03%
2011	13,055,587	17.95%	55,682,340	0.78%	23.45%
2012	14,525,348	11.26%	55,860,641	0.32%	26.00%
2013	14,352,223	-1.19%	59,755,690	6.97%	24.02%
2014	13,833,425	-3.61%	62,485,581	4.57%	22.14%



(a) Excludes depreciation.

Note: The statistical section contains “Unaudited” data.

## **STATISTICAL SECTION (UNAUDITED)**

### **Demographic and Economic Information**

- ◆ Demographics, Population and Economic Statistics (FY 2005 - FY 2014)
- ◆ Principal Employers (FY 2005 - FY 2014)

## Demographics, Population and Economic Statistics Last Ten Fiscal Years

**Fiscal Years 2005 - 2014**

<b>Fiscal Year</b>	<b>Population (a)</b>	<b>Personal Income (dollars in thousands) (b)</b>	<b>Per Capita Personal Income (b)</b>	<b>School Enrollment (c)</b>	<b>Unemployment Rate (d)</b>
2014	933,258	\$ N/A (e)	\$ N/A (e)	104,104	6.2%
2013	926,610	42,340,365	45,574	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%

(a) Source: Bureau of Economic & Business Research, University of Florida 2005-2014. Data available at State of Florida Office of Economic and Demographic Research.

(b) Source: Bureau of Economic Analysis, U.S. Department of Commerce (2005-2013).

(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 2005 - 2014**

Employer	2014 (a)			2005 (a)		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
The Pinellas County School Board	15,928	1	4.08%	17,474	1	3.66%
U.S. Dept. of Veteran Affairs	4,406	2	1.13%	3,318	6	0.70%
City of St. Petersburg	3,112	3	0.80%	3,458	5	0.72%
All Children's Hospital	2,950	4	0.76%	2,000	10	0.42%
St. Petersburg College	2,744	5	0.70%	-	-	-
Pinellas County Sherriff Office	2,693	6	0.69%	-	-	-
Morton Plant Hospital	2,525	7	0.65%	2,443	8	0.51%
Raymond James Financial Inc.	2,475	8	0.63%	3,022	7	0.63%
HSN Inc.	2,150	9	0.55%	-	-	-
Pinellas County Board of Commissioners	1,954	10	0.50%	6,870	3	1.44%
Crum Resources	-	-	-	12,990	2	2.72%
Nielsen Media Research	-	-	-	3,516	4	0.74%
Bayfront Medical Center	-	-	-	2,212	9	0.42%
Total County Employment	390,273			367,961		

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

**Note: The statistical section contains "Unaudited" data.**



## **STATISTICAL SECTION (UNAUDITED)**

### **Operating Information**

- ◆ Bus Service Effort and Accomplishments Per Mile (FY 2005 - FY 2014)
- ◆ Bus Service Effort and Accomplishments Per Hour (FY 2005 - FY 2014)
- ◆ Unlinked Passenger Changes (FY 2005 - FY 2014)
- ◆ Vehicles Operated in Maximum Service (FY 2005 - FY 2014)
- ◆ Number of Employees (FY 2005 - FY 2014)
- ◆ Miscellaneous Statistical Data (FY 2005 - FY 2014)

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

**Fiscal Years 2005 - 2014**

<b>Fiscal Year</b>	<b>Revenue Vehicle Miles (a)</b>	<b>Percent of Change</b>	<b>Operating Expense (b) Per Revenue Mile</b>	<b>Operating Expense (b) Per Passenger Mile</b>	<b>Unlinked Passenger Trips Per Revenue Mile (c)</b>
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
2014	9,176,346	1.13%	6.23	0.83	1.55

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 2005 - 2014**

<b>Fiscal Year</b>	<b>Revenue Vehicle Hours (a)</b>	<b>Percent of Change</b>	<b>Operating Expense (b) Per Revenue Hour</b>	<b>Operating Expense (b) Per Passenger Trip</b>	<b>Unlinked Passenger Trips Per Revenue Hour (c)</b>
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
2014	641,039	0.79%	89.20	4.03	22.13

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 2005 - 2014**

<b>Fiscal Year</b>	<b>Bus</b>	<b>Percent of Change</b>
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%
2014	14,183,941	0.24%

Source: PSTA

**Note: The statistical section contains “Unaudited” data.**

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

**Fiscal Years 2005 - 2014**

<b>Fiscal Year</b>	<b>Bus (a)</b>	<b>Percent of Change</b>
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%
2014	177	-1.12%

Source: PSTA

(a) Does not include demand response.

