

TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019



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**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
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YEARS ENDED SEPTEMBER 30, 2019**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Tampa Bay Area Regional Transit Authority
Tampa, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and general fund of the Tampa Bay Area Regional Transit Authority (TBARTA), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise TBARTA'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.

Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and general fund of TBARTA as of September 30, 2019, and the respective changes in financial position for the year 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, the budgetary comparison schedule for the general fund, and schedules of TBARTA's proportionate share of the net pension liability and of its contributions-pension plans, as listed on the table of contents, 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 TBARTA's basic financial statements. The schedule of state financial assistance, as required by Chapter 10.550, *Local Government Entity Audits*, Rules of the Auditor General of the state of Florida, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

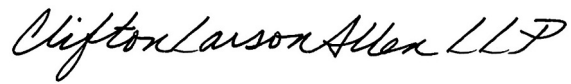
The schedule of expenditures of state financial assistance is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The transmittal letter and introductory 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 it.

Board of Directors
Tampa Bay Area Regional Transit Authority

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated 06/02/2020 on our consideration of TBARTA'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of TBARTA's 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 TBARTA's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Tampa, Florida
June 2, 2020

Transmittal Letter

06/02/2020

James Holton, Board Chair and
Members of the Governing Board of Directors of the Tampa Bay Regional Transit Authority and
Citizens of the Tampa Bay Region

Dear Board Chair, Board Members and Citizens:

We are pleased to submit to you the Annual Financial Report of the Tampa Bay Regional Transit Authority (TBARTA) for the fiscal year ended September 30, 2019.

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.

This report has been compiled and prepared by the Authority's management. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Authority has established a comprehensive internal control framework that is designed both to protect the Authority's assets from loss, theft, or misuse and to compile enough reliable information for the preparation of the Authority's financial statements in conformity with GAAP. 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.

CliftonLarsonAllen LLP, a firm of licensed certified public accountants, has audited the Authority's basic financial statements. 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, 2019, 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 any 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 opinion that the Authority's financial statements for the fiscal year ended September 30, 2019, are fairly presented in conformity with GAAP.

The Annual Financial Report is presented in three sections: Introductory, Financial and the Regulatory Section. The Introductory section consists of this letter of transmittal that provides an overview of the Authority, economic environment, financial performance and other pertinent financial information.

The Financial Section includes the Independent Auditors' Report, Management's Discussion and Analysis (MD&A), the basic financial statements and notes thereto, and required supplementary information.

The Authority is also required by federal and state regulations to undergo an audit of federally and state funded programs that it administers. The standards governing the Single Audit engagement require the independent auditor to report on the audited government's internal controls and compliance with laws, regulations, contracts and grants applicable to each major federal and state program. The reports related specifically to the Single Audit are within the regulatory section of this document.

Profile of the Authority

The Tampa Bay Area Regional Transit Authority (TBARTA) was created to advance regional transportation needs in Hernando, Hillsborough, Manatee and Pasco and Pinellas counties. Our purpose is to plan, develop, fund, implement and operate a regional transit system in the area. Our mission is a world class transit system that connects and moves the Tampa Bay region.

The agency consists of:

- Governing board made up of elected officials, appointed members from around the region, and
- Citizens Advisory Committee (CAC) made up of citizen representatives appointed by the TBARTA Board, and
- Transit Management Committee (TMC) made up of the executive directors of the transit agencies in the region.

Officials

The Authority is governed by a board of directors comprised of eight elected officials, four gubernatorial appointees and the Secretaries for the Florida Department of Transportation Districts 7 and 1. Operating expenses are covered primarily through state funds.

Purpose and Delivery

With the new foundation for TBARTA as outlined by the Legislature in 2017, TBARTA is producing a regional transit development plan that will be the impetus for implementation and operation of mobility improvements and expansion of transportation options in the region. As outlined in our MD&A, staff is committed to continually build on our successes and on continuous improvement as we move forward.

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

Financial Highlights

As management of the Tampa Bay Area Regional Transit Authority (TBARTA), we offer readers of TBARTA's financial statements this narrative overview and analysis of the financial activities of TBARTA for the fiscal year ended September 30, 2019. The information presented here should be considered in conjunction with the transmittal letter and 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 pension.

TBARTA's net position is \$(41,244), a decrease of \$(171,135) from the previous year.

During the year, total revenues were \$2,740,467 versus total expenses of \$2,911,602.

Overview of the Financial Statements

The basic financial statements consist of three components: 1) Government-wide financial statements providing information about the activities of TBARTA as a whole; 2) fund financial statements and, 3) notes to the financial statements. In addition to these basic statements, the report also contains other supplemental information in addition to the basic financial statements.

Government-wide Financial Statements. The government-wide financial statements are designed to provide a broad overview of TBARTA's finances in a manner similar to a private-sector business. The government-wide statements provide information about TBARTA's financial status as a whole. These statements include details of income during the year and a breakdown by category of expenses for activities and administration of TBARTA. The statements include all assets, deferred inflows, liabilities and deferred inflows using the accrual basis of accounting. This means that all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report TBARTA's net position and changes in net position. The net position – the difference between assets and deferred outflows and liabilities and deferred inflows – are an important measure of TBARTA's financial health.

Fund Financial Statements. The fund statements provide a detailed look at TBARTA's general fund. TBARTA, like all government entities, uses fund accounting to ensure and reflect compliance (or noncompliance) with finance related legal requirements. TBARTA uses one fund, a governmental general fund, which focuses on (1) how cash and other financial assets, that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the general fund statements provide a detailed short-term view that indicates whether there are more or fewer financial resources that can be spent in the near future to finance TBARTA's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a detailed reconciliation provides additional information that explains the relationship (or differences) between the statements.

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

Net Position

At September 30, 2019, TBARTA's assets and deferred outflows of resources amounts are less than the liabilities and deferred inflows of resources by \$(41,244).

Tampa Bay Regional Transit Authority – Net Position

| | Governmental Activities | | Increase | 2017 |
|---|-------------------------|-------------------|---------------------|-------------------|
| | 2019 | 2018 | (Decrease) | |
| Current and Other Assets | \$ 1,346,728 | \$ 612,024 | \$ 734,704 | \$ 977,806 |
| Capital Assets - Net | 64,299 | 1,553 | 62,746 | 15,217 |
| Total Assets | <u>1,411,027</u> | <u>613,577</u> | <u>797,450</u> | <u>993,023</u> |
| Deferred Outflows of Resources - Pension Related Amounts | <u>163,846</u> | <u>-</u> | <u>163,846</u> | <u>-</u> |
| Accounts Payable | 876,146 | 400,744 | 475,402 | 607,708 |
| Accrued Liabilities | 87,466 | 48,707 | 38,759 | 67,856 |
| Unearned Revenue | 464,920 | 34,235 | 430,685 | 105,804 |
| Net Pension Liability | 176,047 | - | 176,047 | - |
| Total Liabilities | <u>1,604,579</u> | <u>483,686</u> | <u>944,846</u> | <u>781,368</u> |
| Deferred Inflows of Resources - Pension Related Amounts | <u>11,538</u> | <u>-</u> | <u>11,538</u> | <u>101,875</u> |
| Net Position | | | | |
| Invested in Capital Assets | 64,299 | 1,553 | 62,746 | 15,217 |
| Unrestricted | (105,543) | 128,338 | (233,881) | 94,563 |
| Total Net Position | <u>\$ (41,244)</u> | <u>\$ 129,891</u> | <u>\$ (171,135)</u> | <u>\$ 109,780</u> |

Increases in accounts payable and current assets are in line with an increase of expenses and revenues for the year ended September 30, 2019.

