



HILLSBOROUGH TRANSIT AUTHORITY

TAMPA, FLORIDA

FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

SEPTEMBER 30, 1981



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Board of Directors
Hillsborough Transit Authority
Tampa, Florida

We have examined the balance sheets of the Hillsborough Transit Authority as of September 30, 1981, and the related statements of revenues, expenditures, and changes in fund balance -- general and capital projects funds and revenues, expenditures, and changes in fund balance -- budget and actual -- general and capital projects funds for the year then ended, including Federal operating funds of \$1,394,978 and \$8,000 awarded under sections five and eight, respectively, of the Urban Mass Transportation Act of 1964, as amended. Our examination was made in accordance with the General Accounting Office Standards for Audit of Governmental Organizations, Programs, Activities, & Functions, the Guidelines for Financial and Compliance Audits of Federally Assisted Programs, as supplemented, and generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As described in Note 4, the Authority has recorded assets in the general fixed asset account group, which were contributed by the City of Tampa on March 1, 1980, at book value to the City at that date. Generally accepted accounting principles require these assets to be recorded at their estimated fair value at the time received. The effect of this departure on the balance sheet of the general fixed asset account group has not been determined.

In our opinion, except for the effect of not recording transferred assets at their fair value on the balance sheet of the general fixed asset account group, the financial statements referred to above present fairly the financial position of the Hillsborough Transit Authority as of September 30, 1981, and the results of its operations and changes in its fund balances for the year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

The column on the accompanying financial statements captioned "Totals -- Memorandum Only" is not necessary for a fair presentation of the financial statements, but is presented as additional analytical data.

Pender, McNulty & Newkirk

Certified Public Accountants

November 17, 1981

HILLSBOROUGH TRANSIT AUTHORITY
BALANCE SHEETS
SEPTEMBER 30, 1981

	General Fund	Capital Projects Fund	General Fixed Asset Account Group	Totals (Memorandum Only)	
				September 30, 1981	1980
ASSETS					
Cash	\$ 202,213			\$ 202,213	\$ 161,895
Accounts receivable:					
Trade	62,446			62,446	30,613
United States Government	19,201			19,201	79,728
State of Florida		\$2,767		2,767	2,286
Employee	285			285	325
Due from Capital Projects Fund	1,836			1,836	
Inventory	179,744			179,744	186,665
Prepaid insurance	45,730			45,730	22,619
Revenue and administrative vehicles			\$2,783,541	2,783,541	2,758,366
Machinery and equipment			317,066	317,066	304,927
EDP Equipment			63,604	63,604	51,704
Office furniture and fixtures			11,893	11,893	9,626
Land			7,500	7,500	
Deferred pension expense	1,227,194			1,227,194	1,234,830
	<u>\$1,738,649</u>	<u>\$2,767</u>	<u>\$3,183,604</u>	<u>\$4,925,020</u>	<u>\$4,842,584</u>
 LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts payable:					
Trade	\$ 92,344			\$ 92,344	\$ 89,425
United States Government		\$ 931		931	
Accrued expenses and other current liabilities:					
Salaries and wages	130,631			130,631	99,378
Payroll taxes and amounts withheld from employees	32,616			32,616	23,805
Pension and retirement	31,498			31,498	104,253
Other	40,459			40,459	16,190
Due to General Fund		1,836		1,836	
Note payable	348,619			348,619	
Unfunded past service liability to employee pension plan	1,227,194			1,227,194	1,242,000
Total liabilities	<u>1,903,361</u>	<u>2,767</u>		<u>1,906,128</u>	<u>1,575,051</u>
 FUND EQUITY					
Investment in General Fixed Assets:					
General Fund revenues			\$ 37,631	37,631	
City grants			3,120,077	3,120,077	3,123,626
County grants			997	997	997
Federal grants			22,132	22,132	
State grants			2,767	2,767	
Fund balances:					
Reserved for inventory	179,744			179,744	186,665
Transfer to short-term debt	(348,619)			(348,619)	
Undesignated	4,163			4,163	(43,755)
Total fund equity	<u>(164,712)</u>		<u>3,183,604</u>	<u>3,018,892</u>	<u>3,267,533</u>
	<u>\$1,738,649</u>	<u>\$2,767</u>	<u>\$3,183,604</u>	<u>\$4,925,020</u>	<u>\$4,842,584</u>

The accompanying notes are an integral part of the financial statements.