**Note: The statistical section contains “Unaudited” data.**

**Number of Employees  
Last Ten Fiscal Years**

**Fiscal Years 2005 - 2014**

<b>Fiscal Year</b>	<b>Full-Time</b>	<b>Part-Time</b>	<b>Total</b>	<b>Percent of Change</b>
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%
2014	634.5	0.5	635.0	2.92%

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 2005 - 2014**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Population served by Bus	881,868	881,705	858,947	863,796	883,631	871,480	922,616	922,616	922,616	947,744
Size of land area served by Bus (in square miles)	226	226	229	230	240	238	243	243	243	243
Number of Bus Routes	44	42	45	45	38	38	37	37	40	40
Annual PSTA Bus Passenger Miles (in millions) (Excludes Demand Response)	47,880	54,078	55,361	60,392	61,549	66,145	71,534	67,977	67,078	65,266
Miles of Bus Route - Directional Miles	1,006.0	1,011.4	1,006.0	1,011.0	912.9	892.1	898.8	907.2	907.2	885.18
Average On Time Performance	95.4	94.8	93.0	86.9	89.4	91.2	90.5	90.4	82.3	83.4
Number of Bus Stop Locations	5,655	5,735	5,691	5,679	5,691	5,172	5,159	5,105	5,141	5157
Number of Bus Park and Ride Facilities	3	3	3	3	3	3	3	2	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	14	14	14	14
Number of Passenger Shelters	501	565	639	671	639	712	742	707	707	707
Number of Buses in Active Fleet	180	197	208	205	195	191	191	186	194	199
Average Vehicle Age (in years)	6.07	4.57	4.79	4.40	4.49	4.40	5.40	6.40	7.40	6.00
Investment in Property and Equipment (in thousands)	\$ 84,597	\$ 85,860	\$ 85,021	\$ 85,356	\$ 83,476	\$ 88,539	\$ 78,170	\$ 76,412	\$ 86,157	\$ 79,199

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 basic financial statements of the Pinellas Suncoast Transit Authority (the Authority) as of and for the year ended September 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated March 20, 2015.

**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 opinions 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 Authority'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.

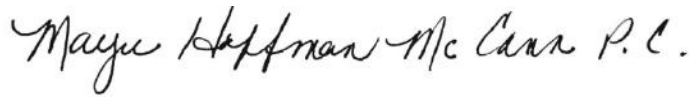
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Maye Hoffman Mc Carr P.C.".

March 20, 2015  
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, 2014. 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 Florida 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, 2014.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2014-01. Our opinion on each major federal program and state financial assistance project is not modified with respect to these matters.

The Authority's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **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, 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. Accordingly, this report is not suitable for any other purpose.



March 20, 2015  
Clearwater, Florida

**PINELLAS SUNCOAST TRANSIT AUTHORITY**

**Schedule of Findings and Questioned Costs**

**Year Ended September 30, 2014**

**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	20.500/20.507
Transit Services Program Cluster	20.516/20.521
<u>State Programs</u>	<u>CSFA Number</u>
Florida Department of Transportation:	
Public Transit Block Grant Program	55.010

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

- Auditee qualified as low-risk auditee?                             Yes      X   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*.

## PINELLAS SUNCOAST TRANSIT AUTHORITY

### Schedule of Findings and Questioned Costs - Continued

#### **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.

<i>Finding Number</i>	2014-01
<i>Finding Type</i>	Material noncompliance
<i>Federal Program</i>	Transit Security Grant Program (CFDA #97.075)
<i>Federal Award Number</i>	EMW-2011-RA-T0-00090
<i>Federal Agency</i>	U.S. Department of Homeland Security (DHS)
<i>Compliance Requirement</i>	Activities Allowed or Unallowed and Allowable Costs/Cost Principles

#### ***Criteria***

Among the allowable uses of funds permitted by the 9/11 Act, a recipient may use DHS funds for “public awareness campaigns for enhanced public transportation security.” Per the Fiscal Year 2011 Transit Security Grant Program Guidance and Application Kit, DHS provided funds “to protect critical surface transportation infrastructure and the traveling public from acts of terrorism and to increase the resilience of transit infrastructure.”