Increases in unearned revenue relates to advances from Florida Department of Transportation for the Local Transportation Projects/Earmark.

During the year ended September 30, 2019, TBARTA participated in the Florida Retirement System (FRS), which resulted in the net pension liability and related amounts noted on the statement of net position. This is TBARTA's first year participating in FRS. FRS is state multi-employer plan administered by the State of Florida.

Changes in Net Position

Revenues relating to TBARTA's operating grants and contributions totaled \$2,740,457, an increase of \$510,188 from the previous year. The increase was attributable primarily to grant revenues generated from the Florida Department of Transportation grants for the Commuter Assistance Program and the Regional Transit Development Plan that incurred eligible expenditures that were subject to reimbursement.

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

Changes in Net Position (Continued)

Expenses totaled \$2,911,602, an increase of \$688,194 from the previous year. The increase is primarily due to the increased expenditures for salaries and wages, as TBARTA hired nine additional personnel throughout the year, and consulting/contracting services for the Regional Transit Development Plan and Regional Bus Rapid Transit projects.

Tampa Bay Area Regional Transit Authority - Changes in Net Position

| | Governmental Activities | | Increase (Decrease) | 2017 |
|------------------------------------|-------------------------|-------------------|------------------------|-------------------|
| | 2019 | 2018 | | |
| REVENUES | | | | |
| Program Revenue: | | | | |
| Operating Grants and Contributions | \$ 2,740,457 | \$ 2,230,269 | \$ 510,188 | \$ 1,570,827 |
| General Revenues: | | | | |
| Miscellaneous | 10 | 13,250 | (13,240) | - |
| Total Revenues | <u>2,740,467</u> | <u>2,243,519</u> | 496,948 | 1,570,827 |
| FUNCTIONAL/PROGRAM EXPENSES | | | | |
| Transportation | 2,911,602 | 2,223,408 | 688,194 | 1,442,234 |
| Total Functional/Program Expenses | <u>2,911,602</u> | <u>2,223,408</u> | 688,194 | 1,442,234 |
| INCREASE IN NET POSITION | (171,135) | 20,111 | (191,246) | 128,593 |
| Net Position - Beginning of Year | <u>129,891</u> | <u>109,780</u> | 20,111 | (18,813) |
| NET POSITION - END OF YEAR | <u>\$ (41,244)</u> | <u>\$ 129,891</u> | <u>\$ (171,135)</u> | <u>\$ 109,780</u> |

General Fund

The focus of TBARTA's general fund is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing TBARTA's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Capital Asset and Debt Activity

At September 30, 2019, TBARTA accounted for \$291,660 of capital assets. These assets are primarily used to administer TBARTA's operating activities. During the year ended September 30, 2019, TBARTA purchased \$62,150 of computer equipment and \$7,179 of office equipment.

As of September 30, 2019, TBARTA did not have any long-term debt or borrowings.

Budgetary Highlights

TBARTA's Governing Board approves the annual operating budget. The Governing Board must also approve any required revisions that result in an increase to total expenditures. The budget is maintained at a general fund level. In addition, financial statements, which detail month-to-date and the year-to-date actual versus budgeted expenditure comparisons, are presented to the Governing Board on a periodic basis for review. There were no budget amendments made to the originally adopted budget for the year ended September 30, 2019.

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

Economic Factors and the 2019-2020 Budget

TBARTA continues to identify projects and funding sources that facilitate the expansion of the vanpool program, related commuter assistance services and transit solutions. For FY 2019 TBARTA received the following grants through the Florida Department of Transportation (FDOT):

| Contract Amount | Project Description |
|-----------------|--|
| \$870,000.00 | Commuter Assistance Program |
| | |
| \$800,000.00 | FHWA Surface Transportation Program Assistance |
| | |
| \$350,000.00 | FHWA Surface Transportation Program Assistance |
| | |
| \$1,000,000.00 | Regional Transit Development Plan |
| | |
| \$5,000,000.00 | Project Development & Environment |
| | |
| \$1,500,000.00 | Local Transportation Projects |
| | |
| \$1,000,000.00 | Innovative Transit Solution |

To enable it the opportunity to request additional funding for vanpool and paratransit related projects, TBARTA is in the application process to be approved as a Federal Transit Administration (FTA) direct recipient grantee. Currently, the Pinellas Suncoast Transit Authority is the designated recipient through which FTA funds are currently encumbered.

Subsequent Events

On May 20, 2020, TBARTA entered into a taxable promissory note and loan agreement with Pilot Bank. Total loan amount is \$300,000, which will be used for the purpose of financing expenditures permitted by Part V, Chapter 343, Florida Statutes. The loan will be a revolving line of credit pursuant to which the Authority will be authorized to borrow up to the loan amount. TBARTA will accrue interest on the principal balance outstanding at a rate per annum that is equal to the sum of the Prime Rate, plus 0.50%. TBARTA will pay the bank accrued interest monthly in arrears on the first day of each month beginning June 1, 2020. The entire unpaid principal balance, together with all accrued and unpaid interest shall be due and payable in full on May 19, 2022. Within the loan agreement are covenants of the borrower, which include but not limited to reporting requirements, debt service coverage ratio, leverage ratio, and a collateral account with a balance therein of at least \$50,000 at all times.

Effective June 1, 2020 through June 30, 2022, TBARTA, lessee, and State of Florida Department of Transportation, lessor, entered into a lease agreement for building office and related uses. Total cost for rent monthly is zero dollars.

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Management believes TBARTA is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

Requests for Information

This financial report is designed to provide a general overview of Tampa Bay Area Regional Transit Authority's finances. Questions concerning budgets, long-term financial planning, future debt issuances, or questions related to the management of TBARTA's operations should be addressed to the Executive Director:

David Green
4350 West Cypress Street, Suite 700
Tampa, Florida 33607

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

ASSETS

| | |
|-------------------------------------|------------|
| Cash | \$ 176,878 |
| Due from Federal and State Agencies | 1,154,040 |
| Prepays and Other | 15,810 |
| Capital Assets, Net | 64,299 |
| Total Assets | 1,411,027 |

DEFERRED OUTFLOW OF RESOURCES - PENSION RELATED AMOUNTS

163,846

LIABILITIES

| | |
|------------------------------|-----------|
| Accounts Payable | 876,146 |
| Accrued Liabilities | 64,153 |
| Accrued Compensated Absences | 23,313 |
| Unearned Revenue | 464,920 |
| Net Pension Liability | 176,047 |
| Total Liabilities | 1,604,579 |

DEFERRED INFLOW OF RESOURCES - PENSION RELATED AMOUNTS

11,538

NET POSITION

| | |
|------------------------------|-------------|
| Investment in Capital Assets | 64,299 |
| Unrestricted | (105,543) |
| Total Net Position | \$ (41,244) |

See accompanying Notes to Financial Statements.