HILLSBOROUGH TRANSIT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE -- GENERAL AND CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 1981

	General Fund	Capital Projects Fund	Totals (Memorandum Only) September 30, (Seven Month Period)	
			1981	1980
<u>REVENUES</u>				
Passenger fares	\$1,773,208		\$1,773,208	\$ 967,701
Charter services	133,863		133,863	94,234
Intergovernmental:				
United States Government	1,402,978	\$22,132	1,425,110	748,562
State of Florida	8,837	2,767	11,604	8,572
Hillsborough County, Florida	407,000		407,000	263,756
City of Tampa, Florida	687,000		687,000	538,179
Other	87,552	1,394	88,946	25,854
	<u>4,500,438</u>	<u>26,293</u>	<u>4,526,731</u>	<u>2,646,858</u>
<u>EXPENDITURES</u>				
Wages	2,416,264		2,416,264	1,318,214
Payroll taxes and employee benefits	688,605		688,605	395,141
Materials and supplies	304,094		304,094	125,030
Fuel and lubricants	901,175		901,175	463,496
General insurance	212,870		212,870	189,612
Professional services	132,036		132,036	30,997
Utilities	32,569		32,569	18,794
Taxes and licenses	38,503		38,503	25,925
Rentals	11,732		11,732	6,302
Interest	16,709		16,709	
Special election costs				56,980
Other	43,815	29,060	72,875	2,963
	<u>4,798,372</u>	<u>29,060</u>	<u>4,827,432</u>	<u>2,633,454</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	<u>(297,934)</u>	<u>(2,767)</u>	<u>(300,701)</u>	<u>13,404</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in		2,767	2,767	
Transfers out	(2,767)		(2,767)	
Proceeds of note payable	348,619		348,619	
	<u>345,852</u>	<u>2,767</u>	<u>348,619</u>	
<u>EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</u>	<u>47,918</u>		<u>47,918</u>	<u>13,404</u>
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>142,910</u>		<u>142,910</u>	<u>129,506</u>
<u>DECREASE IN RESERVE FOR INVENTORY</u>	<u>(6,921)</u>		<u>(6,921)</u>	
<u>TRANSFER TO SHORT-TERM DEBT</u>	<u>(348,619)</u>		<u>(348,619)</u>	
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ (164,712)</u>	<u>\$ 0</u>	<u>\$ (164,712)</u>	<u>\$ 142,910</u>

The accompanying notes are an integral part of the financial statements.

HILLSBOROUGH TRANSIT AUTHORITY
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE -- BUDGET AND ACTUAL -- GENERAL AND
 CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 1981

	General Fund			Capital Projects Fund		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES						
Passenger fares	\$1,907,212	\$1,773,208	\$(134,004)			
Charter services	183,000	133,863	(49,137)			
Intergovernmental:						
United States Government	1,391,777	1,402,978	11,201	\$7,585,760	\$22,132	\$(7,563,628)
State of Florida	6,000	8,837	2,837	948,220	2,767	(945,453)
Hillsborough County, Florida	407,000	407,000				
City of Tampa, Florida	687,038	687,000	(38)			
Other	44,655	87,552	42,897	1,000	1,394	394
	<u>4,626,682</u>	<u>4,500,438</u>	<u>(126,244)</u>	<u>8,534,980</u>	<u>26,293</u>	<u>(8,508,687)</u>
EXPENDITURES						
Wages	2,450,008	2,416,264	33,744			
Payroll taxes and employee benefits	698,801	688,605	10,196			
Materials and supplies	329,372	304,094	25,278			
Fuel and lubricants	928,143	901,175	26,968			
General insurance	252,181	212,870	39,311			
Professional services	139,622	132,036	7,586			
Utilities	33,573	32,569	1,004			
Taxes and licenses	44,183	38,503	5,680			
Rentals	14,900	11,732	3,168			
Interest	16,710	16,709	1			
Other	67,808	43,815	23,993	9,483,200	29,060	9,454,140
	<u>4,975,301</u>	<u>4,798,372</u>	<u>176,929</u>	<u>9,483,200</u>	<u>29,060</u>	<u>9,454,140</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(348,619)</u>	<u>(297,934)</u>	<u>50,685</u>	<u>(948,220)</u>	<u>(2,767)</u>	<u>945,453</u>
OTHER FINANCING SOURCES (USES)						
Transfers in				948,220	2,767	(945,453)
Transfers out		(2,767)	(2,767)			
Proceeds of note payable	348,619	348,619				
	<u>348,619</u>	<u>348,619</u>	<u>(2,767)</u>	<u>948,220</u>	<u>2,767</u>	<u>(945,453)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		47,918	47,918			
FUND BALANCE, BEGINNING OF YEAR	142,910	142,910				
DECREASE IN RESERVE FOR INVENTORY		(6,921)	(6,921)			
TRANSFER TO SHORT-TERM DEBT		(348,619)	(348,619)			
FUND BALANCE, END OF YEAR	<u>\$ 142,910</u>	<u>\$ (164,712)</u>	<u>\$ 307,622</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of the financial statements.

