

HILLSBOROUGH TRANSIT AUTHORITY

TAMPA, FLORIDA

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 1983

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Sue M. Melendi
R. Michael O'Brien
Thomas M. Schenek
John Semago, Jr.

Board of Directors
Hillsborough Transit Authority
Tampa, Florida

We have examined the combined financial statements of the Hillsborough Transit Authority and its combining and individual fund statements as of and for the year ended September 30, 1983, as listed in the table of contents, including federal funds of \$9,732,267 and \$7,279,340 awarded under sections five and three, respectively, of the Urban Mass Transportation Act of 1964, as amended. Our examination was made in accordance with the General Accounting Office Standards for Audits 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.

In our opinion, the combining and individual fund financial statements referred to above present fairly the financial position of the individual funds of the Hillsborough Transit Authority as of September 30, 1983, and the results of their operations and changes in 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, 1983

HILLSBOROUGH TRANSIT AUTHORITY
COMBINED BALANCE SHEETS
SEPTEMBER 30, 1983

	<u>Governmental Fund Types</u>		<u>Account Groups</u>		<u>Totals</u>	
	<u>General Fund</u>	<u>Capital Project Funds</u>	<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>(Memorandum Only)</u>	
					<u>September 30, 1983</u>	<u>1982</u>
<u>ASSETS</u>						
Cash	\$ 980,035	\$ 644,205			\$ 1,624,240	\$ 719,239
Accounts receivable:						
Trade and other	116,362				116,362	90,901
United States Government	159,640	362,666			522,306	222,630
State of Florida		139,801			139,801	22,143
Ad valorem taxes	4,673				4,673	35,665
Inventory	321,886				321,886	242,583
Prepaid expenses	1,900				1,900	8,474
Investment in property and equipment			\$13,975,332		13,975,332	10,667,854
Amount to be provided for repayment of City of Tampa debt				\$1,210,401	1,210,401	1,219,062
	<u>\$1,584,496</u>	<u>\$1,146,672</u>	<u>\$13,975,332</u>	<u>\$1,210,401</u>	<u>\$17,916,901</u>	<u>\$13,228,551</u>
<u>LIABILITIES AND FUND EQUITY</u>						
<u>LIABILITIES</u>						
Accounts payable:						
Trade	\$ 279,422	\$ 440,998			\$ 720,420	\$ 235,373
United States Government						12,173
Accrued expenses and other current liabilities:						
Salaries and wages	80,246				80,246	197,731
Payroll taxes and amounts withheld from employees	72,760				72,760	50,987
Pension and retirement	63,174				63,174	54,178
Other	37,554				37,554	32,479
Due to City of Tampa				\$1,210,401	1,210,401	1,219,062
Total liabilities	<u>533,156</u>	<u>440,998</u>		<u>1,210,401</u>	<u>2,184,555</u>	<u>1,801,983</u>
<u>FUND EQUITY</u>						
Investment in general fixed assets:						
General Fund revenue			\$ 48,758		48,758	47,365
City grants			3,098,330		3,098,330	3,106,653
County grants			997		997	997
Federal grants			8,636,682		8,636,682	6,009,155
State grants			1,079,585		1,079,585	751,145
Ad valorem taxes			1,110,980		1,110,980	752,539
Fund balances:						
Reserved for inventory	321,886				321,886	242,583
Undesignated	729,454	705,674			1,435,128	516,131
Total fund equity	<u>1,051,340</u>	<u>705,674</u>	<u>13,975,332</u>	<u>1,210,401</u>	<u>15,732,346</u>	<u>11,426,568</u>
	<u>\$1,584,496</u>	<u>\$1,146,672</u>	<u>\$13,975,332</u>	<u>\$1,210,401</u>	<u>\$17,916,901</u>	<u>\$13,228,551</u>

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

HILLSBOROUGH TRANSIT AUTHORITY
COMBINED STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE -- GENERAL AND CAPITAL PROJECT FUNDS
YEAR ENDED SEPTEMBER 30, 1983