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> Operating Grants and Contributions | <u>Net (Expense) Revenue and Changes in Net Position</u> |
|-------------------------------|---------------------|---|--|
| Primary Government: | | | |
| Governmental Activities: | | | |
| Transportation | \$ 2,911,602 | \$ 2,740,457 | \$ (171,145) |
| Total Governmental Activities | <u>\$ 2,911,602</u> | <u>\$ 2,740,457</u> | <u>(171,145)</u> |
| General Revenues: | | | |
| Miscellaneous | | | \$ 10 |
| Total General Revenues | | | <u>\$ 10</u> |
| | | | CHANGE IN NET POSITION |
| | | | (171,135) |
| | | | Net Position - Beginning of Year |
| | | | <u>129,891</u> |
| | | | NET POSITION END OF YEAR |
| | | | <u>\$ (41,244)</u> |

See accompanying Notes to Financial Statements.

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2019**

ASSETS

| | | |
|-------------------------------------|----|-------------------------|
| Cash | \$ | 176,878 |
| Due from Federal and State Agencies | | 1,154,040 |
| Prepays and Other | | <u>15,810</u> |
| Total Assets | \$ | <u><u>1,346,728</u></u> |

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

LIABILITIES

| | | |
|----------------------------|----|------------------|
| Accounts Payable | \$ | 876,146 |
| Accrued Wages and Benefits | | 57,722 |
| Unearned Revenue | | <u>464,920</u> |
| Total Liabilities | | <u>1,398,788</u> |

DEFERRED INFLOWS OF RESOURCES

| | | |
|----------------------|--|----------------|
| Unavailable Revenues | | <u>822,784</u> |
| | | 822,784 |

FUND BALANCES

| | | |
|---------------------|--|------------------|
| Nonspendable | | 15,810 |
| Unassigned | | <u>(890,654)</u> |
| Total Fund Balances | | <u>(874,844)</u> |

| | | |
|---|----|-------------------------|
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ | <u><u>1,346,728</u></u> |
|---|----|-------------------------|

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
RECONCILIATION OF THE GENERAL FUND BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

| | |
|--|--------------------|
| Total Fund Balances - General Fund | \$ (874,844) |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the general fund. | 64,299 |
| Deferred outflows of resources related to net pension liabilities do not have a current financial resources focus, and therefore are not recognized in the governmental fund statements. | 163,846 |
| Certain grant-related receivables are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the general fund. | 822,784 |
| Accrued liabilities relating to rent payable recognized on a straight-line basis are not due and payable in the current period and therefore are not reported in the general fund. | (6,431) |
| Deferred inflows of resources related to net pension liabilities do not have a current financial resources focus, and therefore are not recognized in the governmental fund statements. | (11,538) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. | |
| Compensated Absences | (23,313) |
| Net Pension Liability | (176,047) |
| | (199,360) |
| Total Net Position - Governmental Activities | \$ (41,244) |

See accompanying Notes to Financial Statements.

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

REVENUES

| | |
|--------------------------|--------------|
| Federal and State Grants | \$ 1,702,182 |
| Local Contributions | 322,500 |
| Miscellaneous Revenues | 10 |
| Total Revenues | 2,024,692 |

EXPENDITURES

| | |
|--------------------|-----------|
| Current: | |
| Transportation | 2,892,766 |
| Capital Outlay | 69,329 |
| Total Expenditures | 2,962,095 |

NET CHANGE IN FUND BALANCE

(937,403)

Fund Balance - Beginning of Year

62,559

FUND BALANCE - END OF YEAR

\$ (874,844)

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – GENERAL FUND TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2019**

| | |
|---|-----------------------------------|
| Net Change in Fund Balance - Total General Fund | \$ (937,403) |
| Capital outlays are reported as expenditures in the general fund, however, in the statement of activities, the cost of assets is allocated over their estimated useful lives and reported as depreciation expense: | 69,329 |
| Less: Depreciation | (6,583) |
| Total | <u>62,746</u> |
| In the statement of activities, the straight line impact of rent expense over the term of the lease. | 13,277 |
| In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the general fund expenditures are recognized based on the amounts actually paid for leave used. This is the net amount of compensated absences paid in excess of amounts earned in the current period. | (1,795) |
| Pension related expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | (23,739) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the general fund. | <u>715,779</u> |
| Change in Net Position of Governmental Activities | <u><u>\$ (171,135)</u></u> |

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Tampa Bay Area Regional Transit Authority (TBARTA) was created on July 1, 2007, pursuant to the authority of Section 343.92, Florida Statutes to advance regional transportation needs in Hernando, Hillsborough, Manatee and Pasco and Pinellas counties. Our purpose is to plan, develop, fund, implement and operate a regional transit system in the area. Our mission is a world class transit system that connects and moves the Tampa Bay region.

The basic operations of TBARTA are financed primarily through grants from the state, federal government, and local county contributions.

Reporting Entity

In evaluating how to define TBARTA for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying certain criteria consisting of manifestation of oversight responsibility including: financial accountability; appointment of a voting majority; imposition of will; financial benefit to or burden on a primary organization; financial accountability as a result of fiscal dependency; potential for dual inclusion; and organizations included in the reporting entity although the primary organization is not financially accountable. Based upon the application of these criteria, no potential component units were identified.

Basis of Presentation

The financial statements of TBARTA have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles in the United States of America. The more significant of the government's accounting policies are described below.

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and a statement of activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This differs from the way governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

The accounts of TBARTA are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. Currently, TBARTA only utilizes a general fund to track its operations. The general fund is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Generally, revenues are considered available when they are collected within the current period or within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in the general fund.

TBARTA funds certain programs by a combination of specific cost-reimbursement grants, other grants, and other revenues. When both restricted and unrestricted resources are available for use, it is TBARTA's policy to use restricted resources first, then unrestricted as needed.

TBARTA reports the following major governmental fund:

General Fund – This fund is used to account for the accumulation and expenditure of resources used for general purposes of TBARTA and do not require the establishment of any other type of fund.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to estimates and assumptions include depreciation and pension related amounts. Actual amounts could differ from those estimates.

Capital Assets

Capital assets are carried at historical cost. Minimum capitalization costs are \$1,000 for all asset categories. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets' life is not capitalized. Depreciation of capital assets is computed using the straight-line method over the estimated useful lives of the assets, generally 3 to 10 years.

Compensated Absences

Vacation pay can be accumulated by an employee up to 240 hours and is payable, if not used, upon termination. Senior management service or selected exempt service employee may accumulate vacation up to 480 hours rather than 240 hours and is payable.

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

In the statements of net position, liabilities are recognized for the TBARTA's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) and additions to/deductions from FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources reported in the TBARTA's statement of net position are related to the TBARTA's participation in the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program. These amounts will be recognized as increases in pension expense in future years.

In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources reported in the TBARTA's statement of net position are related to the TBARTA's participation in the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program. These amounts will be recognized as reductions in postemployment benefit expense and pension expense in future years.

