

Independent Auditor's Management Letter

To the Board of Directors
Pinellas Suncoast Transit Authority
St. Petersburg, Florida

Report on the Financial Statements

We have audited the financial statements of the Pinellas Suncoast Transit Authority aka: PSTA (the "Authority"), as of and for the year ended September 30, 2022, and have issued our report thereon dated April 26, 2023.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Report of Independent Auditor 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*; Report of Independent Auditor on Compliance for Each Major Federal Program and State Financial Assistance Project and on Internal Control over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General of the state of Florida; Schedule of Findings and Questioned Costs; and Report of Independent Accountant on Compliance with Local Government Investment Policies, regarding compliance in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 26, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding audit report.

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. The Authority was established pursuant to the constitution and laws of Florida, particularly Chapter 91-368, Laws of Florida, as amended, revising and consolidating Chapter 31263, Special Laws of Florida, 1955. There were no component units related to the Authority.

Financial Condition and Management

Section 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 Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Authority. It is management's responsibility to monitor the Authority's financial condition, and our financial condition assessment was based in part on representations made by management and the review of 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. Appendix A to this letter, Finding 2022-A, is provided, to improve financial management. We did not audit the Authority's response to this matter provided in Appendix A to this letter.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Authority reported (unaudited):

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as 657.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as none.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$39,958,772.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as none.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as follows: SunRunners Bus Rapid Transit.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as \$-0-.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the Authority (unaudited):

- g. The mileage rate or rates imposed by the district as .75.
- h. The total amount of ad valorem taxes collected by or on behalf of the district as \$60,053,475.
- i. The total amount of outstanding bonds issued by the district and the terms of such bonds as none.

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 Authority's Board members, and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.

Cherry Bekasart LLP

Tampa, Florida
April 26, 2023

Appendix A

Current Year Recommendation

Statement of Condition 2022-A:

The Pinellas Transit Authority (“Authority’s) Finance Department must produce financial statements in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Annually, a supporting schedule using information derived from the actuarial report is prepared and used to post the annual other postemployment benefit journal entry. The supporting schedule contained an error in the amount of approximately \$370,000 between deferred outflow of resources – other postemployment benefit related amounts and deferred inflow of resources – other postemployment benefit related amounts on the statement of net position for the year ended September 30, 2021. This had no impact to operating expenses recognized or net position as of September 30, 2021. However, a sound financial reporting and close process ensures proper oversight and review of annual adjustments, such as those related to the other postemployment benefits.

Criteria: The schedule supporting the annual other postemployment benefit journal entry should provide a clear record that supports the amounts recorded in the trial balance.

Cause of Condition: As the error did not impact the related liability or other postemployment benefit expenses recorded, it was overlooked during the review process.

Effect of Condition: The deferred outflows of other postemployment benefit related amounts and deferred inflow of resources – other postemployment benefit related amounts were not properly stated.

Recommendation: We recommend a detailed review of the amounts reported in the schedule supporting the annual postemployment benefit journal entry to ensure all amounts are supported by the actuarial report.

Management Response: We concur with the recommendation and have added a documented step of reviewing and signing off on the impact on the trial balance before final authorization by the Chief Financial Officer.