	General Fund	Capital Project Funds	Totals (Memorandum Only)	
			September 30, 1983	1982
<u>REVENUE</u>				
Passenger fares	\$2,305,786		\$ 2,305,786	\$ 1,999,425
Charter services	108,455		108,455	133,388
Intergovernmental:				
United States Government	2,834,640	\$2,627,527	5,462,167	8,104,757
State of Florida		328,440	328,440	787,070
Ad valorem taxes	4,211,961		4,211,961	3,842,223
Other	219,626	3,421	223,047	199,227
	<u>9,680,468</u>	<u>2,959,388</u>	<u>12,639,856</u>	<u>15,066,090</u>
<u>EXPENDITURES</u>				
Wages	3,758,389		3,758,389	3,227,416
Payroll taxes and employee benefits	1,656,135		1,656,135	911,342
Materials and supplies	854,522		854,522	569,458
Fuel and lubricants	1,312,886		1,312,886	1,099,073
General insurance	159,792		159,792	342,511
Professional services	262,738		262,738	209,793
Utilities	44,307		44,307	40,170
Taxes and licenses	70,533		70,533	53,572
Rentals	11,592		11,592	28,003
Interest				31,423
Capital expenditures		3,314,408	3,314,408	7,512,839
Other	275,557		275,557	138,665
	<u>8,406,451</u>	<u>3,314,408</u>	<u>11,720,859</u>	<u>14,164,265</u>
<u>EXCESS (DEFICIT) OF REVENUE OVER EXPENDITURES</u>	<u>1,274,017</u>	<u>(355,020)</u>	<u>918,997</u>	<u>901,825</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in		878,619	878,619	935,987
Transfers out	(878,619)		(878,619)	(965,052)
Adjustment to prior year grant revenue				(12,173)
Repayment of note payable				(348,619)
	<u>(878,619)</u>	<u>878,619</u>	<u> </u>	<u>(389,857)</u>
<u>EXCESS OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</u>	<u>395,398</u>	<u>523,599</u>	<u>918,997</u>	<u>511,968</u>
<u>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</u>	<u>576,639</u>	<u>182,075</u>	<u>758,714</u>	<u>(164,712)</u>
<u>INCREASE IN RESERVE FOR INVENTORY</u>	<u>79,303</u>		<u>79,303</u>	<u>62,839</u>
<u>TRANSFER FROM NOTE PAYABLE</u>				<u>348,619</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$1,051,340</u>	<u>\$ 705,674</u>	<u>\$ 1,757,014</u>	<u>\$ 758,714</u>

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

HILLSBOROUGH TRANSIT AUTHORITY
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE -- BUDGET AND ACTUAL -- GENERAL FUND
YEAR ENDED SEPTEMBER 30, 1983

REVENUE

Passenger fares
Charter services
Intergovernmental --
 United States Government
Ad valorem taxes
Other

EXPENDITURES

Wages
Payroll taxes and employee benefits
Materials and supplies
Fuel and lubricants
General insurance
Professional services
Utilities
Taxes and licenses
Rentals
Other

EXCESS OF REVENUE OVER EXPENDITURES

OTHER FINANCING (USES) --
TRANSFERS OUT

EXCESS OF REVENUE AND OTHER SOURCES
OVER EXPENDITURES AND OTHER USES

FUND BALANCE, BEGINNING OF YEAR

INCREASE IN RESERVE FOR INVENTORY

FUND BALANCE, END OF YEAR

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

HILLSBOROUGH TRANSIT AUTHORITY
COMBINING BALANCE SHEETS -- CAPITAL PROJECT FUNDS
SEPTEMBER 30, 1983

	<u>40 Bus Fund</u>	<u>30 Bus Fund</u>	<u>Maintenance Facility</u>	<u>Total</u>
<u>ASSETS</u>				
Cash	\$10,803	\$553,574	\$ 79,828	\$ 644,205
Accounts receivable:				
United States Government		3,052	359,614	362,666
State of Florida	_____	459	139,342	139,801
	<u>\$10,803</u>	<u>\$557,085</u>	<u>\$578,784</u>	<u>\$1,146,672</u>
<u>LIABILITIES AND FUND EQUITY</u>				
<u>LIABILITIES</u>				
Accounts payable			\$440,998	\$ 440,998
<u>FUND EQUITY</u>				
Fund balance	<u>\$10,803</u>	<u>\$557,085</u>	<u>137,786</u>	<u>705,674</u>
	<u>\$10,803</u>	<u>\$557,085</u>	<u>\$578,784</u>	<u>\$1,146,672</u>

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

HILLSBOROUGH TRANSIT AUTHORITY
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCE -- CAPITAL PROJECT FUNDS
YEAR ENDED OF SEPTEMBER 30, 1983