TBARTA recorded certain receivables that were not available to pay for current period expenditures and certain amounts received for which the time requirement has not been met as deferred inflows of resources as of September 30, 2019.

Revenue Recognition

Under the modified accrual basis, revenues are recognized in the accounting period when they become measurable and available. Revenues are generally considered available when they are received in cash (unless legally restricted to some future period) or when earned and expected to be collected soon enough after yearend to pay liabilities of the current period (i.e. within 60 days of the end of the current fiscal period).

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position in government-wide financial statements are classified as invested in capital assets, restricted, and unrestricted. Invested in capital assets represents the total capital assets, net of debt issued in the acquisition of these assets (of which there is none) and net of depreciation. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute. Unrestricted net position represents the balance that is not restricted for specific purposes.

NOTE 2 CASH

Custodial credit risk is defined as the risk that, in the event of bank failure, TBARTA's deposits may not be returned. All cash deposits are in financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Any amount above this amount is collateralized pursuant to Chapter 280, Florida Statutes, which obligates all participating institutions to reimburse the governmental entity for the loss, in the event of default by a participating financial institution (a qualified public depository).

As of September 30, 2019, the carrying amounts of TBARTA's deposits were \$176,878 and the bank balance was \$262,561.

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 3 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

| | Balance October 1, 2018 | Additions | Deletions | Balance September 30, 2019 |
|--|-------------------------------|------------------|-------------|----------------------------------|
| Governmental Activities: | | | | |
| Capital Assets being Depreciated: | | | | |
| Computer Software and Equipment | \$ 121,028 | \$ 62,150 | \$ - | \$ 183,178 |
| Office Equipment | 33,984 | 7,179 | - | 41,163 |
| Furniture and Fixtures | 61,496 | - | - | 61,496 |
| Leasehold Improvements | 5,823 | - | - | 5,823 |
| Total | <u>222,331</u> | <u>69,329</u> | <u>-</u> | <u>291,660</u> |
| Less: Accumulated Depreciation for: | | | | |
| Computer Software and Equipment | (121,028) | (5,179) | - | (126,207) |
| Office Equipment | (33,984) | (239) | - | (34,223) |
| Furniture and Fixtures | (61,496) | - | - | (61,496) |
| Leasehold Improvements | (4,270) | (1,165) | - | (5,435) |
| Total | <u>(220,778)</u> | <u>(6,583)</u> | <u>-</u> | <u>(227,361)</u> |
| Total Capital Assets Being Depreciated, Net | <u>\$ 1,553</u> | <u>\$ 62,746</u> | <u>\$ -</u> | <u>\$ 64,299</u> |

NOTE 4 COMPENSATED ABSENCES

The following is a summary of the changes in accrued compensated absences for the year ended September 30, 2019:

| | Balance October 1, 2018 | Additions | Deletions | Balance September 30, 2019 |
|------------------------------|-------------------------------|------------------|------------------|----------------------------------|
| Accrued Compensated Absences | <u>\$ 21,522</u> | <u>\$ 31,668</u> | <u>\$ 29,877</u> | <u>\$ 23,313</u> |

Total current portion of compensated absences for fiscal year 2019 is \$7,869.

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 5 FUND BALANCE AND SPENDING POLICY

Governments are required to classify fund balance in governmental funds as nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted – includes amounts restricted by enabling legislation.
- Committed – includes amounts that can only be used for specific purposes as imposed by formal action of the Board of Directors, which is the highest level of decision-making authority. Commitments of fund balances may only be removed or changed by taking the same type of action formally used to commit the amount, which is by resolution.
- Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the TBARTA's adopted policy, the Executive Director may assign amounts for specific purposes.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund.

As of the year ended September 30, 2019, TBARTA only has nonspendable and unassigned balances. The general fund has a nonspendable fund balance of \$15,810, which relates to a building security deposit, and the remaining fund balance of \$(890,654) is unassigned.

TBARTA has implemented fund balance and spending policies to clearly define the process for tracking the various classifications of fund balance. The policy states when an expenditure is incurred in which restricted, committed, assigned, or unassigned amounts are available to be used, TBARTA will first use restricted amounts, then committed amounts, then assigned amounts, and finally unassigned amounts.

NOTE 6 CONTINGENT LIABILITY

TBARTA is subject to financial and compliance audits by grantor agencies to determine compliance with grant funding requirements. In the event the expenditures would be disallowed, repayment could be required. Government grants require the fulfillment of certain conditions as set forth by applicable laws, rules, and regulations and in the grant agreements. Failure to fulfill the conditions could result in the return of funds to the grantor. It is management's opinion that no material liabilities will result from any such review by the grantor.

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 7 DEFINED BENEFIT PENSION PLAN

In fiscal year 2019, TBARTA became a member of the Florida Retirement System (FRS). The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of TBARTA are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida

Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website. (www.dms.myflorida.com/workforce_operations/retirement/publications).

TBARTA's aggregate pension expense totaled \$51,021 for the fiscal year ended September 30, 2019.

Florida Retirement System Pension Plan

A. Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership applicable to TBARTA are as follows:

Regular Class – Members of the FRS who do not qualify for membership in the other classes.

Senior Management Service Class (SMSC) – Members in senior management level positions.

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Florida Retirement System Pension Plan (Continued)

A. Plan Description (Continued)

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to four years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

B. Benefits Provided

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned.

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Florida Retirement System Pension Plan (Continued)

B. Benefits Provided (Continued)

| <u>Class, Initial Enrollment, and Retirement Age/Years of Service</u> | <u>Percent Value</u> |
|---|----------------------|
| Regular Class Members Initially Enrolled before July 1, 2011 | |
| Retirement up to age 62 or up to 30 years of Service | 1.60 % |
| Retirement up to age 63 or up to 31 years of Service | 1.63 |
| Retirement up to age 64 or up to 32 years of Service | 1.65 |
| Retirement up to age 65 or up to 33 years of Service | 1.68 |
| Regular Class Members Initially Enrolled on or after July 1, 2011 | |
| Retirement up to age 65 or up to 33 years of Service | 1.60 % |
| Retirement up to age 66 or up to 34 years of Service | 1.63 |
| Retirement up to age 67 or up to 35 years of Service | 1.65 |
| Retirement up to age 68 or up to 36 years of Service | 1.68 |

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

C. Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. The employer contribution rates by job class in the tables below were applied to employee salaries to determine monthly contributions. TBARTA's contributions to the FRS Plan were \$20,970 for the year ended September 30, 2019.