HILLSBOROUGH TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1981

Note 1 -- Nature of Operations

The purpose of the Hillsborough Transit Authority is to provide mass transit service to the City of Tampa and Hillsborough County.

The Authority is deemed a special tax district and has been authorized to levy an ad valorem tax based on the value of real property within its jurisdiction not to exceed one-half mill.

Note 2 -- Significant Accounting Policies

The Authority uses the modified accrual basis of accounting whereby revenues are recorded when earned and expenses recorded when incurred except for accumulated unpaid vacation and sick pay, which are recorded when paid.

Inventory is stated at the lower of cost (first-in, first-out basis) or market.

Pension costs charged to current earnings included charges for current services costs, interest on unfunded past service liability and amortization of unfunded past services liability over forty years as computed by independent actuaries. It is the policy of the Authority to fund pension costs as accrued.

Depreciation is not provided on property and equipment.

Certain minor reclassifications were made in the 1980 memorandum totals in order for them to conform to the 1981 presentation.

Note 3 -- Retirement Commitments

Employees of the City of Tampa Transit Division, who became employees of the Authority as of March 1, 1980, had the option to continue in the City of Tampa's retirement plan, or to join the State of Florida's retirement plan. Employees hired subsequent to March 1, 1980, participate in the State of Florida's retirement plan. The Authority is obligated to contribute to either plan on behalf of the employees. In addition, employees participating in the City of Tampa's retirement plan must also contribute to the plan. A retirement plan has not been established by the Hillsborough Transit Authority.

HILLSBOROUGH TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1981

Note 3 -- Retirement Commitments (continued)

On March 1, 1980, the Hillsborough Transit Authority agreed to assume an unfunded past service liability of \$1,242,000 which represents accrued pension benefits due former employees of the predecessor entity responsible for mass transit prior to formation of the Authority. The liability is amortized over forty years. The Authority may pay the liability in part or in full at any time.

Note 4 -- Property and Equipment

Property and equipment acquired after March 1, 1980, is stated at cost. Those assets transferred from the City of Tampa are stated at their cost less accumulated depreciation taken by the City of Tampa, which is not in conformity with generally accepted accounting principles, are as follows:

	Revenue and Administrative Vehicles	Machinery and Equipment	EDP Equipment	Office Furniture and Fixtures	Land	Totals
Cost of City of Tampa	\$4,426,572	\$95,147	\$56,300	\$10,680		\$4,588,699
Depreciation taken by City of Tampa	<u>1,681,206</u>	<u>56,600</u>	<u>5,346</u>	<u>2,593</u>		<u>1,745,745</u>
Book value at date of transfer	2,745,366	38,547	50,954	8,087		2,842,954
Additional transfers after March 1, 1980	<u>13,000</u>	<u>266,380</u>	<u>750</u>	<u>1,539</u>		<u>281,669</u>
Balance, September 30, 1980	2,758,366	304,927	51,704	9,626		3,124,623
Acquisitions during the year	29,060	12,139	11,900	2,267	\$7,500	62,866
Disposals during the year	<u>(3,885)</u>					<u>(3,885)</u>
Balance, September 30, 1981	<u>\$2,783,541</u>	<u>\$317,066</u>	<u>\$63,604</u>	<u>\$11,893</u>	<u>\$7,500</u>	<u>\$3,183,604</u>