#### ***Condition***

Pursuant to correspondence from FEMA dated August 14, 2014, it was determined during the current year, through a DHS review, that purchased advertisements with DHS funds were not used in the manner in which PSTA expressly described in the Fiscal Year 2011 Transit Security Grant Program Guidance and Application Kit. The advertisements actually developed by PSTA included generalized statements regarding the safety of riding PSTA.

#### ***Possible Asserted Cause and Effect***

Procedures to review advertisements for compliance with activities allowed or unallowed and allowable costs/cost principles were not operating effectively.

#### ***Recommendation***

PSTA has remitted the disallowed costs of \$354,091 to the DHS on July 30, 2014. We recommend that policies and procedures be implemented to verify that advertisements are properly reviewed for allowability.

#### ***Questioned Costs***

\$354,091

## PINELLAS SUNCOAST TRANSIT AUTHORITY

### Schedule of Findings and Questioned Costs - Continued

#### *Views of Responsible Officials*

We concur with the recommendation and have implemented the following additional internal controls in relationship to overall grant compliance, and not just compliance with the specific finding in this report:

- Revised Grants Policies and Procedures that specifically lists as part of the Department's functions to assure compliance with grant requirements, laws, rules and regulations. Compliance rests with the Project Manager and all involved in the process, and the Grant's Department has now been assigned ultimate responsibility for ensuring this is accomplished.
- The revised Grants Policies and Procedures specifically outlines that the Grants Department advises the Directors of requirements and limitations associated with the grant funding agreements. The increased dialogue and documentation on grant requirements will assist project managers with grant compliance.
- Monthly working meetings with the project managers, procurement personnel, legal and accounting staff have been established to review project status, project accomplishments and issues. This allows us as a cross-functional team to be part of ensuring the effective and efficient completion of the project within grant requirements.

Currently the following internal controls exist:

- All grant purchase requisitions are reviewed and approved by the Grant's Manager or designee prior to the procurement process.
- All change orders that are grant funded are reviewed and approved by the Grant's Manager or designee.
- The Grants Department will follow all Grant reporting requirements in a timely manner that allows for the funding agencies to review project status and appropriateness of expenditures.



## Schedule of Expenditures of Federal Awards and State Financial Assistance

**Year Ended September 30, 2014**

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	\$ 222,218	-
Federal Transit Capital Investments Grant	20.500	FL 04-0135	9,143	-
Federal Transit Capital Investments Grant	20.500	FL 04-0142	24,748	-
Federal Transit Capital Investments Grant	20.500	FL 04-0162	31,642	-
Federal Transit Formula Grant	20.507	FL 90-0841	4,892	-
Federal Transit Formula Grant	20.507	FL 34-0003	2,000	-
Federal Transit Formula Grant	20.507	FL 90-0811	5,067,380	-
Federal Transit Formula Grant	20.507	FL 90-0783	815,792	-
Federal Transit Formula Grant	20.507	FL 90-0758	310,161	-
Federal Transit Formula Grant	20.507	FL 90-0648	138,081	-
Federal Transit Formula Grant	20.507	FL 90-0689	408,520	-
Federal Transit Formula Grant	20.507	FL 90-0723	530,341	-
Total			7,564,917	-
<i>Passed through Pinellas County Metropolitan Planning Organization:</i>				
Federal Transit Planning Grant	20.505	WPI7816685	80,000	-
<i>Transit Corridor Program :</i>				
New Freedom - Mobility Management	20.521		97,442	-
MPO-Rte 813 (Dunedin/Palm Harbor)	20.521		182,135	-
MPO-Rte 355 (JARC)	20.516		106,550	-
			386,127	-
Total U.S. Department of Transportation			8,031,044	-
U.S. Department of Homeland Security:				
<i>Passed through Federal Emergency Management Agency:</i>				
Transit Security Grant Program	97.075	2010-RA-T0-0030	-	-
Transit Security Grant Program	97.075	EMW-2011-RA-T0-00090	(212,464) *	-
			(212,464)	-
Total Expenditures of Federal Awards			\$ 7,818,580	-
Florida Department of Transportation:				
<i>Direct Program:</i>				
Public Transit Block Grant Program	55.010	402513-1-84-13	\$ 4,015,888	-
Commission of Transportation Disadvantaged Trip and Equipment	55.001	AQP31	2,216,736	-
Public Transit Service Development Program (Jolley Trolley)	55.012	428051-1-84-01	11,606	-
Transit Corridor Program (Eastlake-NCF)	55.013	430319-1-84-02	285,000	-
Transit Corridor Program (Eastlake-NCF)	55.013	430319-1-84-03	9,800	-
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	105,225	-
Total Program			766,125	-
Financial Assistance			7,010,355	-
Total			\$ 14,828,935	-