Contribution Rate - Employer 2019

| <u>Job Class</u> | <u>October 1, 2018- June 30, 2019</u> | <u>July 1, 2019- September 30, 2019</u> |
|--|---|---|
| Regular | 8.26 % | 8.47 % |
| Senior Management | 24.06 | 25.41 |
| DROP Participants | 14.03 | 14.60 |
| Above rates include HIS Plan subsidy of: | 1.66 | 1.66 |

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Florida Retirement System Pension Plan (Continued)

D. Pension Costs

At September 30, 2019, TBARTA reported a liability of \$113,521 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of July 1. TBARTA's proportion of the net pension liability was based on TBARTA's contributions received by FRS during the measurement period for employer payroll paid dates from July 1 through June 30, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2019, TBARTA's proportion was 0.00032%

For the year ended September 30, 2019, TBARTA recognized pension expense of \$38,171 for its proportionate share of FRS's pension expense. In addition, TBARTA reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources:

FRS Deferred Inflows/Outflows - 2019

| <u>Description</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Outflows of Resources</u> |
|---|---|---|
| Differences Between Expected and Actual Economic Experience | \$ 6,733 | \$ 70 |
| Changes in Actuarial Assumptions | 29,157 | - |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | - | 6,281 |
| Changes in Proportion and Differences Between Entity Contributions and Proportionate Share of Contributions | 56,034 | - |
| Entity Contributions Subsequent to the Measurement Date | 10,749 | - |
| Total | <u>\$ 102,673</u> | <u>\$ 6,351</u> |

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Florida Retirement System Pension Plan (Continued)

D. Pension Costs (Continued)

\$10,749 reported as deferred outflows of resources related to pensions resulting from TBARTA contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

| <u>Year Ended September 30,</u> | <u>Amount</u> |
|---------------------------------|---------------|
| 2020 | \$ 21,090 |
| 2021 | 13,609 |
| 2022 | 18,185 |
| 2023 | 16,267 |
| 2024 | 11,896 |
| Thereafter | 4,526 |

E. Actuarial Assumptions

The total pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|----------------------|
| Valuation Date | July 1, 2019 |
| Measurement Date | June 30, 2019 |
| Inflation per Year | 2.60 % |
| Salary Increases, Including Inflation | 3.25 % |
| Investment Rate of Return Net of Pension Plan | |
| Investment Expense, Including Inflation | 7.20 % |
| Actuarial Cost Method | Individual Entry Age |

Mortality rates for the July 1, 2019 valuation were based on PUB-2010 base table varies by member and sex, projected generationally with scale MP 2018. The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study completed in 2019 for the period July 1, 2013, through June 30, 2018.

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Florida Retirement System Pension Plan (Continued)

E. Actuarial Assumptions(Continued)

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation, as outlined in the FRS Plan's investment policy, and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

FRS Investment Rate of Return – 2019

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Annual Arithmetic Return</u> | <u>Compound Annual (Geometric) Return</u> | <u>Standard Deviation</u> |
|--------------------------|------------------------------|---|---|-------------------------------|
| Cash | 1.0 % | 3.3 % | 3.3 % | 1.2 % |
| Fixed Income | 18.0 | 4.1 | 4.1 | 3.5 |
| Global Equity | 54.0 | 8.0 | 6.8 | 16.5 |
| Real Estate Property | 10.0 | 6.7 | 6.1 | 11.7 |
| Private Equity | 11.0 | 11.2 | 8.4 | 25.8 |
| Strategic Investments | 6.0 | 5.9 | 5.7 | 6.7 |
| Total | <u>100.0 %</u> | | | |
| Assumed Inflation - Mean | | | 2.6 | 1.7 |

F. Discount Rate

The discount rate used to measure the total pension liability was 6.90% for the FRS Plan for the actuarial valuation date July 1, 2019. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Florida Retirement System Pension Plan (Continued)

G. Pension Liability Sensitivity

The following presents TBARTA's proportionate share of the net pension liability for the FRS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what TBARTA's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

FRS Pension Liability Sensitivity – 2019

| <u>Description</u> | <u>One Percent Decrease in Discount Rate</u> | <u>Current Discount Rate</u> | <u>One Percent Increase in Discount Rate</u> |
|---|--|----------------------------------|--|
| FRS Plan Discount Rate | 5.90% | 6.90% | 7.90% |
| Entity's Proportionate Share of the FRS Plan Net Pension Liability (Asset) | \$ 196,240 | \$ 113,521 | \$ 44,437 |

H. Pension Plan Fiduciary Net Position

Detailed information about the FRS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website at:

www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports.

Retiree Health Insurance Subsidy Program

A. Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

B. Benefits Provided

For the fiscal year ended June 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

C. Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2019, the contribution rate was 1.66% of payroll pursuant to section 112.363, Florida Statutes. TBARTA contributed 100% of its statutorily required contributions for the current year. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. TBARTA's contributions to the HIS Plan were \$6,304 for the year ended September 30, 2019.

D. Pension Costs

At September 30, 2019, TBARTA reported a liability of \$62,526 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, and the total pension liability used to calculate the net pension liability was determined by annual actuarial valuations as of July 1. TBARTA's proportion of the net pension liability was based on TBARTA's contributions received during the measurement period for employer payroll paid dates from July 1 through June 30, relative to the total employer contributions received from all participating employers. At June 30, 2019, TBARTA's proportion was 0.00056%.

For the year ended September 30, 2019, TBARTA recognized pension expense of \$12,850 for its proportionate share of HIS's pension expense. In addition, TBARTA reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources:

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

D. Pension Costs (Continued)

HIS Deferred Inflows/Outflows – 2019

| <u>Description</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Outflows of Resources</u> |
|---|---|---|
| Differences Between Expected and Actual Economic Experience | \$ 759 | \$ 77 |
| Changes in Actuarial Assumptions | 7,240 | 5,110 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 40 | - |
| Changes in Proportion and Differences Between Entity Contributions and Proportionate Share of Contributions | 49,933 | - |
| Entity Contributions Subsequent to the Measurement Date | 3,201 | - |
| Total | <u>\$ 61,173</u> | <u>\$ 5,187</u> |

\$3,201 reported as deferred outflows of resources related to pensions resulting from TBARTA contributions to the HIS Subsidy Program subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

| <u>Year Ended September 30,</u> | <u>Amount</u> |
|---------------------------------|---------------|
| 2020 | \$ 9,270 |
| 2021 | 9,027 |
| 2022 | 8,586 |
| 2023 | 7,667 |
| 2024 | 8,124 |
| Thereafter | 10,111 |

E. Actuarial Assumptions

The total pension liability in the July 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------------------|---------------|
| Valuation Date | July 1, 2019 |
| Measurement Date | June 30, 2019 |
| Inflation per Year | 2.60 % |
| Salary Increases, Including Inflation | 3.25 % |
| Municipal Bond Rate | 3.50 % |

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

E. Actuarial Assumptions (Continued)

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2019 valuation was based on the results of an actuarial experience study of the FRS Pension Plan complete in 2019 for the period July 1 2013 through June 30, 2018.

F. Discount Rate

The discount rate used to measure the total pension liability was 3.50% for the HIS Plan for the actuarial valuation date July 1, 2019. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

G. Pension Liability Sensitivity

The following presents TBARTA's proportionate share of the net pension liability for the HIS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what TBARTA's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

HIS Pension Liability Sensitivity - 2019

| <u>Description</u> | <u>One Percent Decrease in Discount Rate</u> | <u>Current Discount Rate</u> | <u>One Percent Increase in Discount Rate</u> |
|---|--|----------------------------------|--|
| HIS Plan Discount Rate | 2.50% | 3.50% | 4.50% |
| Entity's Proportionate Share of the HIS Plan Net Pension Liability (Asset) | \$ 71,377 | \$ 62,526 | \$ 55,155 |

H. Pension Plan Fiduciary Net Position

Detailed information about the HIS Plan's fiduciary's net position is available in a separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website at: www.dms.myflorida.com/workforce_operations/retirement/publications.