HILLSBOROUGH TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1981

Note 5 -- Note Payable

The Authority borrowed \$348,619 from a local bank to provide cash to meet current operating expenditures. The note is due December 31, 1981, plus interest at 8.5% and is collateralized by the full faith and credit of the Authority.

Note 6 -- Accumulated Unpaid Vacation and Sick Pay

Accumulated unpaid vacation and sick pay are not accrued. At September 30, 1981, unrecorded liabilities included approximately \$86,000 of sick pay and \$110,000 of vacation pay.

Note 7 -- Federal and State Grants

The Federal Government and the State of Florida have provided grants to the Authority. Proceeds from the sale of assets purchased with Federal or State funds must be reinvested in assets whose purchase has been approved by the Federal Government, or the Authority will be liable to repay that portion of the grant.

Operating assistance from the Federal Government is made available under the Urban Mass Transportation Act of 1964, as amended. The amount of Federal assistance is dependent upon the level of local matching funds and other criteria. If these criteria are not met, assistance received under the grant may become repayable by the Authority.

Note 8 -- Adoption of Fictitious Name

The Authority has adopted a resolution whereby it will conduct operations under the fictitious name of "Hillsborough Area Regional Transit Authority."



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REPORT OF CERTIFIED PUBLIC ACCOUNTANTS
ON ADDITIONAL INFORMATION

Our examination was made for the purpose of forming an opinion on the financial statements taken as a whole. The calculation of maintenance of effort is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Pender, McNulty & Newkirk

Certified Public Accountants
November 17, 1981

HILLSBOROUGH TRANSIT AUTHORITY
CALCULATION OF MAINTENANCE OF EFFORT
SEPTEMBER 30, 1981

Level of effort, fiscal year ended
September 30, 1979 \$ 681,588

Level of effort, fiscal year ended
September 30, 1980 1,092,837

Total \$1,774,425

Required maintenance of effort, fiscal year ended
September 30, 1981 \$887,213

Level of effort, fiscal year ended
September 30, 1981 \$1,285,897



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REPORT OF CERTIFIED PUBLIC ACCOUNTANTS
ON COMPLIANCE AND INTERNAL CONTROL

We have examined the financial statements of the Hillsborough Transit Authority for the year ended September 30, 1981, and have issued our report thereon dated November 17, 1981. As part of our examination, we made a study and evaluation of the Authority's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards and by the General Accounting Office Standards for Audit of Governmental Organizations, Programs, Activities, & Functions and Guidelines for Financial and Compliance Audits of Federally Assisted Programs, as supplemented. This study and evaluation included tests of compliance with internal control procedures utilized by the Authority and procedures prescribed by the General Accounting Office. The purposes of an evaluation under generally accepted auditing standards are to establish a basis for reliance on the system of internal accounting control in determining the nature, timing, and extent of other auditing procedures that are necessary for expression of an opinion on the financial statements and to assist the auditor in planning and performing his examination of the financial statements. Under guidelines established by the General Accounting Office, the purposes of such an evaluation are to assess the extent this system of internal accounting control can be relied upon to insure accurate information, to insure compliance with law and regulations, and to provide for efficient and effective operations.

The management of the Hillsborough Transit Authority is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purposes described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of the Hillsborough Transit Authority taken as a whole. However, our study, evaluation, and tests disclosed no condition that we believed to be a material weakness.

During the course of our examination we examined financial reports and claims for advances or reimbursement submitted to the Department of Transportation and found them to be accurate and complete in all material aspects in relation to the operations of the Authority, taken as a whole.

This report is intended for use in connection with Urban Mass Transportation Act grants FL-05-0039 and FL-05-4101 and is not intended for any other purpose.

Pender, McNulty + Newkirk

Certified Public Accountants
November 17, 1981