\* Transit Security Grant Program (EMW-2011-RA-T0-00090) has negative expenditures as the funding agency, Department of Homeland Security requested return of total funds received of \$357,090. Funds were requested and returned on July 31, 2014.

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

**Year Ended September 30, 2014**

**(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 \$1.1 million in capital assets was purchased using federal grant awards during the fiscal year ending September 30, 2014. These amounts have been capitalized for financial statement purposes and reflected as Capital Assets on the Statement of Net Position.

**(3) Negative Expenditures**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs of Pinellas Suncoast Transit Authority.

Negative amounts requested in the SEFA for the Department of Homeland Security, Transit Security Grant (CFDA No. 97.075) represents amounts previously claimed for reimbursement and reported as expenditures in the SEFA of a prior year, but were ultimately disallowed and not reimbursed by the grantor. The negative expenditures reported were for public awareness campaigns for enhanced public transportation security that were originally planned to be funded by the grant, but were subsequently funded from operations.

**PINELLAS SUNCOAST TRANSIT AUTHORITY**

**Summary Schedule of Prior Audit Findings**

**Year Ended September 30, 2014**

**Summary of Prior Year Audit Findings**

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*.



### **Independent Auditor's Management Letter**

The Members of the Board  
Pinellas Suncoast Transit Authority:

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

We have audited the financial statements of the Pinellas Suncoast Transit Authority (the Authority) as of and for the year ended September 30, 2014 and have issued our report thereon dated March 20, 2015.

#### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Florida Auditor General*.

#### **Other Reports and Schedule**

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and 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 Chapter 10.550, *Rules of the Auditor General*, State of Florida; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated March 20, 2015, should be considered in conjunction with this management letter.

#### **Prior Audit Findings**

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings required to be reported in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General - Local Governmental Entity Audits*.

#### **Official Title and Legal Authority**

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

## **Financial Condition**

Section 10.554(1)(i)5.a., *Rules of the Auditor General*, requires that we report the results of our determination as to whether or not the Authority 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*.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor 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.

## **Annual Financial Report**

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

## **Other Matters**

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

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. As noted in Finding 2014-01, it was determined during the current year, through a Department of Homeland Security (DHS) review, that purchased advertisements with DHS funds were not used in the manner in which PSTA expressly described in the Fiscal Year 2011 Transit Security Grant Program Guidance and Application Kit. The advertisements actually developed by PSTA included generalized statements regarding the safety of riding PSTA. PSTA has remitted the disallowed costs of \$354,091 to the DHS on July 30, 2014. We recommend that policies and procedures be implemented to verify that advertisements are properly reviewed for allowability.

## **Purpose of this Letter**

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



March 20, 2015  
Clearwater, Florida



**Mayer Hoffman McCann P.C.**  
**An Independent CPA Firm**

13577 Feather Sound Drive, Suite 400 ■ Clearwater, Florida 33762  
Main: 727.572.1400 ■ Fax: 727.571.1933 ■ [www.mhm-pc.com](http://www.mhm-pc.com)

### **Independent Accountant's Report**

To the Members of the Board  
Pinellas Suncoast Transit Authority:

We have examined the Pinellas Suncoast Transit Authority's (the Authority) compliance with requirements set forth in Section 218.415, *Florida Statutes*, during the period ending September 30, 2014. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

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

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

*Mayer Hoffman McCann P.C.*

March 20, 2015  
Clearwater, Florida