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

I. Defined Contribution Plan

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. TBARTA employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll through June 30, 2018 then 0.06% of payroll through September 30, 2019 and by forfeited benefits of plan members. Allocations to the member accounts during the 2018-19 fiscal year as established by Section 121.72, Florida Statutes, were based on a percentage of gross compensation, by class, as follows: During the 2018-19, Regular class 6.30%, Special Risk Administrative Support class 7.95%, Special Risk class 14.00%, Senior Management Service class 7.67% and County Elected Officers class 11.34%. These allocations include a required employee contribution of 3% of gross compensation for each member class.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the year ended September 30, 2019, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to TBARTA.

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 7 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

I. Defined Contribution Plan

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

TBARTA's Investment Plan pension expense totaled \$3,928 for the year ended September 30, 2019. Employee contributions to the Investment Plan totaled \$1,410 for the year ended September 30, 2019.

NOTE 8 OPERATING LEASE

TBARTA entered into an operating lease agreement beginning January 23, 2015 through June 30, 2020 for general office space. Total rent paid for the year ended September 30, 2019 was \$100,752. The minimum base rent for the remaining term of the lease is \$77,657. Thereafter, this lease was not renewed.

NOTE 9 ECONOMIC DEPENDENCY

TBARTA is economically dependent upon annual agreements and grants from the Florida Department of Transportation. For the year ended September 30, 2019, the Florida Department of Transportation (FDOT) provided the majority of TBARTA's operating revenues.

NOTE 10 RISK MANAGEMENT

TBARTA is exposed to various risk of loss related to torts, thefts of assets, errors and omissions, and natural disasters. TBARTA provides surety bond coverage and insured for other risks of loss. There is no significant reduction in insurance coverage from the prior year. The insurance settlements have not exceeded TBARTA's insurance coverage in any of the prior three fiscal years.

TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 11 SUBSEQUENT EVENTS

On May 20, 2020, TBARTA entered into a taxable promissory note and loan agreement with Pilot Bank. Total loan amount is \$300,000, which will be used for the purpose of financing expenditures permitted by Part V, Chapter 343, Florida Statutes. The loan will be a revolving line of credit pursuant to which the Authority will be authorized to borrow up to the loan amount. TBARTA will accrue interest on the principal balance outstanding at a rate per annum that is equal to the sum of the Prime Rate, plus 0.50%. TBARTA will pay the bank accrued interest monthly in arrears on the first day of each month beginning June 1, 2020. The entire unpaid principal balance, together with all accrued and unpaid interest shall be due and payable in full on May 19, 2022. Within the loan agreement are covenants of the borrower, which include but not limited to reporting requirements, debt service coverage ratio, leverage ratio, and a collateral account with a balance therein of at least \$50,000 at all times.

Effective June 1, 2020 through June 30, 2022, TBARTA, lessee, and State of Florida Department of Transportation, lessor, entered into a lease agreement for building office and related uses. Total cost for rent monthly is zero dollars.

Subsequent to year end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the TBARTA, COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Management believes TBARTA is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

During the period from January 1, 2020 through 06/02/2020, both domestic and international equity markets have experienced significant declines. These losses are not reflected in the financial statements as of and for the year ended September 30, 2019 as these events occurred subsequent to year-end and are still developing.

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|-----------------------------------|--------------------|-----------------|---------------------|--|
| REVENUES | | | | |
| Federal and State Grants | \$ 2,287,406 | \$ 2,287,406 | \$ 1,702,182 | \$ (585,224) |
| Local Contributions | 330,000 | 330,000 | 322,500 | (7,500) |
| Miscellaneous Revenues | - | - | 10 | 10 |
| Total Revenues | 2,617,406 | 2,617,406 | 2,024,692 | (592,724) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Transportation | 2,617,406 | 2,617,406 | 2,892,766 | (275,360) |
| Capital Outlay | - | - | 69,329 | (69,329) |
| Total Expenditures | 2,617,406 | 2,617,406 | 2,962,095 | (344,689) |
| NET CHANGE IN FUND BALANCE | \$ - | \$ - | (937,403) | \$ (937,413) |
| Fund Balance - Beginning of Year | | | 62,559 | |
| FUND BALANCE - END OF YEAR | | | \$ (874,844) | |

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY – PENSION PLANS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**Florida Retirement System Pension Plan
Last Ten Fiscal Years***

| | 2019 |
|--|-------------|
| TBARTA's Proportion of the Net Pension Liability | 0.0003296 % |
| TBARTA's Proportionate Share of the Net Pension Liability | \$ 113,521 |
| TBARTA's Covered Payroll | \$ 186,928 |
| TBARTA's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | 60.73 % |
| Plan Fiduciary Net Position as a percentage of the total Pension Liability | 84.26 % |

* The Amounts Presented for the Fiscal Year were Determined as of June 30.

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, TBARTA will present information for only the year for which information is available.

**Retiree Health Insurance Subsidy Program
Last Ten Fiscal Years***

| | 2019 |
|--|-------------|
| TBARTA's Proportion of the Net Pension Liability | 0.00056 % |
| TBARTA's Proportionate Share of the Net Pension Liability | \$ 62,526 |
| TBARTA's Covered Payroll | \$ 186,928 |
| TBARTA's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll | 0.33 % |
| Plan Fiduciary Net Position as a Percentage of the total Pension Liability | 2.15 % |

* The Amounts Presented for the Fiscal Year were Determined as of June 30.

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, TBARTA will present information for only the year for which information is available.

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
SCHEDULE OF CONTRIBUTIONS – PENSION PLANS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**Florida Retirement System Pension Plan
Last Ten Fiscal Years***

| | 2019 |
|--|-------------|
| Contractually Required Contribution | \$ 20,970 |
| Contributions in Relation to the Contractually Required Contribution | (20,970) |
| Contribution Deficiency (Excess) | \$ - |
| TBARTA's Covered Payroll | \$ 379,759 |
| Contributions as a Percentage of Covered Payroll | 5.52 % |

*The Amounts Presented for Each Fiscal Year were Determined as of September 30.
Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, TBARTA will present information for only the year for which information is available.