	<u>40 Bus Fund</u>	<u>30 Bus Fund</u>	<u>Maintenance Facility</u>	<u>Total</u>
<u>REVENUE</u>				
Intergovernmental:				
United States				
Government	\$ 5,551	\$ 30,284	\$2,591,692	\$2,627,527
State of				
Florida	694	3,785	323,961	328,440
Other		3,421		3,421
	<u>6,245</u>	<u>37,490</u>	<u>2,915,653</u>	<u>2,959,388</u>
<u>EXPENDITURES</u>				
Capital				
expenditures	<u>6,939</u>	<u>37,855</u>	<u>3,269,614</u>	<u>3,314,408</u>
<u>DEFICIT OF REVENUE</u>				
<u>OVER</u>				
<u>EXPENDITURES</u>	(694)	(365)	(353,961)	(355,020)
<u>OTHER FINANCING</u>				
<u>SOURCES</u>				
Transfers in		<u>557,450</u>	<u>321,169</u>	<u>878,619</u>
<u>EXCESS (DEFICIT) OF</u>				
<u>REVENUE AND OTHER</u>				
<u>SOURCES OVER</u>				
<u>EXPENDITURES</u>				
	(694)	557,085	(32,792)	523,599
<u>FUND BALANCE,</u>				
<u>BEGINNING OF</u>				
<u>YEAR</u>				
	<u>11,497</u>		<u>170,578</u>	<u>182,075</u>
<u>FUND BALANCE,</u>				
<u>END OF YEAR</u>				
	<u>\$10,803</u>	<u>\$557,085</u>	<u>\$ 137,786</u>	<u>\$ 705,674</u>

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

HILLSBOROUGH TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 1983

Note 1 -- Nature of Operations

The purpose of the Hillsborough Transit Authority (operating as the "Hillsborough Area Regional Transit Authority" and referred to below as the "Authority") is to provide mass transit service to the cities of Tampa and Temple Terrace and the unincorporated areas of Hillsborough County.

The Authority is deemed a special tax district and has been authorized to levy an ad valorem tax of up to one-half mil based on the value of real property within its jurisdiction.

Note 2 -- Significant Accounting Policies

The accounts of the Authority are organized on the basis of funds and account groups, 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 that comprise its assets, liabilities, fund equity, revenue, and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into two fund types and two account groups as follows:

General Fund -- The General Fund is the general operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Funds -- Capital Projects Funds are used to account for financial resources to be used for the acquisition of equipment or construction of major capital facilities.

General Fixed Assets Account Group -- The General Fixed Assets Account Group is used to report property and equipment recorded at cost or fair market value at date of acquisition. Depreciation is not provided on general fixed assets.

General Long-Term Debt Account Group -- Long-term liabilities to be financed from Authority funds are accounted for in the General Long-Term Debt Account Group.

The two account groups are not "funds". They are involved only in the measurement of financial position and not in the measurement of results of operations.

HILLSBOROUGH TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 1983

Note 2 -- Significant Accounting Policies (continued)

The Authority uses the modified accrual basis of accounting whereby revenue is recorded when it becomes both measurable and available to finance expenditures, and expenditures are recorded when the related liability is incurred.

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

Note 3 -- Retirement Plans

The Authority contributes to retirement plans of the City of Tampa and of the State of Florida on the behalf of its employees. Those employees who were formerly employed by the Transit Division of the City of Tampa had the option at the inception of the Authority to continue in the retirement plan of the City of Tampa or participate in the retirement plan of the State of Florida. Employees hired after the creation of the Authority participate only in the State of Florida's retirement plan.

The Authority contributes 14.0% of eligible employees' wages to the City of Tampa's plan and 10.93% of eligible employees' wages to the State of Florida's plan. An employee must contribute 7.0% of wages to the City of Tampa's plan. No employee contributions are required under the State of Florida's plan. Contributions to the retirement plans of the City of Tampa and the State of Florida by the Authority for the year ended September 30, 1983, were \$38,094 and \$429,726, respectively. Pension costs on these employees are funded as incurred.

In addition, upon its creation, the Authority agreed to assume an unfunded past service liability on certain Authority employees (not included above) who elected to remain in the City of Tampa's pension plan. The original amount of \$1,242,000 was computed by actuaries and represents the discounted value of the expected future pension benefits on these employees. Included in the actuarial assumptions was a valuation investment rate assumption of 6.5%. In order to fund the plan, the Authority agreed to pay the City of Tampa \$87,900 annually for forty years.

