

**HILLSBOROUGH TRANSIT AUTHORITY
POLICY MANUAL**

900: FINANCIAL AND BUDGETING POLICIES AND PROCESSES

920: GENERAL FISCAL POLICIES

920.20 BASIS OF BUDGETING AND ACCOUNTING

- (1) The preparation, approval, adoption, and execution of HART budget are in compliance with Florida Statute (Chapter 189) and is comprised of an operating and capital component with appropriations adopted for the current fiscal year only. However, a five-year financial plan is prepared for strategic planning purposes.
- (2) HART is an Enterprise Type Activity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion & Analysis – for State and Local Governments* and its financial statements are presented on the accrual basis of accounting. Under this method, revenues are recognized when they are earned, and expenses are recognized when they are incurred. Grants are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.
- (3) Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal on-going operational activities. Charges to customers represent HART's principal operating revenues and include passenger fares and revenues from use of its non-capital assets for advertising, right-of-way activities, etc. Operating expenses include the cost of operating, maintaining, and supporting transit services, administrative expenses, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating or "other" revenues and expenses.
- (4) The CAFR shows the status of HART finances on the basis of GAAP. In most cases, this conforms to the way HART prepares its budget. One exception is the treatment of unpaid vacation and sick leave accumulated by employees. The entire unpaid liability for vacation and sick leave is recorded in the Statement of Net Position in the CAFR, whereas the current liability of employees is budgeted as an appropriation in the year when it is expected to be expensed.
- (5) Specific accounting and reporting practices:
 - (a) Maintain accounting and reporting practices in conformance with the Uniform Accounting System of the State of Florida and GAAP;
 - (b) Maintain accounting system records on a basis consistent with the accepted standards for local government accounting according to Governmental Accounting and Financial Reporting (GAFR), and the Governmental Accounting Standards Board (GASB);

HART Clerk: _____



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920.20 BASIS OF BUDGETING AND ACCOUNTING (cont'd)

- (c) The preparation of financial statements in conformity with GAAP, as applicable to governmental units, requires management to make use of estimates or accruals that affect the reported amounts in the financial statements. Actual results could (and most likely, will) differ from estimates;
- (d) Provide regular monthly financial statements to the HART Board of Directors and the public that include all expenditures and revenues;
- (e) Pursuant to HART's Charter, ensure that an annual financial and compliance audit of HART's financial records is conducted by an independent firm of Certified Public Accountants whose findings and opinions are published and available for public review;
- (f) Maintain a continuing program of internal audits;
- (g) Annually seek the GFOA Certificate of Achievement for Excellence in Financial Reporting and the GFOA Annual Distinguished Budget Presentation Award.

HART Clerk: _____