**Retiree Health Insurance Subsidy Program
Last Ten Fiscal Years***

| | 2019 |
|--|-------------|
| Contractually Required Contribution | \$ 6,304 |
| Contributions in Relation to the Contractually Required Contribution | (6,304) |
| Contribution Deficiency (Excess) | \$ - |
| TBARTA's Covered Payroll | \$ 379,759 |
| Contributions as a Percentage of Covered Payroll | 1.66 % |

*The Amounts Presented for Each Fiscal Year were Determined as of September 30.
Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, TBARTA will present information for only the year for which information is available.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENT PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Tampa Bay Area Regional Transit Authority
Tampa, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of Tampa Bay Area Regional Transit Authority (TBARTA), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise TBARTA's basic financial statements, and have issued our report thereon dated 06/02/2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

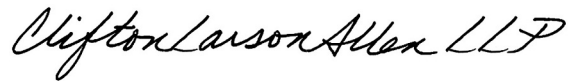
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 TBARTA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Tampa, Florida
June 2, 2020



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT, AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Board of Directors
Tampa Bay Area Regional Transit Authority
Tampa, Florida

Report on Compliance for Each Major State Project

We have audited Tampa Bay Area Regional Transit Authority (TBARTA) compliance with the types of compliance requirements described in the Florida Department of Financial Services *State Projects Compliance Supplement* that could have a direct and material effect on each of TBARTA's major state projects for the year ended September 30, 2019. TBARTA's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of TBARTA's major state 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; and Chapter 10.550, *Rules of the Auditor General of Local Governmental Entity Audits*. Those standards 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 state project occurred. An audit includes examining, on a test basis, evidence about TBARTA'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 state project. However, our audit does not provide a legal determination of TBARTA's compliance.

Opinion on Each Major State Project

In our opinion, TBARTA 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 state project for the year ended September 30, 2019.

Report on Internal Control Over Compliance

Management of TBARTA 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 TBARTA's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with 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 TBARTA'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 state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 Chapter 10.550. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Tampa, Florida
June 2, 2020

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2019**

| State Grantor Grantor/Program title | CSFA Number | Grant or Contract Number | Passed Through To Subrecipients | Expenditures |
|--|----------------|--------------------------------|------------------------------------|---------------------|
| Florida Department of Transportation | | | | |
| <i>Direct Program:</i> | | | | |
| Commuter Assistance/Rideshare Grants | 55.007 | G0H62 | \$ - | \$ 325,499 |
| Commuter Assistance/Rideshare Grants | 55.007 | G0X30 | - | 541,189 |
| Commuter Assistance/Rideshare Grants | 55.007 | G0M91 | - | 66,214 |
| Commuter Assistance/Rideshare Grants | 55.007 | GH096 | - | 27,324 |
| Total CSFA | | | - | 960,226 |
| Local Transportation Projects/Earmark | 55.039 | G1445 | - | 354,338 |
| Local Transportation Projects/Earmark | 55.039 | G1C04 | - | 42,524 |
| Total CSFA | | | - | 396,862 |
| Total Expenditures of State Financial Assistance | | | \$ - | \$ 1,357,088 |

See accompanying Notes to the Schedule of Expenditures of State Financial Assistance

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2019**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of state financial assistance includes all state grant activity of TBARTA and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.550 of the Rules of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented of, or used in the preparation of the financial statements.

NOTE 2 CAPITAL ASSETS

Capital assets, totaling \$48,198, were purchased using capital awards during the fiscal year ending September 30, 2019.

NOTE 3 EXPENDITURES OF FEDERAL AWARDS

TBARTA also expended \$492,475 of federal awards for the year ended September 30, 2019. However, a schedule of expenditures of federal awards is not required to be included because TBARTA did not expend greater than \$750,000 throughout the fiscal year, as stipulated under 2 CFR 200 Uniform Guidance.

NOTE 4 SUBRECIPIENTS

There were no expenditures passed through to sub-recipients for the year ending September 30, 2019.

NOTE 5 INDIRECT COST RATE

TBARTA has not elected to use the 10% de minimus cost rate.

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2019**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

State Financial Assistance

1. Internal control over state projects:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes x none reported
2. Type of auditors’ report issued on compliance for state projects: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with state requirements? _____ yes x no

Identification of Major State Projects

CSFA Number(s)

55.007

Name of State Project

Commuter Assistance Program/Ride Share Grants

Dollar threshold used to distinguish between Type A and Type B state projects:

\$ 407,126

Auditee qualified as low-risk auditee?

_____ yes x no

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2019**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III– Findings and Questioned Costs – Major State Projects

Our audit did not disclose any matters required to be reported in accordance with rule 10.554(1)(I)4, Rules of the Auditor General.



MANAGEMENT LETTER

Board of Directors
Tampa Bay Area Regional Transit Authority
Tampa, Florida

Report on the Financial Statements

We have audited the financial statements of the Tampa Bay Area Regional Transit Authority (TBARTA), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated 06/02/2020.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' 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*; Independent Auditors' Report on Compliance for Each Major State Project, and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated 06/02/2020, 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. The prior year finding was corrected as shown in Appendix B.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. Our current year findings and recommendations are listed as Appendix A to this Management Letter.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. TBARTA does not have any component units.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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



CliftonLarsonAllen LLP

Tampa, Florida
June 2, 2020

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
APPENDIX A – CURRENT YEAR FINDINGS AND RECOMMENDATIONS
SEPTEMBER 30, 2019**

2019-001 – Proper Recording of Capital Asset Transactions

Under GASB 51, an intangible asset should be recognized in the statement of net position only if it is identifiable. An intangible asset is considered identifiable when either of the following conditions is met:

- a. The asset is separable, that is, the asset is capable of being separated or divided from the government and sold, transferred, licensed, rented, or exchanged, either individually or together with a related contract, asset, or liability
- b. The asset arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Thus, the initial useful life of this asset extends beyond a single reporting period.

Condition

During review and inquiries on capital assets, we were made aware that website design was performed in the current year in the amount of \$62,150, however, this was not properly recorded as a capital asset but rather included as an operating expense. In accordance with GASB 51, the transaction appears to be capital in nature as the project details fits the criteria identified to be considered a capital asset.

Cause

An appropriate level of review of expenditures to ensure that capital items are identified and recorded in the capital ledger is not occurring.

Effect

An understatement of capital related account balances.

Recommendation

We recommend that operating expenses should be reviewed for any transactions that appear capital in nature and should be properly recorded as a capital asset.

Management's Response

Management concurs with your recommendation. Management reviewed the operating expense and concluded due to the nature, it was an operating expense. Going forward, management will reference GASB as guidance to ensure transactions are properly recorded.

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
APPENDIX A – CURRENT YEAR FINDINGS AND RECOMMENDATIONS
SEPTEMBER 30, 2019**

2019-002 – Preparation and Adequate Approval of Journal Entries

Criteria

All journal entries should be prepared and adequately reviewed, along with the corresponding documentation to demonstrate proper recording of entry. All documentation to support journal entries should be retained for further review when needed.

Condition

During testing of journal entries, we noted certain entries were not supported by a journal voucher indicating the preparation and review and approval through signatures of designated staff and management personnel, respectively. We further noted corresponding support for certain entries could not be located and were not provided for review.

Cause

There is a lack of consistent control in preparation and review of journal entries during the fiscal year.

Effect

Improper recording of transactions and potential misstatements to the financial statements.

Recommendation

We recommend that preparation of journal entries is supported formally through a journal voucher, with preparation and approval through signatures of the authorized personnel. Thus, we recommend that all entries have corresponding documentation that is retained for review purposes.

Management's Response

Management concurs with your recommendation. A journal entry template will be utilized to ensure proper preparation and support, along with signatures of authorized personnel. This formal process will ensure all entries have corresponding documentation, proper review, and approval.