HILLSBOROUGH TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 1983

Note 3 -- Retirement Plans (continued)

Included in payroll taxes and employee benefits in the accompanying financial statements is \$87,900 paid to the City of Tampa in accordance with this agreement. A summary of future payments under this agreement follows:

<u>Year(s) Ending September 30,</u>	<u>Amortization Of Original Amount</u>	<u>Investment Rate Of Return</u>	<u>Total Payment</u>
1984	\$ 9,224	\$ 78,676	\$ 87,900
1985	9,824	78,076	87,900
1986	10,462	77,438	87,900
1987	11,142	76,758	87,900
1988	11,866	76,034	87,900
	<u>52,518</u>	<u>386,982</u>	<u>439,500</u>
1989 -- 1993	71,955	367,545	439,500
1994 -- 1998	98,584	340,916	439,500
1999 -- 2003	135,069	304,431	439,500
2004 -- 2008	185,056	254,444	439,500
2009 -- 2013	253,542	185,958	439,500
2014 -- 2018	347,409	92,091	439,500
2019	66,268	4,307	70,575
	<u>\$1,210,401</u>	<u>\$1,936,674</u>	<u>\$3,147,075</u>

Note 4 -- Accumulated Unpaid Vacation and Sick Pay

In accordance with generally accepted accounting principles, accumulated unpaid vacation and sick pay are not accrued but are expensed when paid. During the year ended September 30, 1983, sick pay and vacation leave time of \$96,553 and \$166,709, respectively, were paid to employees of the Authority. At September 30, 1983, approximately \$89,000 of sick pay and \$181,000 of vacation leave has been accumulated and is unpaid.

Note 5 -- Federal and State Grants

The Federal Government and the State of Florida have provided grants to the Authority to meet operating expenses and to make capital acquisitions. 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. A summary of grant activity through the year ended September 30, 1983, follows:

HILLSBOROUGH TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 1983

Note 5 -- Federal and State Grants (continued)

<u>Grant Description</u>	<u>Matching Requirement</u>	<u>Original Amount</u>	<u>Cumulative Expenditures</u>	<u>Unexpended Balance</u>
General Fund:				
Operating assistance --				
U.S. Government		\$2,876,091	\$2,834,640	\$ 41,451
Capital Project Funds:				
Maintenance				
Facility Fund --				
Capital				
acquisition --				
U.S. Government				
(section 5)	20%	973,020	893,020	80,000
U.S. Government				
(section 3)	20%	3,252,416	2,390,120	862,296
State of Florida		528,180	410,392	117,788
		<u>4,753,616</u>	<u>3,693,532</u>	<u>1,060,084</u>
Bus Funds --				
40 Bus Fund --				
Capital				
acquisition --				
U.S.				
Government	20%	5,529,680	5,323,258	206,422
State of Florida		691,210	665,407	25,803
		<u>6,220,890</u>	<u>5,988,665</u>	<u>232,225</u>
30 Bus Fund --				
Capital				
acquisition --				
U.S.				
Government				
(section 3)	20%	4,026,924	30,284	3,996,640
U.S.				
Government				
(section 5)	20%	432,676		432,676
State of Florida		557,450	3,785	553,665
		<u>5,017,050</u>	<u>34,069</u>	<u>4,982,981</u>
Total Capital Project Funds		<u>15,991,556</u>	<u>9,716,266</u>	<u>6,275,290</u>
		<u>\$18,867,647</u>	<u>\$12,550,906</u>	<u>\$6,316,741</u>

HILLSBOROUGH TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 1983

Note 6 -- Investment in Property and Equipment

Activity in the property and equipment group of accounts for the year ended September 30, 1983, consisted of the following:

<u>Description</u>	<u>Balance, September 30, 1982</u>	<u>Acquisitions</u>	<u>Dispositions</u>	<u>Balance, September 30, 1983</u>
Land	\$ 306,406	\$ 575,305		\$ 881,711
Building and improvements	442,577			442,577
Construction in progress		2,138,137		2,138,137
Revenue and administrative vehicles	9,212,079	29,255	\$8,323	9,233,011
Machinery and equipment	496,667	476,237		972,904
Data processing equipment	115,600			115,600
Office furniture and fixtures	14,027	81,343		95,370
Signs	80,498	15,524		96,022
	<u>\$10,667,854</u>	<u>\$3,315,801</u>	<u>\$8,323</u>	<u>\$13,975,332</u>