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
APPENDIX A – CURRENT YEAR FINDINGS AND RECOMMENDATIONS
SEPTEMBER 30, 2019**

2019-003 – Timely Preparation and Adequate Review of Bank Reconciliations

Criteria

Bank reconciliations should be prepared monthly and adequately reviewed in a timely manner.

Condition

During our walkthrough procedures over key controls, we noted certain bank reconciliations were not performed timely and evidence of review and approval was not performed for certain months within the fiscal year.

Cause

There is a lack of consistent control in timely preparation and review of bank reconciliations during the fiscal year.

Effect

Potential misstatement to cash balances as well as other account balances affected.

Recommendation

We recommend that bank reconciliations are performed monthly and timely and proper signatures for preparation, review and approval are evident.

Management's Response

Management concurs with your recommendation. Management will ensure bank reconciliations are performed monthly and timely. The bank reconciliations will maintain proper signatures for preparation, review, and approval. This is evident in maintaining internal control.

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
APPENDIX A – CURRENT YEAR FINDINGS AND RECOMMENDATIONS
SEPTEMBER 30, 2019**

2019-004 – Budgetary Control

Criteria

A budget is a financial tool to ensure an organization can fulfill its mission. For a budget to be effective, it must be followed and updated if circumstances change mid-year. Furthermore, the basis of accounting for the budget and accounting records should be on the same basis of accounting (modified accrual) so that management and governance can make informed financial decisions.

Condition

The general fund had total expenditures exceeding the approved budget by \$344,689 for the year ended September 30, 2019.

Cause

Expenditure overages that were not anticipated in the budget, while reported to the board on a monthly basis were not identified by management prior to being incurred. Best practice would be to bring major unanticipated expenses and identified funding sources to the board in the form of a budget amendment to be formally adopted in a timely manner. In addition, we noted the organization did not maintain financial records on the same basis of accounting as the budget was prepared.

Effect

Expenditures exceeded the budget and the budget was not amended in a timely manner.

Recommendation

We recommend that as management routinely reviews budget to actual reports, if it appears a budget amendment is needed, an amendment should be provided to the board before over expending the budget. In addition, management should ensure the general fund activity is kept on a modified accrual basis so the budget to actual reports will be on the same basis of accounting and comparable.

Management's Response

Management concurs with your recommendation. The budget to actual reports will continue to be monitored monthly. If it appears an amendment is necessary, an amendment will be provided to the board. Management will make the necessary adjustments to report on a modified accrual basis to ensure accuracy and comparability of the general fund activity.

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
APPENDIX B – PRIOR YEAR FINDINGS AND RECOMMENDATIONS
SEPTEMBER 30, 2019**

APPENDIX B

| Prior Year Findings and Recommendations | Current Year Status | | |
|---|--|-------------------|-------------|
| | Cleared | Partially Cleared | Not Cleared |
| 2018-001 Year-End Closing Procedures | Material Weakness in Internal Control over Financial Reporting | | |
| 2018-002 Cash Management and Reporting | Significant Deficiency in Internal Control Over Compliance and Other Matters | | |
| 2018-003 Procurement | Significant Deficiency in Internal Control Over Compliance and Other Matters | | |
| 2018-004 Allowable Cost Allocations-Federal | Significant Deficiency in Internal Control Over Compliance and Other Matters | | |



INDEPENDENT ACCOUNTANTS' REPORT

Board of Directors
Tampa Bay Area Regional Transit Authority
Tampa, Florida

We have examined Tampa Bay Area Regional Transit Authority's (TBARTA), compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2019. Management of TBARTA is responsible for TBARTA's compliance with the specified requirements. Our responsibility is to express an opinion on TBARTA's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether TBARTA, complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether TBARTA, complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on TBARTA's compliance with specified requirements.

In our opinion, TBARTA complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2019.

This report is intended solely for the information and use of TBARTA and the Auditor General, State of Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Tampa, Florida
June 2, 2020

**TAMPA BAY AREA REGIONAL TRANSIT AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2019**

U.S. Department of Transportation and Florida Department of Transportation

Tampa Bay Area Regional Transit Authority (TBARTA) respectfully submits the following summary schedule of prior audit findings for the year ended September 30, 2019.

Audit period: October 1, 2018 through September 30, 2019.

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

2018-001 Year-End Closing Procedures

Condition: As part of our audit, we proposed adjustments to revise certain account balance at year-end, including a reclassification between cash and accounts payable and adjustments to receivables related to agreements G0H96 and G0H62.

Status: Corrected.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2018-002 Cash Management and Reporting

Condition: Out of the two reimbursement requests submitted in the year, one related to the One-Click-One-Call grant and the other related to the NTD grant. In both cases, the request was submitted in July 2018 but the expenses encompassed payments from January-April 2018 and therefore should have been requested as part of the Q1 report ending March 31, 2018 and submitted by April 14, 2018.

Status: Corrected.

2018-003 Procurement

Condition/Context: We noted exceptions within TBARTA's procurement policy as follows: The conflict of interest policy excludes some critical wording and is not complete. Specifically, the required wording that was omitted was as follows, "No employee, officer or agent of the grantee or sub grantee shall participate in selection, or in the award or administration of a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when: The employee, officer or agent, any member of his/her immediate family, his or her partner, or an organization which employs, any of the above, has a financial or other interest in the firm selected for the award." TBARTA updated their policy on January 25, 2019 to include the omitted wording.

Status: Corrected.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS (continued)

2018-004 Allowable Cost Allocations-Federal

Condition/Context: In our statistically valid sample of non-payroll disbursements, we noted one instance in which expenditure was allocated rather than being charged at the full amount incurred. There was no documentation to support the methodology. The allocations were not consistent and therefore not equitable between programs. TBARTA does not have a documented allocation plan but rather haphazardly allocates expenditures based on which programs are running and have available capacity by budgeted line item.

Status: Corrected.

FINDINGS— STATE AWARD PROGRAMS AUDITS

2018-005 Allowable Cost Allocations-State

Condition/Context: In our sample of 28 non-payroll disbursements, we noted that 18 of the expenditures were allocated rather than being charged at the full amount incurred. The allocations were not consistent and therefore not equitable between programs. TBARTA does not have a documented allocation plan but rather haphazardly allocates expenditures based on which programs are running and have available capacity by budgeted line item. Therefore, even reoccurring expenditures such as monthly rent or bookkeeping services are charged to multiple grants at different allocation percentages each month.

Status: Corrected.

2018-006 Special Tests and Provision-Procurement

Condition/Context: In our sample of 8 procurement transactions it was noted that TBARTA did not have solicitation support for one vendor as they have continued using this vendor due to prior services with Bay Area Commuter Services. However, when the new agreement for services was entered into for the period of September 2017 through December 2017, a fresh look at other vendor options should have been performed in order to ensure the most economical option was utilized for the grant.

Status: Corrected.

2018-007 Reporting

Condition/Context: In our testing of 1 quarterly report, 4 monthly reports, and 1 annual report, it was noted that the January 2018 report related to contract agreement G0H96 was not prepared or submitted to the grantor.

Status: Corrected.

If the U.S. Department of Transportation or the Florida Department of Transportation have questions regarding this schedule, please call Melonie Williams at 813-639-7732.