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REPORT OF CERTIFIED PUBLIC ACCOUNTANTS
ON SUPPLEMENTARY INFORMATION

Our examination was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information presented on pages 13 through 15 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, 1983

HILLSBOROUGH TRANSIT AUTHORITY
CUMULATIVE STATEMENT OF REVENUE AND EXPENDITURES -- BUDGET
AND ACTUAL -- CAPITAL PROJECT FUND -- BUSES
AS OF SEPTEMBER 30, 1983

	<u>40 Bus Fund</u>		<u>30 Bus Fund</u>	
	<u>Total</u>	<u>Actual</u>	<u>Total</u>	<u>Actual</u>
	<u>Budget</u>	<u>To Date</u>	<u>Budget</u>	<u>To Date</u>
 <u>REVENUE</u>				
Intergovernmental:				
United States				
Government	\$5,529,680	\$5,323,258	\$4,459,600	\$ 30,284
State of Florida	691,210	665,407	557,450	3,785
Other	<u>1,395</u>	<u>1,395</u>	<u>1,500</u>	<u>3,420</u>
	<u>6,222,285</u>	<u>5,990,060</u>	<u>5,018,550</u>	<u>37,489</u>
 <u>EXPENDITURES</u>				
Capital				
expenditures	<u>6,898,495</u>	<u>6,655,467</u>	<u>5,576,000</u>	<u>37,854</u>
 <u>DEFICIT OF</u>				
<u>REVENUE OVER</u>				
<u>EXPENDITURES</u>	(676,210)	(665,407)	(557,450)	(365)
 <u>OTHER FINANCING</u>				
<u>SOURCES</u>				
Transfers in	<u>676,210</u>	<u>676,210</u>	<u>557,450</u>	<u>557,450</u>
 <u>EXCESS OF REVENUE</u>				
<u>AND OTHER SOURCES</u>				
<u>OVER EXPENDITURES</u>	<u>\$ -0-</u>	<u>\$ 10,803</u>	<u>\$ -0-</u>	<u>\$557,085</u>

Read certified public accountants' report on supplementary information.

HILLSBOROUGH TRANSIT AUTHORITY
CUMULATIVE STATEMENT OF REVENUE AND EXPENDITURES -- BUDGET
AND ACTUAL -- CAPITAL PROJECT FUND -- MAINTENANCE FACILITY
AS OF SEPTEMBER 30, 1983

	<u>Total Budget</u>	<u>Actual To Date</u>
 <u>REVENUE</u>		
Intergovernmental:		
United States		
Government	\$4,225,436	\$3,283,140
State of Florida	<u>528,180</u>	<u>410,392</u>
	<u>4,753,616</u>	<u>3,693,532</u>
 <u>EXPENDITURES</u>		
Capital expenditures	<u>5,331,795</u>	<u>4,133,925</u>
 <u>DEFICIT OF REVENUE OVER EXPENDITURES</u>		
	(578,179)	(440,393)
 <u>OTHER FINANCING SOURCES</u>		
Transfers in	<u>578,179</u>	<u>578,179</u>
 <u>DEFICIT OF REVENUE AND OTHER SOURCES OVER EXPENDITURES</u>		
	<u>\$ -0-</u>	<u>\$ 137,786</u>

Read certified public accountants' report on
supplementary information.

HILLSBOROUGH TRANSIT AUTHORITY
CALCULATION OF MAINTENANCE OF EFFORT
SEPTEMBER 30, 1983

Level of effort, fiscal year ended September 30, 1981	\$1,285,897
Level of effort, fiscal year ended September 30, 1982	<u>2,016,510</u>
Total	<u>\$3,302,407</u>
Required maintenance of effort, fiscal year ended September 30, 1983	<u>\$1,651,204</u>
Level of effort, fiscal year ended September 30, 1983	<u>\$2,994,817</u>



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James A. Laughlin
Sue M. Melendi
R. Michael O'Brien
Thomas M. Schenck
John Semago, Jr.

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, 1983, and have issued our report thereon dated November 17, 1983. 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-03-0068, FL-03-0071, FL-05-0039, FL-05-0044, FL-05-3001, and FL-05-4139 and is not intended for any other purpose.

Ponder McRutty & Newbark
Certified Public Accountants
November 17, 1989